

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

**FORM 20-F**

(Mark One)

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, 2021

OR

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

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-34153

**Global Ship Lease, Inc.**

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

**Republic of The Marshall Islands**  
(Jurisdiction of incorporation or organization)

**25 Wilton Road, London SW1V 1LW, United Kingdom**  
(Address of principal executive offices)

**Ian J. Webber, Chief Executive Officer, 25 Wilton Road, London SW1V 1LW, United Kingdom**

**Tel number: + 44 (0) 20 3998 0063**

**ian.webber@globalshiplease.com**

(Name, Telephone, Email 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
Class A Common Shares, par value of \$0.01 per share	GSL	New York Stock Exchange
Depository Shares, each of which represents a 1/100th interest in a share of 8.75% Series B Cumulative Redeemable Perpetual Preferred Shares, par value \$0.01 per share	GSL-B	New York Stock Exchange
8.75% Series B Cumulative Redeemable Perpetual Preferred Shares*	N/A*	N/A*
8.00% Senior Unsecured Notes due 2024	GSLD	New York Stock Exchange

\* Not for trading, but only in connection with the registration of the Depository Shares representing 1/100th interest in such shares of 8.75% Series B Cumulative Redeemable Perpetual Preferred Shares, pursuant to the requirements of the Securities and Exchange Commission.

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.

36,464,109 Class A common shares, par value of \$0.01 per share  
43,592 Series B Cumulative Redeemable Perpetual Preferred Shares, par value of \$0.01 per share

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

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

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 (§232.405 of this chapter) 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 effectiveness of its internal controls over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.S. 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

GLOBAL SHIP LEASE, INC.

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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements. Forward-looking statements provide our current expectations or forecasts of future events. Forward-looking statements include statements about our expectations, beliefs, plans, objectives, intentions, assumptions and other statements that are not historical facts. Words or phrases such as “anticipate,” “believe,” “continue,” “estimate,” “expect,” “intend,” “may,” “ongoing,” “plan,” “potential,” “predict,” “project,” “will” or similar words or phrases, or the negatives of those words or phrases, may identify forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking. Examples of forward-looking statements in this Annual Report include, but are not limited to, statements regarding our disclosure concerning our operations, cash flows, financial position, dividend policy, the anticipated benefits of strategic acquisitions, and the likelihood of success in acquiring additional vessels to expand our business.

Forward-looking statements appear in a number of places in this Annual Report including, without limitation, in the sections entitled “Business Overview,” “Management’s Discussion and Analysis of Financial Conditions and Operations,” and “Dividend Policy”.

Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Our actual results could differ materially from those anticipated in forward-looking statements for many reasons, including the factors described in “Risk Factors” in this Annual Report. The risks described under “Risk Factors” are not exhaustive. Other sections of this Annual Report describe additional factors that could adversely affect our results of operations, financial condition, liquidity and the development of the industries in which we operate. New risks can emerge from time to time, and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Accordingly, you should not unduly rely on these forward-looking statements, which speak only as of the date of this Annual Report. We undertake no obligation to publicly update or revise any forward-looking statement to reflect circumstances or events after the date of this Annual Report or to reflect the occurrence of unanticipated events. You should, however, review the factors and risks we describe in the reports we will file from time to time with the Securities and Exchange Commission, or “SEC,” after the date of this Annual Report.

## PART I

Unless the context otherwise requires, references to the “Company,” “we,” “us,” “our” or “Global Ship Lease” refer to Global Ship Lease, Inc., “CMA CGM” refers to CMA CGM S.A., currently a major charterer and shareholder, “Poseidon Containers” refers to Poseidon Containers Holdings LLC and K&T Marine LLC, collectively, with whom we completed a strategic combination on November 15, 2018, Technomar Shipping Inc (“Technomar”) refers to our principal ship technical manager and ConChart Commercial Inc (“Conchart”, and together with Technomar, our “Managers”) refers to our commercial ship manager. For the definition of certain terms used in this Annual Report, please see “Glossary of Shipping Terms” at the end of this Annual Report. Unless otherwise indicated, all references to “\$” and “dollars” in this Annual Report are in U.S. dollars. We use the term “TEU”, meaning twenty-foot equivalent unit, the international standard measure of container size, in describing volumes in world container trade and other measures, including the capacity of our containerships, which we also refer to as vessels or ships. Unless otherwise indicated, we calculate the average age of our vessels on a weighted average basis, based on TEU capacity.

On November 15, 2018, we completed a transformative transaction, acquiring Poseidon Containers’ 20 containerships, one of which, the Argos, was contracted to be sold, which sale was completed in December 2018, which we refer to herein as the “Poseidon Transaction”. References herein to the “GSL Fleet” are to the 19 ships that were owned by us prior to the consummation of the Poseidon Transaction and references to the “Poseidon Fleet” are to the net 19 vessels that were acquired by us upon consummation of the Poseidon Transaction.

All share and per share amounts disclosed in this Annual Report give retroactive effect, for all periods presented, to the one-for-eight reverse stock split of our Class A common shares effected on March 25, 2019.

### 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. Reserved**

**B. Capitalization and Indebtedness**

Not applicable.

**C. Reasons for the Offer and Use of Proceeds**

Not applicable.

**D. Risk Factors**

*The risks and uncertainties discussed below could materially and adversely affect our business, financial condition and results of operations and the market price of our securities. Our business, financial condition and results of operations and the market price of our securities could also be materially adversely affected by other matters that are not known to us or that we currently do not consider to be material risks.*

**Risk Factor Summary**

- We are dependent on our charterers and other counterparties fulfilling their obligations under agreements with us, and their inability or unwillingness to honor these obligations could significantly reduce our revenues and cash flow.
- Our growth depends on continued growth in the demand for containerships, our ability to purchase additional vessels and obtain new charters. We will require additional financing to be able to grow and will face substantial competition to purchase vessels.
- Should we expand our business or provide additional services to third parties, we may need to improve our operating and financial systems, expand our commercial and technical management staff, and recruit suitable employees and crew for our vessels.
- Our third-party ship technical and commercial managers, including Technomar, and Conchart are privately-held companies and there is little or no publicly available information about them.
- Due to our lack of diversification, adverse developments in the containership business could harm our business, results of operations and financial condition.
- The volatile container shipping market and difficulty finding profitable charters for our vessels upon their expiry.
- Our substantial indebtedness could adversely affect our ability to raise additional capital to fund our operations and limit our ability to react to changes in the economy or our industry.
- Despite our indebtedness levels, we may be able to incur substantially more indebtedness. This could further exacerbate the risks associated with our substantial indebtedness.
- Our ability to comply with various financial and collateral covenants in our credit facilities.
- Vessel values may fluctuate, which may adversely affect our financial condition, result in the incurrence of a loss upon disposal of a vessel or increase the cost of acquiring additional vessels.
- We must make substantial expenditures to maintain our fleet, meet new regulatory requirements, meet commercial requirements or to acquire vessels.
- As our fleet ages, we may incur increased operating costs beyond normal inflation, which would adversely affect our results of operations.
- We are exposed to volatility in, and related to the discontinuance of, LIBOR and to exchange rate fluctuations.
- Our insurance may be insufficient to cover losses that may occur to our property or result from our operations.
- We are incorporated in the Republic of the Marshall Islands, which does not have a well-developed body of corporate law.
- We rely on our information systems to conduct our business, and failure to protect these systems against security breaches, or the failure or unavailability of these systems, could adversely affect our business and results of operations.
- Our growth and long-term profitability depend mainly upon growth in demand for containerships, the condition of the charter market and the availability of capital. The container shipping industry is cyclical and volatile.

- Our financial and operating performance may be adversely affected by global public health threats, such as and including the outbreak of COVID-19.
- A decrease in the export of goods or an increase in trade protectionism will harm our customers' business and, in turn, harm our business, results of operations and financial condition.
- The current state of the world financial markets, and economic and geopolitical conditions and conflicts could have a material adverse impact on our results of operations, financial condition and cash flows.
- Increased competition in technology and innovation could reduce our charter hire income and our vessels' values.
- If our vessels call on ports located in countries or territories that are the subject of sanctions or embargoes imposed by the United States government, the European Union, the United Nations, or other governments, it could lead to monetary fines or penalties and have a material adverse effect on the market for our securities.
- Governments could requisition our vessels during a period of war or emergency without adequate compensation, which under most of our time charter agreements would permit the customer to terminate the charter agreement for that vessel.
- Compliance with safety and other vessel requirements imposed by classification societies may be costly and may adversely affect our business and operating results.
- We are subject to regulation and liability under environmental laws that continue to develop and could require significant expenditures and affect our cash flows and net income.
- Increased inspection procedures, tighter import and export controls and new security regulations could cause disruption of our containership business.
- Our operating income could fail to qualify for an exemption from U.S. federal income taxation, which would reduce our cash flow.

## **Risks Relating to Our Business**

### **Operating Revenue Risk**

*We are dependent on our charterers and other counterparties fulfilling their obligations under agreements with us, and their inability or unwillingness to honor these obligations could significantly reduce our revenues and cash flow.*

Payments to us by our charterers under time charters are, and will continue to be, our sole source of operating cash flow. We are consequently dependent on the performance by our charterers of their obligations under the charters. The container shipping industry is cyclical and, whilst financial performance improved from time to time, suffered an extended cyclical downturn lasting from the Global Financial Crisis in 2008/2009 through 2016, with freight rates, charter rates, asset values, and liner operator earnings under pressure due to oversupply of container ship capacity. Industry conditions improved from 2017 through 2019, albeit with some weakness in short term market charter rates in the second half of 2018. The compound annual growth rate of containerized trade volumes from 2010 through 2019 was 3.8%. In the first half of 2020 global containerized trade volumes contracted sharply due to the COVID-19 pandemic. However, volumes improved in the second half of the year, resulting in estimated negative growth of approximately 1.9% for the full year. Demand growth accelerated in 2021 and is estimated to have reached 7.1%. This rapid growth in demand, combined with bottlenecks and congestion in the global supply chain, further tightened capacity - driving earnings in the sector to historic highs. These dynamics have continued in early 2022, with the global containership fleet close to full employment. However, significant uncertainty remains concerning the longer-term impact of COVID-19 upon container shipping and the macro-economic environment in general. Similar uncertainty exists regarding the broader impact of the conflict in Ukraine and other geopolitical tensions, such as those surrounding Taiwan. Furthermore, the recent hostilities between Russia and Ukraine, in addition to sanctions announced on February 22, 2022 by President Biden and several European leaders against Russia and any forthcoming sanctions, may also adversely impact our business, and the escalation of conflicts between Russia and Ukraine may lead to further regional and international conflicts or armed action. It is possible that such conflict could disrupt supply chains and cause instability in the global economy. Equally unpredictable is the impact these uncertainties may have upon our charterers' operations and cash flows, and their payment of charterhire to us. If we lose a time charter because the charterer is unable to pay us or for any other reason, we may be unable to re-deploy the related vessel on similar terms or at all. Also, we will not receive any revenues from such a vessel while it is un-chartered, but we will be required to pay expenses necessary to maintain and insure the vessel and service any indebtedness on it.

Whilst there were no delays in receiving charterhire payments in 2020 or 2021, we have previously experienced, from time to time, delays in receiving charterhire payments from some of our charterers, which under the charter contracts are due to be paid two weeks in advance. As of December 31, 2021, no charterhire payments were outstanding.

If any of our charterers ceases doing business or fails to perform their respective obligations under their charters with us, our business, financial position and results of operations could be materially adversely affected if we face difficulties finding immediate replacement charters, or if such replacement charters were at lower daily rates and for shorter durations. If such events occur, these events may give rise to uncertainty about our ability to continue as a going concern. Please also see “—We may be unable to recharter our vessels at profitable rates, if at all, upon their time charter expiry” below.

## **Operational Growth Risk**

***Significant demands may be placed on us as a result of possible future acquisitions of additional vessels.***

As a result of possible future acquisitions of vessels, significant demands may be placed on our managerial, operational and financial personnel and systems. We cannot assure you that our systems, procedures and controls will be adequate to support the expansion of our operations. Our future operating results will be affected by the ability of our officers and key employees to manage changing business conditions and to implement and expand our operational and financial controls and reporting systems as a result of future acquisitions.

***Our growth depends on continued growth in the demand for containerships, our ability to purchase additional vessels and obtain new charters. We will require additional financing to be able to grow and will face substantial competition to purchase vessels.***

One of our objectives is to grow by acquiring additional vessels and chartering them out to container shipping companies. The opportunity to acquire additional containerships will in part depend on the state of and prospects for container shipping. The container shipping industry is both cyclical and volatile in terms of supply demand balance, freight rates, charter rates, vessel values and overall profitability. Although supply-side fundamentals have generally been improving since 2017, and the global containership fleet was effectively fully employed by the end of 2021, the industry remains vulnerable to an excess of supply of containership capacity and mediocre demand growth. As at December 31, 2021, the global containership orderbook to fleet ratio was 23.8% - weighted heavily towards containerships larger than 10,000 TEU - with deliveries running from 2022 through to 2025. The factors affecting the supply and demand for containerships, and the nature, timing and degree of changes in industry conditions are unpredictable.

Acquisition of vessels will be challenging as, among other things, we may need to obtain additional financing in order to complete vessel purchases. In recent years, financing for investment in containerships, whether newbuildings or existing vessels, has been severely limited. Further, the cost of available financing may increase significantly in the future. In addition, the number of lenders for shipping companies has decreased and lenders have generally lowered their loan-to-value advance ratios, shortened loan terms and accelerated repayment schedules. The actual or perceived credit quality of our charterers and proposed charterers, and any defaults by them, may materially affect our ability to obtain the additional capital resources that we will require to purchase additional vessels or may significantly increase our costs of obtaining such capital. These factors may hinder our ability to access financing and we may be unable to obtain adequate funding for growth.

The process of obtaining further vessels and new charters is highly competitive and depends on a variety of factors relating to the vessel owner, including:

- competitiveness of overall price;
- availability of committed financing;
- containership leasing experience and quality of ship operations (including cost effectiveness);
- shipping industry relationships and reputation for reliability, customer service and safety;
- quality and experience of seafaring crew;
- ability to finance containerships at competitive rates and financial stability generally;
- relationships with shipyards and the ability to get suitable berths for newbuildings; and
- construction management experience, including the ability to obtain on-time delivery of new vessels according to customer specifications.

We will face substantial competition in expanding our business from a number of experienced companies. Many of these competitors may have greater financial resources and a lower cost of capital than us, may operate larger fleets, may have been established for longer and may be able to offer better charter rates. During an industry downturn there are an increased number of vessels available for charter, including many from owners with strong reputations and experience. Excess supply of vessels in the container shipping market results in greater price competition for charters. During strong industry conditions, the value of vessels rises and there is substantially greater competition for purchase opportunities. As a result of these factors, we may be unable to purchase additional containerships, expand our relationships with our existing charterers or obtain new charters on a profitable basis, if at all, which would have a material adverse effect on our business, results of operations and financial condition.

***We may be unable to make or realize expected benefits from acquisitions of vessels or container shipping-related assets and implementing our growth strategy through acquisitions may harm our business, financial condition and operating results.***

Our growth strategy includes, among other things, selectively acquiring secondhand and, potentially, newbuilding vessels and possibly seeking to diversify our asset base by acquiring containers and other container shipping-related assets if an attractive investment opportunity presents itself. Growing any business through acquisition presents numerous risks, such as undisclosed liabilities and obligations, the possibility that indemnification agreements will be unenforceable or insufficient to cover potential losses and obtaining the necessary resources to manage an enlarged business. We cannot give any assurance that we will be successful in executing our growth plans, that we will be able to employ any acquired vessels under charters, that we will be able to purchase secondhand vessels or newbuildings at satisfactory prices or obtain ship management agreements with similar or better terms than those we have obtained from our current ship managers, that we will be able to purchase container shipping-related assets and subsequently lease them out at satisfactory prices or that we will not incur significant expenses and losses in connection with our future growth.

Factors that may limit our ability to acquire additional vessels and container shipping-related assets include competition from other owners and lessors, availability of financing, shipyard capacity for newbuildings and the limited number of modern vessels with appropriate characteristics not already subject to existing long-term or other charters. Competition from other purchasers could reduce our acquisition opportunities or cause us to pay higher prices.

Any acquisition of a vessel or container shipping-related assets may not be profitable to us and may not generate cash flow sufficient to justify our investment. In addition, our acquisition growth strategy exposes us to risks that may harm our business, financial condition and operating results, including risks that we may:

- fail to obtain financing, ship management agreements and charters on acceptable terms;
- be unable, including through our ship managers, to hire, train or retain qualified shore and seafaring personnel to manage and operate our enlarged business and fleet;
- fail to realize anticipated benefits of cost savings or cash flow enhancements;
- decrease our liquidity by using a significant portion of our available cash or borrowing capacity to finance acquisitions or by additional repayments of debt;
- 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 vessels acquired.

***Should we expand our business or provide additional services to third parties, we may need to improve our operating and financial systems, expand our commercial and technical management staff, and recruit suitable employees and crew for our vessels.***

Our current operating and financial systems may not be adequate if we further expand the size of our fleet or begin to provide additional services and attempts to improve those systems may be ineffective. In addition, we may need to recruit suitable additional administrative and management personnel to manage any growth. We may not be able to continue to hire suitable employees in such circumstances. If a shortage of experienced labor exists or if we encounter business or financial difficulties, we may not be able to adequately staff our vessels. If we further expand our fleet, or begin to provide additional services, and we are unable to grow our financial and operating systems or to recruit suitable employees, our business, results of operations and financial condition may be harmed.

***We are exposed to risks associated with the purchase and operation of secondhand vessels.***

Secondhand vessels typically do not carry warranties as to their condition at the time of acquisition. While we would generally inspect secondhand containerships prior to purchase, such an inspection would normally not provide us with as much knowledge of the vessel's condition as if it had been built for and operated by us during its life. Future repairs and maintenance costs for secondhand vessels are difficult to predict and may be substantially higher than those for equivalent vessels of which we have had direct experience. These additional costs could decrease our cash flow and reduce our liquidity. There can be no assurance that market conditions will justify such expenditures or enable us to operate our vessels profitably during the remainder of the economic lives of such vessels.

***We may not perform underwater inspections of vessels prior to purchase.***

Although we would perform physical inspections of any vessel prior to its purchase, it may not be possible for us to undertake any underwater inspections. As a result, we will not be aware of any damage to a vessel that may have existed at the time of purchase and which could only be discovered through an underwater inspection. However, if any damage is subsequently found, we could incur substantial costs to repair the damage which would not be recoverable from the sellers.

**Third Parties' Performance Risk**

***We are dependent on third parties, some of which are related parties, to manage our ships and substantial fees will be payable to our ship managers regardless of our profitability.***

The majority of our ship technical management agreements are with Technomar, a company of which our Executive Chairman is the Founder, Managing Director, and majority beneficial owner, for an annual management fee. The manager provides all day-to-day ship technical management, including crewing, purchasing stores, lubricating oils and spare parts, paying wages, pensions and insurance for the crew, and organizing other vessel operating necessities, including the arrangement and management of drydocking. As of the date of this report, Technomar provided technical ship management services for all but six vessels, which were purchased by us in July 2021.

Additionally, as of the date of this report, all of our vessels are commercially managed by Conchart, a company of which our Executive Chairman is the sole beneficial owner. The services provided by Conchart, as our commercial manager, include chartering, sale and purchase and post-fixture administration.

The fees and expenses payable pursuant to our technical and commercial ship management agreements will be payable without regard to our business, results of operation and financial condition and we have limited rights to terminate our management agreements. The payment of fees to our managers could adversely affect our results of operations and ability to pay dividends.

***Our third-party ship technical and commercial managers are privately-held companies and there is little or no publicly available information about them.***

The ability of our third party ship managers, including Technomar and Conchart, to render technical and commercial ship management services will depend in part on their own financial strength. Circumstances beyond our control could impair our third-party ship managers' financial strength, and because each is a privately held company, information about the financial strength of our third-party ship managers is not available. As a result, we and our shareholders might have little or no advance warning of financial or other problems affecting our third-party ship managers even though their financial or other problems could have a material adverse effect on us.

**Related Parties' Risks**

***Technomar, Conchart and CMA CGM may have conflicts of interest with us which may make them favor their own interests to our detriment.***

Our Executive Chairman is the Founder, Managing Director, and majority beneficial owner of Technomar and the sole beneficial owner of Conchart, our third-party ship technical and commercial manager, respectively. As of the date of this report, CMA CGM, one of our major charterers, holds approximately 8.3% of our voting power and had nominated two members of our Board of Directors. Accordingly, CMA CGM and affiliates of Technomar and Conchart have the power to exert considerable influence over our actions. These relationships could create conflicts of interest between us and our Managers and CMA CGM. Under our amended and restated bylaws, in order for the approval of contracts or transactions involving a related party not to be voidable (1) any interested director's relationship or interest as to the contract or transaction must be disclosed to our Board of Directors, and such contract or transaction must be authorized by a majority of the disinterested directors (or, in certain cases, all of the disinterested directors) or (2) the contract or transaction must be specifically approved in good faith by vote of the shareholders. Furthermore, our corporate governance guidelines require a director with a personal interest in a matter being approved by our Board of Directors to disclose the interest, to recuse himself or herself from participation in the discussion and to not vote on the matter.

Such conflicts of interest may arise in connection with the chartering, purchase, sale and operations of the vessels in our fleet versus vessels managed or owned by other companies affiliated with our Managers or CMA CGM. As a result of these conflicts, our Managers or CMA CGM may favor their own or their affiliates' interests over our interests. These conflicts may have unfavorable consequences for us. Although Technomar and Conchart have entered into a non-competition agreement with us, conflicts of interest may arise between us and our Managers and CMA CGM, and such conflicts may not be resolved in our favor and could have an adverse effect on our results of operations.

***Our financial reporting is partly dependent on accounting and financial information provided to us by Technomar with respect to our vessels.***

Technomar is obliged to provide us with requisite financial and accounting information on a timely basis so that we can meet our own reporting obligations under U.S. securities laws. Technomar is a privately held company with financial reporting arrangements different from ours. If it is delayed in providing us with key financial information, or it otherwise fails to meet its contractual obligations to us, we could fail to meet our financial reporting deadlines, which could lead to regulatory sanctions being imposed on us and cause us to default on reporting covenants under our financing agreements. Any such results may have a material adverse effect on our results of operation, financial condition and reputation.

***Certain terms in our agreements with CMA CGM may be the result of negotiations that were not conducted at arms-length and may not reflect market standard terms. Accordingly, they may include terms that may not be obtained from future negotiations with unaffiliated third parties.***

Four of our current charter agreements with CMA CGM and certain other contractual agreements were entered into when we were a wholly-owned subsidiary of CMA CGM in the context of a proposed public offering of our Class A common shares in 2007, and subsequently the 2008 merger of Marathon Acquisition Corp. (“Marathon”) and Global Ship Lease, with and into GSL Holdings, Inc., Marathon’s newly-formed wholly-owned Marshall Islands subsidiary, with GSL Holdings, Inc. (now renamed Global Ship Lease, Inc.) continuing as the surviving company incorporated in the Republic of the Marshall Islands (collectively, the “Marathon Merger”), and other related transactions. We have subsequently agreed to amendments of and extensions to a number of the charters we have with CMA CGM. Our agreements with CMA CGM may include terms that could not have been obtained and may not be attainable in the future from arms-length negotiations with unaffiliated third parties for similar services and assets.

#### **Shareholders’ Power Risk**

***Certain shareholders may have the power to exert significant influence over us, and their interests could conflict with the interests of our other shareholders.***

CMA CGM owns approximately 8.3% of our Class A common shares and our Executive Chairman, including via Shipping Participations Inc, a company which he controls owns approximately 6.1% of our Class A common shares. Conflicts of interest may also arise between us and these significant shareholders or their affiliates, which may result in transactions on terms not determined by market forces. Any such conflicts of interest could adversely affect our business, financial condition and results of operations, and the trading price of our common shares. Moreover, the concentration of ownership may delay, deter or prevent acts that may be favored by or favorable to our other shareholders or deprive shareholders of an opportunity to receive a premium for their shares as part of a sale of our business. Similarly, this concentration of share ownership may adversely affect the trading price of our shares because investors may perceive disadvantages in owning shares in a company with concentrated ownership.

#### **Market Related Risks**

***Due to our lack of diversification, adverse developments in our containership transportation business could harm our business, results of operations and financial condition.***

Nearly all of our cash flow is generated from our chartering of containerships. Due to our lack of diversification, an adverse development in the containership industry may harm our business, results of operations and financial condition more significantly than if we maintained more diverse assets or lines of business.

***We may be unable to recharter our vessels at profitable rates, if at all, upon their time charter expiry.***

According to Maritime Strategies International Ltd. (“MSI”), as of December 31, 2021 the overall orderbook-to-fleet ratio represented approximately 23.4% of the total worldwide containership fleet capacity as of that date. Notwithstanding scrapping, the size of the orderbook will likely result in an increase in the size of the world containership fleet over the next few years, particularly in the larger vessel sizes (over 10,000 TEU) for which the orderbook to fleet ratio at year-end 2021 was 45.3%. At that same time, idle capacity stood at about 165,000 TEUs, or 0.7% of the total cellular fleet. An over-supply of containership capacity, combined with a lack of growth in the demand for containerships, may result in downward pressure on charter rates. As at December 31, 2021, but adjusted to include all charters agreed through March 2, 2022, the charter for one of our 65 containerships either has expired or could expire before the end of the first half of 2022 and a further nine vessels have charters which may expire during the second half of 2022. We cannot be assured that we will be able to obtain new time charters for our vessels on expiry of existing charters or that if we do, the new rates will be favorable. If we are unable to obtain new time charters for our containerships at favorable rates or are unable to secure new charters promptly, or at all, the vessels would be idle. We would continue to incur certain operating costs but earn no revenue, which would have a material adverse effect on our business, financings, results of operations and financial condition. Please also see “—We are dependent on our charterers and other counterparties fulfilling their obligations under agreements with us, and their inability or unwillingness to honor these obligations could significantly reduce our revenues and cash flow” above.

## Financing/Debt Risks

***Our substantial indebtedness could adversely affect our ability to raise additional capital to fund our operations and limit our ability to react to changes in the economy or our industry.***

We are highly leveraged. As of December 31, 2021, we had \$1,085.6 million of outstanding indebtedness, including \$117.5 million of indebtedness outstanding under our 8.00% Senior Unsecured Notes due 2024 (the “2024 Notes”), \$178.4 million of finance leases and \$789.7 million of secured credit facilities.

Our high degree of leverage could have important consequences, including:

- increasing our vulnerability to adverse economic, industry or competitive developments;
- requiring a substantial portion of our cash flows from operations to be dedicated to the payment of interest on our indebtedness, amortization payments for our credit facilities, therefore reducing our ability to use our cash flows to fund operations, capital expenditure and future business opportunities;
- making it more difficult for us to satisfy our obligations with respect to our indebtedness, and any failure to comply with the obligations of any of our debt instruments, including restrictive covenants and borrowing conditions, could result in an event of default under the indenture governing the 2024 Notes and the agreements governing such other indebtedness;
- restricting us from making strategic acquisitions or causing us to make non-strategic divestitures;
- limiting our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes; and
- limiting our flexibility in planning for, or reacting to, changes in our business or market conditions and placing us at a competitive disadvantage compared to our competitors who are less highly leveraged and who, therefore, may be able to take advantage of opportunities that our leverage may prevent us from exploiting.

***Despite our indebtedness levels, we may be able to incur substantially more indebtedness. This could further exacerbate the risks associated with our substantial indebtedness.***

We may be able to incur substantial additional indebtedness in the future. Although certain of our debt agreements contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. In addition, our debt agreements will not prevent us from incurring obligations that do not constitute indebtedness thereunder. If we incur substantially more indebtedness, the risks associated with our indebtedness as described above could be exacerbated.

***Our debt agreements contain restrictions that limit our flexibility in operating our business.***

Our debt agreements contain various covenants that limit our ability to engage in specified types of transactions. These covenants limit our ability and the ability of our restricted subsidiaries to, among other things:

- incur additional indebtedness or issue certain preferred stock;
- make any substantial change to the nature of our business;
- pay dividends on or repay or distribute any dividend or share premium reserve;
- redeem or repurchase capital stock or make other restricted payments and investments;
- create or impair certain securities interests, including liens;
- transfer or sell certain assets;
- enter into certain transactions with affiliates;
- acquire a company, shares or securities or a business or undertaking;
- enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction, or sell all or substantially all of our properties and assets;
- create or designate unrestricted subsidiaries; and
- change the flag, class or technical or commercial management of the vessel mortgaged under such facility or terminate or materially amend the management agreement relating to such vessel.

In addition, certain of our debt agreements require our subsidiaries to satisfy certain financial covenants on their facilities, including on minimum liquidity, minimum net worth, and value adjusted leverage ratio. Our ability to meet those financial covenants and tests will depend on our ongoing financial and operating performance, which, in turn, will be subject to economic conditions and to financial, market, and competitive factors, many of which are beyond our control.

Due to restrictions in our debt agreements, we may need to seek consent from our lenders in order to engage in some corporate and commercial actions that we believe would be in the best interest of our business, and a denial of consent may make it difficult for us to successfully execute our business strategy or effectively compete with companies that are not similarly restricted. For example, our debt agreements restrict our entry into certain transactions or the termination or amendment of our third-party ship management agreements and require that George Giouroukos remain our Executive Chairman. Our lenders' interests may be different from ours, and we cannot guarantee that we will be able to obtain their permission when needed. This may prevent us from taking actions that are in our or our shareholders' best interest. Any future agreements governing our indebtedness may include similar or more restrictive restrictions.

A breach of any of the covenants could result in a default under one or more of these agreements, including as a result of cross default provisions, and may permit the lenders to cease making loans to us. Upon the occurrence of an event of default under our credit facilities, the lenders could elect to declare all amounts outstanding under the loan to be immediately due and payable. Such actions by the lenders could cause cross defaults under our other credit facilities.

Substantially all of the assets currently owned by us serve as security under our secured debt agreements. If our operating performance declines, we may be required to obtain waivers from the lenders under our credit facilities to avoid default thereunder. If we are not able to obtain a waiver from the lenders under our credit facilities, the lenders could exercise their rights upon default and we could be forced into bankruptcy or liquidation.

***The vessels' mortgagor or other maritime claimants could arrest our vessels, which could interrupt the charterers' or our cash flow.***

If we default under any of our credit facilities, lenders under our other credit facilities who hold mortgages on our vessels could arrest some or all of our vessels and cause them to be sold. We would not receive any proceeds of such sale unless and until all amounts outstanding under such indebtedness had been repaid in full. Crew members, suppliers of goods and services to a vessel, shippers of cargo and other parties may be entitled to a maritime lien against that vessel for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lien holder may enforce its lien by arresting a vessel through foreclosure proceedings. The arrest or attachment of one or more of our vessels, for valid or invalid reasons, could interrupt the charterers' or our cash flow and require the charterer or us or our insurance to pay a significant amount 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 one vessel in our fleet for claims relating to another vessel in our fleet. In any event, any lien imposed may adversely affect our results of operations by delaying the revenue gained from ships.

**Assets' Fair Value Risks**

***Vessel values may fluctuate, which may adversely affect our financial condition, result in the incurrence of a loss upon disposal of a vessel or increase the cost of acquiring additional vessels.***

Vessel values may fluctuate due to a number of different factors, including:

- general economic and market conditions affecting the shipping industry;
- the types, sizes and demand for available vessels;
- the availability of other modes of transportation;
- increases in the supply of vessel capacity;
- the cost of newbuildings;
- governmental or other regulations; and
- the need to upgrade second hand and previously owned vessels as a result of changes in regulations, charterer requirements, technological advances in vessel design or equipment, or otherwise.

In addition, as vessels grow older, they generally decline in value. If a charter terminates, we may be unable to re-deploy the vessel at attractive rates, or at all and, rather than continue to incur costs to maintain and finance the vessel, may seek to dispose of it. Our inability to dispose of the containership at a reasonable price, or at all, could result in a loss on its sale and harm our business, results of operations and financial condition. Additionally, under four of our time charter agreements with CMA CGM, the charterer, has a right of first refusal should we decide to sell the vessel during or at the end of the charter period. If they do not exercise this right, we are entitled to sell the vessel, subject to their prior approval, which cannot be unreasonably withheld. We may be forced to sell our vessels for a lesser amount because of these constraints. Moreover, if the book value of a vessel is impaired due to unfavorable market conditions, we may incur a loss that could adversely affect our operating results.

Conversely, if vessel values are elevated at a time when we wish to acquire additional vessels, the cost of acquisition may increase and this could adversely affect our business, results of operations, cash flow and financial condition.

In addition, if we determine at any time that a vessel's value has been impaired, we may need to recognize impairment charge, which could be significant, that would reduce our earnings and net assets. We review our containership assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable, which occurs when the assets' carrying value is greater than the undiscounted future cash flows the asset is expected to generate over its remaining useful life. In our experience, certain assumptions relating to our estimates of future cash flows are more predictable by their nature, including, estimated revenue under existing contract terms and remaining vessel life. Certain assumptions relating to our estimates of future cash flows require more judgement and are inherently less predictable, such as future charter rates beyond the firm period of existing contracts, the amount of time a vessel is off-charter, ongoing operating costs and vessel residual values, due to factors such as the volatility in vessel charter rates and vessel values. We believe that the assumptions used to estimate future cash flows of our vessels are reasonable at the time they are made. We can provide no assurances, however, as to whether our estimates of future cash flows, particularly future vessel charter revenues or vessel values, will be accurate. Vessels that currently are not considered impaired may become impaired over time if the future estimated undiscounted cash flows decline at a rate that is faster than the depreciation of our vessels. Future fluctuations in charter rates and vessel values may trigger a possible impairment of our vessels as described in "Item 5. Operating and Financial Review and Prospects— A. Results of Operations—Management's Discussion and Analysis of Financial Conditions and Results of Operations—Critical Accounting Estimates".

Declining containership values could affect our ability to raise cash by limiting our ability to refinance vessels or use unencumbered vessels as collateral for new loans or result in prepayments under certain of our credit facilities. This could harm our business, results of operations, financial condition or ability to raise capital.

If impairment testing is required, we may need to recognize impairment charges. The determination of the fair value of vessels will depend on various market factors, including charter and discount rates, ship operating costs and vessel trading values, and our reasonable assumptions at that time. The amount, if any, and timing of any impairment charges we may need to recognize in the future will depend upon the then current and expected future charter rates, vessel utilization, operating and dry-docking expenditures, vessel residual values, inflation and the remaining expected useful lives of our vessels, which may differ materially from those used in our assessments as of December 31, 2021.

#### **Loss of Income Risks**

***Our vessels may be subject to extended periods of off-hire, which could materially adversely affect our business, financial condition and results of operations.***

Under the time charters for our vessels, when the vessel is not available for service, it will likely be "off-hire," in which case the charterer is generally not required to pay hire, and we will be responsible for all costs unless the charterer is responsible for the circumstances giving rise to the lack of availability. Additionally, in many cases the charterer has the option to extend the latest redelivery date by the offhire days. A vessel generally will be deemed to be off-hire if there is an occurrence that affects the full working condition of the vessel, such as:

- any drydocking for repairs, maintenance or classification society inspection;
- any time out of service necessary for owner to upgrade vessels to meet new regulatory requirements, such as ballast water treatment or emission control or to improve the specification and commercial characteristics of our vessels;
- any damage, defect, breakdown or deficiency of the ship's hull, machinery or equipment or repairs or maintenance thereto;
- any deficiency of the ship's master, officers and/or crew, including the failure, refusal or inability of the ship's master, officers and/or crew to perform the service immediately required, whether or not within its control;
- its deviation, other than to save life or property, which results in charterer's lost time;
- crewing labor boycotts or certain vessel arrests;
- our failure to maintain the vessel in compliance with the charter's requirements, such as maintaining operational certificates;
- the vessel's declared performance speed is reduced or fuel consumption is increased by more than 5% over a specified period of time; or

- the vessel is requisitioned by any government or governmental authority.

Additionally, the charterer may have the right to terminate the charter agreement under a number of circumstances, such as if:

- the vessel is off-hire for a specified number of days;
- the charterer informs us of a default under the charter, and the default is not rectified;
- there is a total (actual or constructive) loss of the vessel;
- the vessel is requisitioned by any government or governmental authority; or
- a vessel's declared performance speed is reduced or fuel consumption increased in excess of a pre-agreed percentage over a continuous period of an agreed number of days, (for example, consumption in excess of 10% of that declared for a given speed over a continuous period of 30 days) and the reason is within our or the vessel's control.

Our business, financial condition and results of operations may be materially adversely affected if our vessels are subject to extended periods of off-hire.

### **Vessels' Operational Risks**

***We must make substantial expenditures to maintain our fleet, meet new regulatory requirements, meet commercial requirements or to acquire vessels.***

We must make substantial expenditures to maintain our fleet and we generally expect to finance these expenditures from operating cash flow. In addition, we will need to make substantial capital expenditures to acquire vessels in accordance with our growth strategy. Further, we may be obliged to make substantial expenditures to become compliant with changes in the regulatory environment, particularly concerning decarbonization, emission control and ballast water treatment. We may also incur substantial expenditure to improve the specification and commercial characteristics of some of our vessels. Maintenance expenditures could increase as a result of, among other things, the cost of labor and materials, customer requirements and governmental regulations and maritime self-regulatory organization standards relating to safety, security or the environment. If we are unable to generate sufficient operating cash flow, we will need to fund these significant expenditures, including those required to maintain our fleet, with additional borrowings or otherwise find alternative sources of financing. Such financing arrangements may not be available on satisfactory economic terms or at all, which could have a material adverse effect on our business and results of operations.

***As our fleet ages, we may incur increased operating costs beyond normal inflation, which would adversely affect our results of operations.***

In general, the day-to-day cost of operating and maintaining a vessel increases with age. In addition, older vessels are typically less fuel efficient and may attract lower charter rates compared to modern, more fuel-efficient vessels. Governmental regulations and safety or other equipment standards may also require expenditures for modifications or the addition of new equipment and may restrict the type of activities in which our vessels may engage. We cannot assure you that, as our vessels age, market conditions will justify any such expenditures or expenditures to otherwise improve their operating characteristics, such as fuel efficiency to enable us to operate our vessels profitably during the remainder of their useful lives, which could adversely affect our results of operations. Our fleet of 65 vessels as of December 31, 2021 had an average age weighted by TEU capacity of 14.9 years.

***Unless we set aside reserves or are able to borrow funds for vessel replacement, at the end of the useful lives of our vessels our revenue will decline, which would adversely affect our business, results of operations and financial condition.***

Our fleet of 65 vessels as of December 31, 2021 had an average age weighted by TEU capacity of 14.9 years. Unless we maintain reserves or are able to borrow or raise funds for vessel replacement, we will be unable to replace the older vessels in our fleet. Our cash flows and income are dependent on the revenues earned by the chartering of our containerships. The inability to replace the vessels in our fleet upon the expiration of their useful lives could have a material adverse effect on our business, results of operations and financial condition. Any reserves set aside by any of our subsidiaries for vessel replacement will not be available for servicing our indebtedness.

***Our business depends upon certain individuals who may not necessarily continue to be affiliated with us in the future.***

Our current performance and future success depend to a significant extent upon our Executive Chairman, George Giouroukos, our Chief Executive Officer, Ian J. Webber, our Chief Commercial Officer, Thomas A. Lister, and our Chief Financial Officer, Anastasios Psaropoulos, who collectively have almost 100 years of cumulative experience in the shipping industry and have worked with several of the world's largest shipping, ship leasing and ship management companies. They and members of the Board of Directors are crucial to the execution of our business strategies and to the growth and development of our business. Mr. Giouroukos has committed to spend approximately 50% on his time on matters related to our affairs. If these individuals were no longer to be affiliated with us, or if we were to otherwise cease to receive advisory services from them, we may be unable to recruit other employees with equivalent talent and experience, and our business and financial condition may suffer as a result.

***Rising crew and other vessel operating costs may adversely affect our profits.***

Acquiring and renewing charters with leading liner companies depends on a number of factors, including our ability to man our containerships with suitably experienced, high quality masters, officers and crews. The limited supply of and increased demand for well-qualified crew, due to the increase in the size of the global shipping fleet, has from time to time created upward pressure on crewing costs, which we generally bear under our time charters. Increases in crew costs and other vessel operating costs such as insurance, repairs and maintenance, and lubricants may adversely affect our profitability. In addition, if we cannot retain a sufficient number of high quality onboard seafaring personnel, our fleet utilization will decrease, which could have a material adverse effect on our business, results of operations and financial condition.

***Increased fuel prices may have a material adverse effect on our profits.***

The cost of fuel is a significant factor in negotiating charter rates and can affect us both directly and indirectly. The cost of fuel is borne by us when our vessels are offhire, being positioned for and undergoing drydockings, between charters and when employed on voyage charters or contracts of affreightment. We currently have no voyage charters or contracts of affreightment, but we may enter into such arrangements in the future, and to the extent we do so, an increase in the price of fuel beyond our expectations may adversely affect our profitability. Even where the cost of fuel is ordinarily borne by the charterer, which is the case with all of our existing time charters, that cost will affect the level of charter rates that charterers are prepared to pay, depending in part on the fuel efficiency of a particular vessel.

The price of fuel is unpredictable and fluctuates based on events outside our control, including but not limited to conflicts, 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, economic or other sanctions levied against oil and gas producing countries, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns and regulations.

In addition, since the implementation of the International Maritime Organization's regulations limiting sulfur emissions ("IMO 2020 Sulfur Regulation") effective January 1, 2020, our vessels have been and continue to be operated using compliant low sulfur fuels, the price of which has increased as a result of increased demand. Fuel may continue to be more expensive, which may reduce our profitability and the competitiveness of our business compared to other forms of transportation. Further, as fuel costs are generally paid by our charterers, high fuel prices may impact their profitability if they are unable to pass these costs through to their customers. High fuel prices could have a material adverse effect on our business, results of operations and financial condition.

**Interest Rate Risk**

***Volatility in the London Interbank Offered Rate ("LIBOR"), the cessation of LIBOR and replacement of our interest rate in our debt agreements could affect our profitability, earnings and cash flow.***

Our indebtedness accrues interest based on LIBOR, which has been historically volatile. The publication of the U.S. Dollar LIBOR for the one-week and two-month U.S. Dollar LIBOR tenors ceased on December 31, 2021, and the ICE Benchmark Administration ("IBA"), the administrator of LIBOR, with the support of the United States Federal Reserve and the United Kingdom's Financial Conduct Authority, announced the publication of all other U.S. Dollar LIBOR tenors will cease on June 30, 2023. The United States Federal Reserve concurrently issued a statement advising banks to cease issuing U.S. Dollar LIBOR instruments after 2021. As such, any new loan agreements we enter into will not use LIBOR as an interest rate, and we will need to transition our existing loan agreements from U.S. Dollar LIBOR to an alternative reference rate prior to June 2023.

In response to the anticipated discontinuation of LIBOR, working groups are converging on alternative reference rates. The Alternative Reference Rate Committee, a committee convened by the Federal Reserve that includes major market participants, has proposed an alternative rate to replace U.S. Dollar LIBOR: the Secured Overnight Financing Rate, or "SOFR". At this time, it is not possible to predict how markets will respond to SOFR or other alternative reference rates. The impact of such a transition from LIBOR to SOFR or another alternative reference rate could be significant for us.

In order to manage our exposure to interest rate fluctuations under LIBOR, SOFR or any other alternative rate, we have and may from time to time use interest rate derivatives to effectively fix some of our floating rate debt obligations. No assurance can however be given that the use of these derivative instruments, if any, may effectively protect us from adverse interest rate movements. The use of interest rate derivatives may affect our results through mark to market valuation of these derivatives. Also, adverse movements in interest rate derivatives may require us to post cash as collateral, which may impact our free cash position. Interest rate derivatives may also be impacted by the transition from LIBOR to SOFR or other alternative rates.

#### **Subsidiaries' Performance Risk**

***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 and other obligations.***

We are a holding company and have no significant assets other than the equity interests in our subsidiaries. Our subsidiaries own all of the vessels and payments under charters are made to them. As a result, our ability to pay dividends and meet any debt service obligations and other liabilities depends on the performance of our subsidiaries and their ability to distribute funds to us. The ability of our subsidiaries to pay dividends or make other distributions or payments to us will be subject to the availability of profits or funds for such purpose which, in turn, will depend on the future performance of the subsidiary concerned which, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that may be beyond its control. Additionally, the ability of our subsidiaries to make these distributions could be affected by the provisions of our financing arrangements or a claim or other action by a third party, including a creditor, or by English law, Marshall Islands law or the laws of any jurisdiction which applies to us and regulates the payment of dividends by companies. Applicable tax laws may also subject such payments to further taxation. Applicable law may also limit the amounts that some of our subsidiaries will be permitted to pay as dividends or distributions on their equity interests, or even prevent such payments. Limitations on our ability to transfer cash among and within our group may mean that even though we, in aggregate, may have sufficient resources to meet our obligations, we may not be permitted to make the necessary transfers from one entity in our group to another entity in our group in order to make payments on our obligations. Therefore, if we are unable to obtain funds from our subsidiaries, we may not be able to pay dividends, including on our Series B Preferred Shares, or meet our debt service obligations or our other liabilities.

#### **Exchange Rates' Fluctuation Risk**

***Because we generate all of our revenues in U.S. dollars but incur a portion of our expenses in other currencies, exchange rate fluctuations could hurt our results of operations.***

We generate all of our revenues in U.S. dollars and some of our expenses are denominated in currencies other than U.S. dollars. This currency mismatch could lead to fluctuations in net income due to changes in the value of the U.S. dollar relative to other currencies. Expenses incurred in foreign currencies against which the U.S. dollar falls in value could increase, thereby decreasing our net income. We have not hedged any of this exposure and our U.S. dollar denominated results of operations and financial condition and ability to pay dividends could suffer from adverse currency exchange rate movements. Future declines in the U.S. dollar versus other currencies could have a material adverse effect on our operating expenses and net income.

#### **Insurance Related Risks**

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

The shipping industry has inherent operational risks. Although we carry hull and machinery insurance, war risks insurance and protection and indemnity insurance (which includes coverage for environmental damage and pollution) and other insurances commonly held by vessel owners, we may not be adequately insured against all risks or our insurers may not pay every claim. Even if our insurance coverage is adequate to cover our losses, we may not be able to obtain a replacement vessel in the event of a total or constructive total loss in a timely manner. Further, under our financings, we are subject to restrictions on the use of any proceeds we may receive under claims in the event of a total or constructive total loss. Furthermore, in the future, we may not be able to obtain adequate insurance coverage at reasonable rates for our fleet. We may also be subject to calls, or premiums, in amounts based not only on our own claim records but also the claim records of all other members of the protection and indemnity associations through which we receive indemnity insurance coverage for tort liability. In addition, insurers typically charge additional premiums if vessels transit certain "excluded areas," which may be subject to higher risk of piracy, war or terrorism. We cannot be certain that our insurers will continue to provide such cover, or that we will be able to recover these increased costs from our charterers. Our insurance policies also contain deductibles, limitations and exclusions which, although we believe are standard in the shipping industry, may nevertheless increase our costs.

In addition, we do not presently carry loss-of-hire insurance, which covers the loss of revenue during extended vessel off-hire periods, such as those that might occur during an unscheduled drydocking due to damage to the vessel from a major accident. Accordingly, any vessel that is off hire for an extended period of time, due to an accident or otherwise, could have a material adverse effect on our business, results of operations and financial condition.

### **Place of Incorporation Risk**

***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 Business Corporations Act of the Republic of the Marshall Islands, or 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 very few judicial cases in the Republic of the Marshall Islands interpreting the BCA. The rights and fiduciary responsibilities of directors under the law of the Republic of the Marshall Islands 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.

### **Cyber Security Risk**

***A cyber-attack could materially disrupt our business.***

We rely on information technology systems and networks in our operations and administration of our business. Information systems are vulnerable to security breaches by computer hackers and cyber terrorists. We rely on industry accepted security measures and technology to securely maintain confidential and proprietary information maintained on our information systems. However, these measures and technology may not adequately prevent security breaches. Our business 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 in our systems. Any such attack or other breach of our information technology systems could have a material adverse effect on our business and results of operations. In addition, the unavailability of the information systems or the failure of these systems to perform as anticipated for any reason could disrupt our business and could result in decreased performance and increased operating costs, causing our business and results of operations to suffer. Any significant interruption or failure of our information systems or any significant breach of security could adversely affect our business and results of operations.

### **Risks Relating to Our Industry**

***Our growth and long-term profitability depend mainly upon growth in demand for containerships, the condition of the charter market and the availability of capital. The container shipping industry is cyclical and volatile.***

Container shipping industry is both seasonal and cyclical but has shown positive demand growth in every year of its history except 2009 (the Global Financial Crisis) and 2020 (the COVID-19 pandemic). According to MSI, between 2000 and 2008, which included a period of super-cyclical growth partly fueled by a significant increase in trade with China, containerized trade grew at an annual compound rate of 9.9%. The Global Financial Crisis, from late 2008, prompted a contraction of demand, with 2009 volumes falling by around 8.0%. In 2010, demand rebounded, with volume growth of 15.3%. Between 2010 and 2019 the average compound annual growth of containerized trade was 3.8%. In 2020, as a result of the COVID-19 crisis, containerized volumes contracted by 1.9% compared to 2019, despite a significant rebound in the second half of the year. The recovery in accelerated in 2021, with demand growth estimated at 7.1%. On the supply side, cellular containership capacity grew by a compound annual rate of 5.7% from 2009 through 2020, and is estimated to have expanded by approximately 4.5% in 2021. As of December 31, 2021, the containership fleet stood at just under 5,500 ships, with an aggregate capacity estimated at 24.8 million TEU.

Weak conditions in the containership sector may affect our ability to generate cash flows and maintain liquidity, as well as adversely affect our ability to obtain financing.

The factors affecting the supply and demand for containerships and container shipping services are outside our control, and the nature, timing and degree of changes in industry conditions are unpredictable.

The factors that influence demand for containership capacity include:

- supply and demand for products suitable for shipping in containers;
- changes in the pattern of global production of products transported by containerships;
- the globalization of manufacturing;
- global and regional economic and political conditions;
- developments in international trade;

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- changes in seaborne and other transportation patterns, including changes in the distances over which container cargoes are transported, the size of containerships, the extent of trans-shipments and the competitiveness of other forms of marine transportation including dry bulk and refrigerated vessels;
- environmental and other legal and regulatory developments;
- the price of oil and economics of slow steaming;
- the availability of trade finance and currency exchange rates; and
- port and canal congestion.

The factors that influence the supply of containership capacity include:

- the containership newbuilding orderbook;
- the availability of financing;
- the scrapping rate of containerships;
- the number of containerships off-hire or otherwise idle including laid-up;
- the price of steel and other raw materials;
- changes in environmental and other laws and regulations that may limit the useful life of containerships;
- the availability of shipyard capacity;
- port and canal congestion; and
- the extent of slow steaming.

Our ability to recharter our containerships upon the expiration of their current charters. Of our fleet of 65 containerships, one has a charter which may expire before June 30, 2022 and a further nine have charters which may expire during the second half of 2022. Charter rates receivable under any renewal or replacement charters will depend upon, among other things, the prevailing state of the containership charter market. If the charter market is depressed when our charters expire, we may be forced to recharter our containerships at reduced or even unprofitable rates, or we may not be able to recharter them at all, which may reduce or eliminate our results of operations or make our results of operations volatile. The same issues will exist in respect of any additional vessels we may acquire either when obtaining the initial charters or on rechartering at their expiry.

### **Public Health Threats Risk**

***Our financial and operating performance may be adversely affected by global public health threats, such as and including COVID-19.***

Public health threats, such as the coronavirus (COVID-19), influenza and other highly communicable diseases or viruses, outbreaks of which from time to time occur in various parts of the world in which we operate, including China, could adversely impact our operations and the operations of our customers. The recent pandemic of the novel coronavirus (COVID-19) has, among other things, caused delayed or extended drydockings, disrupted our operations from non-availability of staff and materials and significantly affect global markets, including the demand for container shipping services, and therefore charter rates and asset values. If the effect of the COVID-19 is ongoing, or another such pandemic occurs, we may be unable to recharter our ships at appropriate rates or durations.

Additionally, any prolonged restrictive measures implemented in order to control or contain COVID-19 or other global public health threats may have a material and adverse effect on our business operations and demand for our vessels generally.

## Seasonal Fluctuations Risk

***Seasonal fluctuations could affect our operating results and available cash from quarter to quarter.***

We operate our vessels in markets that have historically exhibited seasonal, as well as cyclical, variations in demand and, as a result, in charter hire rates. This seasonality may result in quarter-to-quarter volatility in our operating results, which could affect the amount of our cash flow.

## Global Financial Market Risks

***A decrease in the export of goods or an increase in trade protectionism will harm our customers' business and, in turn, harm our business, results of operations and financial condition.***

Much of our customers' containership business revenue is derived from the shipment of goods from the Asia Pacific region, primarily China, to various overseas export markets, including the United States and Europe. Any reduction in or hindrance to the output of China-based exporters could negatively affect the growth rate of China's exports and our customers' business. For instance, the government of China has implemented economic policies aimed at increasing domestic consumption of Chinese-made goods. This may reduce the supply of goods available for export and may, in turn, result in a decrease in shipping demand. Additionally, though in China there is an increasing level of autonomy and a gradual shift in emphasis to a "market economy" and enterprise reform, many of the reforms, particularly some limited price reforms that result in the prices for certain commodities being principally determined by market forces, are unprecedented or experimental and may be subject to revision, change or abolition. The level of imports to and exports from China could be adversely affected by changes to these economic reforms by the Chinese government, as well as by changes in political, economic and social conditions or other relevant policies of the Chinese government. Changes in laws and regulations in China, including with regards to tax matters, and their implementation by local authorities could affect our charterers' business and have a material adverse impact on our business, results of operations and financial condition.

Our international operations expose us to the risk that increased trade protectionism will harm our business. In times of global economic challenge, governments may turn to trade barriers to protect their domestic industries against foreign imports, thereby depressing shipping demand. Protectionist developments, or the perception that they may occur, could have a material adverse effect on global economic conditions, and may significantly reduce global trade. Moreover, increasing trade protectionism may cause an increase in (i) the cost of goods exported from regions globally, (ii) the length of time required to transport goods and (iii) the risks associated with exporting goods. Such increases may significantly affect the quantity of goods to be shipped, shipping time schedules, voyage costs and other associated costs, which could have an adverse impact on our charterers' business, operating results and financial condition and could thereby affect their ability to make timely charter hire payments to us and to renew and increase the number of their time charters with us. This could have a material adverse effect on our business, results of operations, financial condition and our ability to pay any cash distributions to our stockholders.

***Adverse economic conditions, especially in the Asia Pacific region, the European Union or the United States, could harm our business, results of operations and financial condition.***

We anticipate a significant number of the port calls made by our vessels will involve the loading or discharging of containerships in ports in the Asia Pacific region. Consequently, economic turmoil in that region may exacerbate the effect of any economic slowdown on us. China has been one of the world's fastest growing economies in terms of gross domestic product, or GDP, which has increased the demand for shipping. However, China's rate of real GDP growth has fallen from its historical highs. The United States has also implemented more protectionist trade measures in an effort to protect and enhance its domestic economy. Additionally, the European Union, or the EU, and certain of its member states are facing significant economic and political challenges, including a risk of increased protectionist policies and the withdrawal of the United Kingdom from the European Union. Our business, results of operations and financial condition will likely be harmed by any significant economic downturn in the Asia Pacific region, including China, or in the EU or the United States.

In recent years, China and the United States have implemented certain increasingly protective trade measures with continuing trade tensions, including significant tariff increases, between these countries. Although the United States and China successfully reached an interim trade deal in January 2020 that deescalated the trade tensions with both sides rolling back tariffs, the extent to which the trade deal will be successfully implemented is unpredictable. Notwithstanding the interim trade deal, the US policy on China may not change dramatically under President Joe Biden and there is no assurance that the Chinese economy will not experience a significant slowdown in the future. A decrease in the level of imports to and exports from China could adversely affect our business, operating results and financial condition.

The global economy experienced disruption and volatility following adverse changes in global capital markets commencing in 2007 and 2008. The deterioration in the global economy caused, and any renewed deterioration may cause, a decrease in worldwide demand for certain goods and shipping. Economic instability could harm our business, results of operations and financial condition.

***The current state of the world financial market and current economic conditions could have a material adverse impact on our results of operations, financial condition and cash flows.***

Global financial markets and economic conditions have been, and continue to be, volatile. Inter alia, this volatility is due to continuing uncertainty around COVID-19 and, more recently, heightened geopolitical tension surrounding the recent hostilities between Russia and Ukraine, and growing concerns regarding inflation and prices for commodities such as oil and steel. These issues, along with the re-pricing of credit risk and the difficulties currently experienced by financial institutions have made, and will likely continue to make, it difficult to obtain financing. As a result of the disruptions in the credit markets, many lenders have increased margins, enacted tighter lending standards, required more restrictive terms (including higher collateral ratios for advances, shorter maturities and smaller loan amounts), or refused to refinance existing debt at all or on terms similar to our current debt. Furthermore, certain banks that have historically been significant lenders to the shipping industry have announced an intention to reduce or cease lending activities in the shipping industry. New banking regulations, including larger capital requirements and the resulting policies adopted by lenders, could reduce lending activities. We may experience difficulties obtaining financing commitments in the future if current or future lenders are unwilling to extend financing to us or unable to meet their funding obligations due to their own liquidity, capital or solvency issues. The current state of global financial markets and current economic conditions might adversely impact our ability to issue additional equity at prices that will not be dilutive to our existing shareholders or preclude us from issuing equity at all.

We cannot be certain that financing or refinancing will be available on acceptable terms or at all. If financing or refinancing is not available when needed, or is available only on unfavorable terms, we may be unable to meet our future obligations as they come due. Our failure to obtain such funds could have a material adverse effect on our business, results of operations and financial condition, as well as our cash flows, including cash available for dividends to our shareholders. In the absence of available financing, we also may be unable to take advantage of business opportunities or respond to competitive pressures.

***The U.K.'s withdrawal from the European Union ("EU") may have a negative effect on global economic conditions, financial markets and our business.***

In June 2016, a majority of voters in the U.K. elected to withdraw from the EU in a national referendum, a process that the government of the U.K. formally initiated in March 2017 ("Brexit"). The U.K. and the EU negotiated the terms of a withdrawal agreement, which was approved in October 2019 and ratified in January 2020. The U.K. formally exited the EU on January 31, 2020, although a transition period was in place until December 2020, during which the U.K. remained subject to the rules and regulations of the EU while continuing to negotiate the parties' relationship going forward, including trade deals. The EU-UK Trade and Cooperation Agreement ("Cooperation Agreement") was agreed on December 24, 2020, ratified by the UK Parliament on December 30, 2020 and has been provisionally applied by the EU from December 31, 2020. There is still uncertainty as to the practical consequences of the Cooperation Agreement and its impact on the future relationship between the U.K. and the EU over the short-, medium, and long term. Brexit has also given rise to calls for the governments of other EU member states to consider withdrawal. These developments and uncertainties, or the perception that any of them may occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have a material adverse effect on our business and on our consolidated financial position, results of operations and our ability to pay distributions. Additionally, Brexit or similar events in other jurisdictions, could impact global markets, including foreign exchange and securities markets; any resulting changes in currency exchange rates, tariffs, treaties and other regulatory matters could in turn adversely impact our business and operations.

Brexit contributes to considerable uncertainty concerning the current and future economic environment. Brexit could adversely affect European or worldwide political, regulatory, economic or market conditions and could contribute to instability in global political institutions, regulatory agencies and financial markets.

***We may have more difficulty entering into long-term charters if a more active and cheaper short-term or spot container shipping market develops.***

At the expiration of our charters or if a charter terminates early for any reason or if we acquire vessels charter-free, we will need to charter or recharter our vessels. If an excess of vessels is available on the spot or short-term market at the time we are seeking to fix new longer-term charters, we may have difficulty entering into such charters at all or at profitable rates and for any term other than short term and, as a result, our cash flow may be subject to instability in the mid to long-term. In addition, it would be more difficult to fix relatively older vessels should there be an oversupply of younger vessels on the market. A depressed spot market may require us to enter into short-term spot charters based on prevailing market rates, which could result in a decrease in our cash flow.

***An over-supply of containership capacity may lead to reductions in charter hire rates and profitability.***

While the size of the containership orderbook has declined substantially since its peak in 2008/2009, the containership newbuilding orderbook as of December 31, 2021 represented approximately 23.4% of the total on the water fleet capacity. Further containerships are likely to be ordered. Notwithstanding scrapping, delivery of newly built containerships will likely result in an increase in the size of the world containership fleet over the next few years. An over-supply of containership capacity, combined with any decline in the rate of growth in demand for containerships, would be likely to result in a reduction of charter hire rates. If such a reduction occurs when we seek to charter newbuilding vessels, our growth opportunities may be diminished. If such a reduction occurs upon the expiration or termination of our containerships' current time charters, we may only be able to recharter our containerships for reduced rates or unprofitable rates or we may not be able to recharter our containerships at all, which would have a material adverse effect on our business, financial condition and results of operation.

***Increased competition in technology and innovation 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 speed and fuel economy. Flexibility includes the ability to enter harbors, utilize related docking facilities and pass through canals and straits together with other vessel specifications such as the capacity to carry temperature controlled containers (reefers). Physical life is related to the original design and construction, maintenance and the impact of the stress of operations. If new ship designs currently promoted by shipyards as being more fuel efficient perform, or if new containerships built in future that are more efficient or flexible or have longer physical lives than our vessels, competition from these more technologically advanced containerships could adversely affect our ability to re-charter, the amount of charter-hire payments that we receive for our containerships once their current time charters expire and the resale value of our containerships. This could adversely affect our ability to service our debt or pay dividends to our shareholders.

**Piracy Related Risk**

***Acts of piracy on ocean-going vessels have increased in frequency, which could adversely affect our business.***

Piracy is an inherent risk in the operation of ocean-going vessels and particularly affects vessels operating in specific regions of the world such as the South China Sea, the Gulf of Aden, the Arabian Sea, off the coast of West Africa and off the coast of Somalia. Generally, we do not control the routing of our vessels, which is determined by the charterer. Pirate attacks on any of our vessels could result in loss of life, the kidnapping of crew or the theft, damage or destruction of vessels or of containers or cargo being transported thereon. In addition, while we believe the charterer remains liable for charter payments when a vessel is seized by pirates, the charterer may dispute this and withhold charter hire until the vessel is released. A charterer may also claim that a vessel seized by pirates was not "on-hire" for a certain number of days and it is therefore entitled to cancel the charter party, a claim that we would dispute. We may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on our business, results of operations and financial condition. In addition, insurance premiums and costs such as onboard security guards, should we decide to employ them, could increase in such circumstances. Further, acts of piracy may materially adversely affect our charterer's business, impairing its ability to make payments to us under our charters.

***Terrorist attacks and international hostilities could affect our results of operations and financial condition.***

Terrorist attacks and the continuing response of the United States and other countries to these attacks, as well as the threat of future terrorist attacks, continue to cause uncertainty in the world financial markets and may affect our business, results of operations and financial condition from increased security costs and more rigorous inspection procedures at borders and ports. From time to time, acts of terrorism, regional conflict and other armed conflict around the world may contribute to further economic instability in the global financial markets. These uncertainties could also adversely affect our ability to obtain additional financing on terms acceptable to us or at all.

Terrorist attacks targeted at oceangoing vessels may also negatively affect our future operations and financial condition from, for example, increased insurance costs, and directly impact our containerships or our charterer. Future terrorist attacks could result in increased market volatility or even a recession in the United States or elsewhere or negatively affect global financial markets and could further increase inspection and security requirements and regulation that could slow our operations and negatively affect our profitability. Any of these occurrences could have a material adverse impact on our operating results, revenue and costs.

## **Vessels' Trading Risks**

***If our vessels call on ports located in countries or territories that are the subject of sanctions or embargoes imposed by the United States government, the European Union, the United Nations, or other governmental authorities, it could lead to monetary fines or other penalties and have a material adverse effect on the market for our securities.***

While none of our vessels called on ports located in countries or territories that are the subject of country-wide or territory-wide sanctions and/or embargoes imposed by the U.S. government or other authorities or countries identified by the U.S. government or other authorities as state sponsors of terrorism ("Sanctioned Jurisdictions"), and we endeavor to take precautions reasonably designed to mitigate such activities, it is possible that, on charterers' instructions and without our consent, our vessels may call on ports located in Sanctioned Jurisdictions on charterers' instructions and/or without our consent. If such activities result in a sanctions violation, we could be subject to monetary fines, penalties, or other sanctions, and our reputation and the market for our common shares could be adversely affected.

The applicable 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 may be amended or strengthened over time. Current or future counterparties of ours may be affiliated with persons or entities that are or may be in the future the subject of sanctions imposed by the U.S., the EU, and/or other international bodies. If we determine that such sanctions require us to terminate existing or future contracts to which we or our subsidiaries are party or if we are found to be in violation of such applicable sanctions, our results of operations may be adversely affected or we may suffer reputational harm.

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 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. In addition, certain institutional investors may have investment policies or restrictions that prevent them from holding securities of companies that have contracts with Sanctioned Jurisdictions and certain financial institutions may have policies against lending or extending credit to companies that have contracts with Sanctioned Jurisdictions. The determination by these investors not to invest in, or to divest from, our common shares or the determination by these financial institutions not to offer financing may adversely affect the price at which our common shares trade. Moreover, our charterers 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. In addition, our reputation and the market for our securities may be adversely affected if we engage in certain other activities, such as entering into charters with individuals or entities in countries or territories subject to U.S. sanctions and embargo laws that are not controlled by the governments of those countries or territories, or engaging in operations associated with those countries or territories pursuant to contracts with third parties that are unrelated to those countries or territories or entities controlled by their governments. Investor perception of the value of our common shares may be adversely affected by the consequences of war, the effects of terrorism, civil unrest and governmental actions in these and surrounding countries.

***The smuggling of drugs, weapons or other contraband and stowaways on our vessels may lead to governmental claims against us.***

We expect that our vessels will call in areas where smugglers attempt to hide drugs, weapons and other contraband on vessels or stowaways attempt to board, with or without the knowledge of crew members. To the extent our vessels are found with contraband or stowaways, whether with or without the knowledge of any of our crew or charterers, we may face governmental or other regulatory claims, which could have a material adverse effect on our business, results of operations, cash flows and financial condition.

***We are exposed to significant risks in relation to compliance with anti-corruption laws and regulations.***

Our business entails numerous interactions with government authorities, including port authorities, health, safety, and environment authorities, labor and tax authorities and customs and immigration authorities. Furthermore, at our charterer's direction, our vessels call at ports throughout the world, including in some countries where corruption is endemic. Although we have strict and adequate procedures prohibiting our employees or persons associated with us from making unlawful payments to government officials, we cannot guarantee that such payments may not be made despite our procedures and without our approval. In such case, such payments may be deemed to have violated anti-corruption laws potentially applicable to us, including the UK Bribery Act 2010 (the "Bribery Act") and the U.S. Foreign Corrupt Practices Act (the "FCPA"). Both civil and criminal penalties may be imposed on us as a result of violations of anti-corruption laws, and such penalties could have a material adverse impact on our reputation, business and financial condition.

***Risks inherent in the operation of containerhips could impair the ability of the charterer to make payments to us, increase our costs or reduce the value of our assets.***

Our containerhips and their cargoes are at risk of being damaged or lost because of events such as marine accidents, bad weather, mechanical failures, human error, war, terrorism, piracy, environmental accidents and other circumstances or events. Any of these events connected to our vessels or other vessels under the charterer's control, or any other factor which negatively affects the charterer's business such as economic downturn and significant cyclical depression in the container shipping industry, could impair the ability of the charterer to make payments to us pursuant to our charters. Although the charterer is obligated to pay us charterhire regardless of the amount of cargo being carried on board, it is possible that generally low cargo volumes and low freight rates or events noted above may render the charterer financially unable to pay us its hire. Furthermore, there is a risk that a vessel may become damaged, lost or destroyed during normal operations and any such occurrence may cause us additional expenses to repair or substitute the vessel or may render us unable to provide the vessel for chartering, which will cause us to lose charter revenue.

These occurrences could also result in death or injury to persons, loss of property or environmental damage, loss of revenues from or termination of charter contracts, governmental fines, penalties or restrictions on conducting business, higher insurance rates, and damage to our reputation and customer relationships generally. Any of these circumstances or events could increase our costs or lower our revenues, which could result in reduction in the market price of our common shares.

***Governments could requisition our vessels during a period of war or emergency without adequate compensation, which under most of our time charter agreements would permit the customer to terminate the charter agreement for that vessel.***

A government of a vessel's registry could requisition one or more of our vessels. Requisition for title occurs when a government takes control of a vessel and becomes its owner, while requisition for hire occurs when a government takes control of a vessel and effectively becomes its charterer at dictated charter rates. Generally, requisitions occur during periods of war or emergency, although governments may elect to requisition vessels in other circumstances. Although we would likely be entitled to compensation in the event of a requisition of one or more of our vessels, the amount and timing of payment would be uncertain. Additionally, under most of our time charter agreements, if a vessel is requisitioned, our customer has the option to terminate the charter agreement within 14 days of receipt of notice of the requisition. Government requisition of one or more of our vessels may negatively impact our revenues and cash flow.

***If labor or other interruptions are not resolved in a timely manner, they could have an adverse effect on our business, results of operations, cash flows, financial condition and available cash.***

In addition to providing services to us our technical managers are responsible for recruiting the senior officers and other crew members for our vessels. If not resolved in a timely and cost-effective manner, industrial action or other labor unrest or any other labor interruption, could prevent or hinder our operations from being carried out as we expect and could have an adverse effect on our business, financial condition, operating results, distribution of dividends or the trading price of our common shares.

***Reliability of suppliers may limit our ability to obtain supplies and services when needed.***

We rely, and will continue to rely, on a significant supply of consumables, spare parts and equipment to operate, maintain, repair and upgrade our fleet of ships. Delays in delivery or unavailability of supplies could result in off-hire days due to consequent delays in the repair and maintenance of our fleet which would negatively impact our revenues and cash flows. Cost increases could also negatively impact our future operations.

**Environmental and Safety Compliance Risks**

***Compliance with safety and other vessel requirements imposed by classification societies may be costly and may adversely affect our business and operating results.***

The hull and machinery of every commercial vessel must conform to the rules and standards of a classification society approved by the vessel's country of registry. Such societies set the rules and standards for the design, construction, classification, and surveys of vessels and conduct surveys to determine whether vessels are in compliance with such rules and standards. A certification by a society is an attestation that the vessel is in compliance with the society's rules and standards. A vessel involved in international trade must also conform to national and international regulations on safety, environment and security, including (but not limited to) the Safety of Life at Sea Convention, or SOLAS, and the International Convention for the Prevention of Pollution from Ships. A vessel conforms to such regulations by obtaining certificates from its country of registry and/or a classification society authorized by the country of registry.

A vessel must undergo annual surveys, intermediate surveys and special surveys. In lieu of a special or class renewal survey, a vessel's machinery may be reviewed on a continuous survey cycle, under which the machinery would be surveyed over a five-year period. See "Item 4. Information on the Company—B. Business Overview—Inspection by Classification Societies" for more information regarding annual surveys, intermediate surveys and special surveys. Bureau Veritas, Lloyd's Register, DNV-GL & RINA and American Bureau of Shipping, the classification societies for the vessels in our fleet, may approve and carry out in-water inspections of the underwater parts of our vessels once every three to five years, in lieu of drydocking inspections. In-water inspections are typically less expensive than drydocking inspections and we intend to conduct in-water inspections when that option is available to us.

If a vessel does not maintain its "in class" certification or fails any annual survey, intermediate survey or special survey, port authorities may detain the vessel, refuse her entry into port or refuse to allow her to trade resulting in the vessel being unable to trade and therefore rendering her unemployable. In the event that a vessel becomes unemployable, we could also be in violation of provisions in our charters, insurance coverage, covenants in our loan agreements and ship registration requirements and our revenues and future profitability would be negatively affected.

***We are subject to regulation and liability under environmental laws that could require significant expenditures and affect our cash flows and net income.***

Our business and the operation of our containerships are materially affected by environmental regulation in the form of international conventions, national, state and local laws and regulations in force in the jurisdictions in which our containerships operate, as well as in the countries of their registration, including those governing the management and disposal of hazardous substances and wastes, the cleanup of oil spills and other contamination, air emissions, water discharges, ballast water management and vessel recycling. Because such conventions, laws and regulations are often revised, we cannot predict the ultimate cost or effect of complying with such requirements or the effect of such compliance on the current market value, resale price or useful life of our containerships. Additional conventions, laws and regulations may be adopted that could limit our ability to do business or increase the cost of our doing business, which may negatively impact our business, results of operations and financial condition. In addition, any future decarbonization technologies may increase our costs, or we may be limited in our ability to apply them to commercial scale.

Environmental requirements may also require a reduction in cargo capacity, ship modifications or operational changes or restrictions, lead to decreased availability of insurance coverage for environmental matters or result in substantial penalties, fines or other sanctions, including the denial of access to certain jurisdictional waters or ports or detention in certain ports. Under local, national and foreign laws, as well as international treaties and conventions, we could incur material liabilities, including cleanup obligations and natural resource damages, if there is a release of petroleum or other hazardous materials from our vessels or otherwise in connection with our operations. We could also become subject to personal injury or property damage claims relating to the release of hazardous materials associated with our operations, even if not carried as cargo.

In addition, in complying with existing environmental laws and regulations and those that may be adopted, we may incur significant costs in meeting new maintenance and inspection requirements and new restrictions on air emissions from our containerships, in managing ballast water, in developing contingency arrangements for potential spills and in obtaining insurance coverage. Government regulation of vessels, particularly in the areas of safety, security and environmental requirements, can be expected to become stricter in the future and require us to incur significant capital expenditures on our vessels to keep them in compliance, or even to scrap or sell certain vessels altogether. Substantial violations of applicable requirements or a catastrophic release of bunker fuel from one or more of our containerships could harm our business, results of operations and financial condition. For additional information about the environmental regulations to which we are subject, please read "Item 4. Information on the Company—B. Business Overview—Environmental and Other Regulations".

***Increasing scrutiny and changing expectations from investors, lenders and other market participants with respect to our Environmental, Social and Governance ("ESG") policies may impose additional costs on us or expose us to additional risks.***

Companies across all industries are facing increasing scrutiny relating to their ESG policies. Investor advocacy groups, certain institutional investors, investment funds, lenders and other market participants are increasingly focused on ESG practices, especially as they relate to the environment health and safety, diversity, labor conditions and human rights in recent years, and have placed increasing importance on the implications and social cost of their investments. The increased focus and activism related to ESG and similar matters may hinder access to capital, as investors and lenders may decide to reallocate capital or to not commit capital as a result of their assessment of a company's ESG practices. Failure to adapt to or comply with evolving investor, lender or other industry shareholder expectations and standards or the perception of not responding appropriately to the growing concern for ESG issues, regardless of whether there is a legal requirement to do so, may damage such a company's reputation or stock price, resulting in direct or indirect material and adverse effects on the company's business and financial condition.

Moreover, from time to time, in alignment with our sustainability priorities, we may incur additional costs, establish and publicly announce goals and commitments in respect of certain ESG items. While we may create and publish voluntary disclosures regarding ESG matters from time to time, many of the statements in those voluntary disclosures are based on hypothetical expectations and assumptions that may or may not be representative of current or actual risks or events or forecasts of expected risks or events, including the costs associated therewith. Such expectations and assumptions are necessarily uncertain and may be prone to error or subject to misinterpretation given the long timelines involved and the lack of an established single approach to identifying, measuring and reporting on many ESG matters. If we fail to achieve or improperly report on our progress toward achieving our environmental goals and commitments, the resulting negative publicity could adversely affect our reputation and/or our access to capital.

***Increased inspection procedures, tighter import and export controls and new security regulations could increase costs and cause disruption of our containership business.***

International container shipping is subject to security and customs inspection and related procedures in countries of origin, destination, and certain trans-shipment points. These inspection procedures can result in cargo seizure, delays in the loading, offloading, trans-shipment, or delivery of containers, and the levying of customs duties, fines and other penalties against us.

Since the events of September 11, 2001, U.S. authorities have substantially increased container inspections. Government investment in non-intrusive container scanning technology has grown and there is interest in electronic monitoring technology, including so-called “e-seals” and “smart” containers, which would enable remote, centralized monitoring of containers during shipment to identify tampering with or opening of the containers, along with potentially measuring other characteristics such as temperature, air pressure, motion, chemicals, biological agents and radiation. Also, as a response to the events of September 11, 2001, additional vessel security requirements have been imposed, including the installation of security alert and automatic identification systems on board vessels.

It is unclear what additional changes, if any, to the existing inspection and security procedures may ultimately be proposed or implemented in the future, or how any such changes will affect the industry. It is possible that such changes could impose additional financial and legal obligations on us. Furthermore, changes to inspection and security procedures could also impose additional costs and obligations on our customers and may, in certain cases, render the shipment of certain types of goods in containers uneconomical or impractical. Any such changes or developments could have a material adverse effect on our business, results of operations and financial condition and our ability to pay dividends to our shareholders.

The operation of our vessels is also affected by the requirements set forth in the International Ship and Port Facilities Security Code, or the ISPS Code. The ISPS Code requires vessels to develop and maintain a ship security plan that provides security measures to address potential threats to the security of ships or port facilities. Although each of our containerships is ISPS Code certified, any failure to comply with the ISPS Code or maintain such certifications may subject us to increased liability and may result in denial of access to, or detention in, certain ports. Furthermore, compliance with the ISPS Code requires us to incur certain costs. Although such costs have not been material to date, if new or more stringent regulations relating to the ISPS Code are adopted by the International Maritime Organisation, the United Nations agency for maritime safety and the prevention of pollution by vessels (the “IMO”) and the flag states, these requirements could require significant additional capital expenditures or otherwise increase the costs of our operations.

***Sulfur regulations to reduce air pollution from ships are likely to require retrofitting of vessels and may cause us to incur significant costs.***

From January 1, 2020, vessels must comply with the IMO mandated sulfur emission limit of 0.5% m/m. This may be achieved by (i) using low sulfur fuel which may be at a higher cost than standard heavy fuel oil, (ii) installing scrubbers for cleaning of exhaust gas; or (iii) by retrofitting vessels to be powered by, for example, liquefied natural gas. The higher cost of low sulfur fuel is, in the first instance, borne by the vessel operator, our charterer, whereas the installation of scrubbers or retrofitting for an alternative fuel source, would in the first instance be borne by us as the vessel owner. Contrary to initial concerns, the availability of low sulfur fuel has not been an issue for the industry and, to date, the pricing spread between high- and low-sulfur fuels has been much tighter than originally anticipated. Nevertheless, costs of compliance going forward may be significant and may have a material adverse effect on our future performance, results of operations, cash flows and financial position.

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

Due to concerns over the risks associated with climate change, a number of countries and the IMO have adopted, or are considering the adoption of, regulatory frameworks to reduce greenhouse gas emission from ships. These regulatory measures may include the adoption of cap and trade regimes, carbon taxes, increased efficiency standards, and incentives or mandates for renewable energy. More specifically, on October 27, 2016, the IMO’s Marine Environment Protection Committee (the “MEPC”), announced its decision concerning the implementation of regulations mandating a reduction in sulfur emissions from 3.5% currently to 0.5% as of the beginning of January 1, 2020. Since January 1, 2020, ships must either remove sulfur from emissions or buy fuel with low sulfur content, which may lead to increased costs and supplementary investments for ship owners. The interpretation of “fuel oil used on board” includes use in main engine, auxiliary engines and boilers. Shipowners may comply with this regulation by (i) using 0.5% sulfur fuels on board, which are available around the world but at a higher cost; (ii) installing scrubbers for cleaning of the exhaust gas; or (iii) by retrofitting vessels to be powered by liquefied natural gas, which may not be a viable option due to the lack of supply network and high costs involved in this process. Costs of compliance with these regulatory changes may be significant and may have a material adverse effect on our future performance, results of operations, cash flows and financial position.

Maritime shipping will also be included in the Emission Trading Scheme (ETS) as of 2023 with a phase-in period. It is expected that shipowners will need to purchase and surrender a number of emission allowances that represent their MRV-recorded carbon emission exposure for a specific reporting period. The person or organization responsible for the compliance with the EU ETS should be the shipping company, defined as the shipowner or any other organization or person, such as the manager or the bareboat charterer, that has assumed the responsibility for the operation of the ship from the shipowner. Compliance with the Maritime EU ETS will result in additional compliance and administration costs to properly incorporate the provisions of the Directive into our business routines. Additional EU regulations which are part of the EU's Fit-for-55, could also affect our financial position in terms of compliance and administration costs when they take effect.

Territorial taxonomy regulations in geographies where we are operating and are regulatorily liable, such as EU Taxonomy, might jeopardize the level of access to capital. For example, EU has already introduced a set of criteria for economic activities which should be framed as 'green', called EU Taxonomy. As long as we are an EU-based company meeting the NFRD prerequisites, we will be eligible for reporting our Taxonomy eligibility and alignment. Based on the current version of the Regulation, companies that own assets shipping fossil fuels are considered as not aligned with EU Taxonomy. The outcome of such provision might be either an increase in the cost of capital and/or gradually reduced access to financing as a result of financial institutions' compliance with EU Taxonomy.

Emissions of greenhouse gases from international shipping currently are not subject to the Kyoto Protocol to the United Nations Framework Convention on Climate Change, or any amendments or successor agreements. The Paris Agreement adopted under the United Nations Framework Convention on Climate Change in December 2015, which contemplates commitments from each nation party thereto to take action to reduce greenhouse gas emissions and limit increases in global temperatures, did not include any restrictions or other measures specific to shipping emissions. However, restrictions on shipping emissions are likely to continue to be considered and a new treaty may be adopted in the future that includes additional restrictions on shipping emissions to those already adopted under MARPOL.

Any climate control legislation, or other regulatory initiatives that aim to reduce greenhouse gases emissions, may affect our business. Compliance with future changes in laws and regulations relating to climate change could increase the costs of operating and maintaining our ships. Among other things, these risks may include increases in the pricing of greenhouse gas emissions, new reporting regulations, changes in legislation impacting existing products and services, costs of transitioning to lower-emission fuels and technologies, potential substitution or replacement of existing products and services, and stakeholder concerns and/or shifts in customer preferences which may have financial implications for our business and could lead us to retire existing assets prior to the end of their currently-anticipated economic lives.

In addition to being exposed to the risk of legislative and regulatory change, our business is vulnerable to the underlying risks of climate change itself and may be directly or indirectly affected by climate-related changes such as rising sea levels, rising temperatures, changes in precipitation patterns, volatile and extreme weather, demographic change, and heightened risk of conflict—all of which could lead, among other things, to reduced demand for our services, increased operating and/or capital costs, and increased insurance premiums.

***Regulations relating to ballast water discharge that have been in effect since September 2019 may adversely affect our revenues and profitability.***

The IMO has imposed updated guidelines for ballast water management systems specifying the maximum amount of viable organisms allowed to be discharged from a vessel's ballast water. Existing vessels constructed before September 8, 2017, must comply with updated standards on or after September 8, 2019, with the exact date depending on the date of the next International Oil Pollution Prevention ("IOPP") renewal survey. In some cases, such as where vessels are due to trade to U.S. ports, the implementation date may be before the IMO deadline. For most vessels, compliance with the standard will involve installing on-board systems to treat ballast water to eliminate unwanted organisms. Ships constructed on or after September 8, 2017 have been obligated to comply with the standards on or after September 8, 2017. We currently have 43 vessels which have a ballast water management system fitted and 22 vessels that do not. The costs of compliance may be substantial and adversely affect our revenues and profitability.

Furthermore, United States regulations are currently changing. Although the 2013 Vessel General Permit ("VGP") program and U.S. National Invasive Species Act ("NISA") are currently in effect to regulate ballast discharge, exchange and installation, the Vessel Incidental Discharge Act ("VIDA"), which was signed into law on December 4, 2018, requires that by December 2020, the U.S. Environmental Protection Agency ("EPA") is required to develop national standards of performance for approximately 30 discharges. On October 26, 2020, the EPA published a Notice of Proposed Rulemaking for Vessel Incident Discharge National Standards of Performance under VIDA. By approximately 2022, the U.S. Coast Guard is required to develop corresponding implementation, compliance, and enforcement regulations regarding ballast water. These may include requirements governing the design, construction, testing, approval, installation, and use of devices to achieve the EPA national standards of performance.

The new regulations could require the installation of new equipment, which may cause us to incur substantial costs.

## Risks Relating to our Common Stock and Depositary Shares Representing Series B Preferred Shares

*We cannot guarantee that our Board of Directors will declare dividends or otherwise return cash to shareholders.*

Our Board of Directors may, in its sole discretion, from time to time, declare and pay cash dividends in accordance with our dividend policy or determine to return cash to shareholders in other ways, such as share repurchases. Our Board of Directors makes determinations regarding the payment of dividends in its sole discretion, and there is no guarantee that we will continue to declare and pay dividends in the future. The timing and amount of any dividends declared will depend on, among other things (a) our results of operations, financial condition, cash flow and cash requirements, (b) our liquidity, including our ability to obtain debt and equity financing on acceptable terms as contemplated by our vessel acquisition strategy, (c) restrictive covenants in our existing and future debt instruments and (d) provisions of Marshall Islands law. The declaration and payment of dividends is also subject at all times to the discretion of our Board of Directors.

The international containership and containership leasing industry is highly volatile, and we cannot predict with certainty the amount of cash, if any, that will be available for distribution as dividends in any period. Also, there may be a high degree of variability from period to period in the amount of cash, if any, that is available for the payment of dividends. The amount of cash we generate from operations and the actual amount of cash we will have available for dividends in each quarter will vary based upon, among other things:

- the charter-hire payments we obtain from our charters as well as the rates obtained upon the expiration of our existing charters;
- acquisition of additional vessels;
- the timing of scheduled drydockings;
- the timing of interest payments, scheduled debt amortization payments and other payments that might be due under our debt facilities;
- delays in the delivery of newbuilding vessels, if any, and the beginning of payments under charters relating to those vessels;
- the level of our operating costs, such as the costs of crews, lubricants and insurance;
- the number of unscheduled off-hire days for our fleet and the timing of, and number of days required for, scheduled dry-docking of our containerships;
- any idle time after one charter expires until a new charter is agreed or the vessel is disposed of, should a new charter not be agreed;
- unexpected repairs to, or required expenditures on, vessels or dry-docking costs in excess of those anticipated;
- the loss of a vessel;
- prevailing global and regional economic and geopolitical conditions;
- changes in interest rates;
- the effect of governmental regulations and maritime self-regulatory organization standards on the conduct of our business;
- changes in the basis of taxation of our activities in various jurisdictions;
- modification or revocation of our dividend policy by our Board of Directors; and
- the amount of any cash reserves established by our Board of Directors.

The amount of cash we generate from our operations may differ materially from our net income or loss for the period, which will be affected by non-cash items. We may incur other expenses or liabilities that could reduce or eliminate the cash available for distribution as dividends or to be returned to shareholders in other ways.

In addition, Marshall Islands law generally prohibits the payment of dividends other than from surplus (retained earnings and the excess of consideration received from the sale of shares above the par value of the shares) or if there is no surplus, from the net profits for the current and prior fiscal years, or while a company is insolvent or if it would be rendered insolvent by the payment of such a dividend. We may not have sufficient surplus or net profits in the future to pay dividends, and our subsidiaries may not have sufficient funds, surplus or net profits to make distributions to us. As a result of these and other factors, we may not be able to pay dividends during periods when we record losses and may not pay dividends during periods when we record net income. We can give no assurance that dividends will be paid in the future or that cash will be returned to shareholders in other ways.

***The price of our securities may be volatile.***

The price of our common shares and Depositary Shares representing Series B Preferred Shares may be volatile and may fluctuate due to factors such as:

- actual or anticipated fluctuations in our quarterly revenues and results of operations and those of publicly held containership owners or operators;
- market conditions in the industry;
- perceived counterparty risk;
- shortfalls in our operating results from levels forecasted by securities analysts;
- announcements concerning us or other containership owners or operators;
- mergers and strategic alliances in the shipping industry;
- changes in government regulation including taxation; and
- the general state of the securities markets.

The international containership industry has been highly unpredictable and volatile. The market for common shares and Depositary Shares representing Series B Preferred Shares in companies operating in this industry may be equally volatile.

***We have anti-takeover provisions in our organizational documents that may discourage a change of control.***

Certain provisions of our articles of incorporation and bylaws 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 shares held by shareholders.

Certain of these provisions provide for:

- a classified Board of Directors with staggered three-year terms;
- restrictions on business combinations with certain interested shareholders;
- directors only to be removed for cause and only with the affirmative vote of holders of at least a majority of the common shares entitled to vote in the election of directors;
- advance notice for nominations of directors by shareholders and for shareholders to include matters to be considered at annual meetings; and
- a limited ability for shareholders to call special shareholder meetings.

These anti-takeover provisions could make it more difficult for a third party to acquire us, even if the third party's offer may be considered beneficial by many shareholders. As a result, shareholders may be limited in their ability to obtain a premium for their shares.

***Our management is required to devote substantial time to complying with public company regulations.***

As a public company, we incur significant legal, accounting and other expenses. In addition, the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley") as well as rules subsequently adopted by the SEC and the New York Stock Exchange ("NYSE"), including the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, have imposed various requirements on public companies, including changes in corporate governance practices. Our directors, management and other personnel devote a substantial amount of time to comply with these requirements. Moreover, these rules and regulations relating to public companies increase our legal and financial compliance costs and make some activities more time-consuming and costly.

Sarbanes-Oxley requires, among other things, that we maintain and periodically evaluate our internal control over financial reporting and disclosure controls and procedures. In particular, under Section 404 of the Sarbanes-Oxley Act of 2002, we are required to include in each of our annual reports on Form 20-F a report containing our management's assessment of the effectiveness of our internal control over financial reporting and, if we are an accelerated filer or a large accelerated filer, a related attestation of our independent registered public accounting firm. While we did not identify any material weaknesses or significant deficiencies in our internal controls under the current assessment, we cannot be certain at this time that our internal controls will be considered effective in future assessments and that our independent registered public accounting firm would reach a similar conclusion. Therefore, we can give no assurances that our internal control over financial reporting will satisfy regulatory requirements in the future.

***We are a “foreign private issuer” under the NYSE rules, and as such we are entitled to exemption from certain NYSE corporate governance standards, and you may not have the same protections afforded to shareholders of companies that are subject to all of the NYSE corporate governance requirements.***

We are a “foreign private issuer” under the securities laws of the United States and the rules of the NYSE. Under the securities laws of the United States, “foreign private issuers” are subject to different disclosure requirements than U.S. domiciled registrants, as well as different financial reporting requirements. Under the NYSE rules, a “foreign private issuer” is subject to less stringent corporate governance requirements. Subject to certain exceptions, the rules of the NYSE permit a “foreign private issuer” to follow its home country practice in lieu of the listing requirements of the NYSE.

Accordingly, you may not have the same protections afforded to shareholders of companies that are subject to all of the NYSE corporate governance requirements.

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

Sales of a substantial number of shares of our 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.

Subject to the rules of the NYSE, in the future, we may issue additional shares of common stock, and other equity securities of equal or senior rank, without shareholder approval, in a number of circumstances. The issuance by us of additional shares of common stock or other equity securities of equal or senior rank would have the following effects:

- our existing shareholders' proportionate ownership interest in us may decrease;
- the dividend amount payable per share on our common stock may be lower;
- the relative voting strength of each previously outstanding share may be diminished; and
- the market price of our common stock may decline.

Our shareholders also may elect to sell large numbers of shares held by them from time to time. The number of shares of common stock available for sale in the public market will be limited by restrictions applicable under securities laws, and agreements that we and our executive officers, directors and existing shareholders may enter into with the underwriters at the time of an offering. Subject to certain exceptions, these agreements generally restrict us and our executive officers, directors and existing shareholders from directly or indirectly offering, selling, pledging, hedging or otherwise disposing of our equity securities or any security that is convertible into or exercisable or exchangeable for our equity securities and from engaging in certain other transactions relating to such securities for a period of up to 180 days after the date of an offering prospectus without the prior written consent of the underwriter(s).

***We may not have sufficient cash from our operations to enable us to pay dividends on or to redeem our Series B Preferred Shares, and accordingly the Depositary Shares, as the case may be.***

We pay quarterly dividends on the Series B Preferred Shares, and accordingly the Depositary Shares, only from funds legally available for such purpose when, as and if declared by our Board of Directors. We may not have sufficient cash available each quarter to pay dividends. In addition, if our Board of Directors does not authorize and declare a dividend for any dividend period prior to the relevant dividend payment date, holders of the Series B Preferred Shares and accordingly the Depositary Shares would not be entitled to receive a dividend for that dividend period. However, any unpaid dividends will accumulate. In addition, we have the option to redeem the Series B Preferred Shares, and accordingly the Depositary Shares, although we may have insufficient cash available to do so or may otherwise elect not to do so.

The amount of cash we can use to pay dividends or redeem our Series B Preferred Shares and the Depositary Shares depends upon the amount of cash we generate from our operations, which may fluctuate significantly, and other factors, including the following:

- changes in our operating cash flow, capital expenditure requirements, working capital requirements and other cash needs;
- the amount of any cash reserves established by our Board of Directors;
- restrictions under Marshall Islands law as described below;
- restrictions under our credit facilities and other instruments and agreements governing our existing and future debt as described below; and
- our overall financial and operating performance, which, in turn, is subject to prevailing economic and competitive conditions and to the risks associated with the shipping industry and the other factors (see “—Risks Related to our Business” above), many of which are beyond our control.

The amount of cash we generate from our operations may differ materially from our net income or loss for the period, which will be affected by noncash items, and our Board of Directors in its discretion may elect not to declare any dividends. We may incur other expenses or liabilities that could reduce or eliminate the cash available for distribution as dividends. As a result of these and the other factors mentioned above, we may pay dividends during periods when we record losses and may not pay dividends during periods when we record net income.

***Our ability to pay dividends on and to redeem our Series B Preferred Shares is limited by the requirements of Marshall Islands law and by our contractual obligations.***

Marshall Islands law provides that we may pay dividends on and redeem the Series B Preferred Shares only to the extent that assets are legally available for such purposes. Legally available assets generally are limited to our surplus, which essentially represents our retained earnings and the excess of consideration received by us for the sale of shares above the par value of the shares. In addition, under Marshall Islands law we may not pay dividends on or redeem Series B Preferred Shares if we are insolvent or would be rendered insolvent by the payment of such a dividend or the making of such redemption.

Further, the terms of our credit facilities may prohibit us from declaring or paying any dividends or distributions on preferred stock, including the Series B Preferred Shares, or redeeming, purchasing, acquiring or making a liquidation payment on preferred stock in certain circumstances.

#### **Risks Related to Tax Matters**

***Our operating income could fail to qualify for an exemption from U.S. federal income taxation, which would reduce our cash flow.***

We do not expect to be engaged in a U.S. trade or business. In the case of a foreign corporation that is not so engaged, the Internal Revenue Code of 1986, as amended (the “Code”), imposes a 4% U.S. federal income tax (without allowance of any deductions) on 50% of the corporation’s gross transportation income that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States, unless the corporation qualifies for the exemption provided in Section 883 of the Code or an applicable income tax treaty. The imposition of this tax could have a negative effect on our business, financial condition and results of operations. Under the charter agreements, the charterer has agreed to provide reimbursement for any such taxes as the charterer determines where each vessel trades.

We will qualify for the exemption under Section 883 if, among other things, our stock is treated as primarily and regularly traded on an established securities market in the United States. However, under the relevant Treasury regulations, a class of stock will not be treated as primarily and regularly traded on an established securities market if, during more than half the number of days during the taxable year, one or more shareholders who actually or constructively own at least 5% of the vote and value of the outstanding shares of such class of stock (“5% Shareholders”), own, in the aggregate, 50% or more of the vote and value of the outstanding shares of such class of stock, unless a sufficient amount of stock is owned by 5% Shareholders that are considered to be “qualified shareholders” to preclude non-qualifying 5% Shareholders from owning 50% or more of the total value of the stock held by the 5% Shareholders group.

Generally, a 5% Shareholder is a qualified 5% Shareholder if the 5% Shareholder is an individual who is a resident of a qualified foreign country, the government of a qualified foreign country, a foreign corporation organized in a qualified foreign country that meets the “publicly-traded” test discussed herein, a non-profit organization organized in a qualified foreign country or an individual beneficiary (resident in a qualified foreign country) of a pension plan administered in or by a qualified foreign country. Generally, a foreign country is a qualified foreign country if it grants an equivalent exemption from tax to corporations organized in the United States.

Based on information that we have as to our shareholders and other matters, we believe that we qualified for the Section 883 exemption for 2009 through 2018 under the “publicly-traded” test. We do not believe that we were able to satisfy the “publicly-traded” test for 2019 and, consequently, we were not exempt from U.S. federal income taxation on our U.S. source gross transportation income for 2019. Based on information that we have as to our shareholders and other matters, we believe that we qualified for the Section 883 exemption for 2020 and 2021, under the “publicly-traded” test. Whether we may satisfy the “publicly-traded” test depends on factors that are outside of our control, and we cannot provide any assurances that we will or will not satisfy the “publicly-traded” test to claim exemption from U.S. taxation for 2022 or future taxable years. See Item “10. Additional Information—E. Taxation—Taxation of Global Ship Lease—The Section 883 exemption” for a more comprehensive discussion of the U.S. federal income tax rules related to Section 883.

Under our charter agreements, our charterers have agreed to reimburse any such taxes. However, if our charterers do not provide such reimbursement, this could have a negative impact on our financial condition and results of operations.

***Certain adverse U.S. federal income tax consequences could arise for U.S. holders.***

Shareholders of a “passive foreign investment company,” or PFIC, that are U.S. persons within the meaning of the Code (“U.S. shareholders”) are subject to a disadvantageous U.S. federal income tax regime with respect to the distributions they receive from a PFIC and the gain, if any, they derive from the sale or other disposition of their shares in a PFIC (as discussed below). In addition, dividends paid by a PFIC do not constitute qualified dividend income and, hence, are ineligible for the preferential rate of tax that applies to qualified dividend income.

A foreign corporation is treated as a PFIC if either (1) 75% or more of its gross income for any taxable year consists of certain types of “passive income” or (2) 50% or more of the average value of the corporation’s assets produce or are held for the production of those types of “passive income.” For purposes of these tests, “passive income” includes dividends, interest and gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business; income derived from the performance of services does not, however, constitute “passive income.”

Based on the projected composition of our income and valuation of our assets, we do not expect that we will constitute a PFIC with respect to the current or any future taxable year, although there can be no assurance in this regard. Our expectation is based principally on the position that, for purposes of determining whether we are a PFIC, the majority, if not all, of the gross income we derive from our chartering activities should constitute services income rather than rental income.

In this regard, we have been advised by our tax advisor that the income from our chartering activities is, more likely than not, services income. There is, however, no direct legal authority under the PFIC rules addressing our current and projected future operations or supporting our position. Accordingly, no assurance can be given that the IRS will not assert that we are a PFIC with respect to any taxable year, nor that a court would not uphold any such assertion and we have not obtained advice from our tax advisor on whether we are a PFIC.

Further, in a case not concerning PFICs, *Tidewater Inc. v. U.S.*, 2009-1 USTC ¶ 50,337, the Fifth Circuit held that a vessel time charter at issue generated rental, rather than services, income. However, the court’s ruling was contrary to the position of the IRS that the time charter income should be treated as services income. Subsequently, the IRS has stated that it disagrees with and will not acquiesce to the rental versus services distinction in the *Tidewater* decision, and in its discussion stated that the time charters at issue in *Tidewater* would be treated as producing services income for PFIC purposes. The IRS’s statement with respect to *Tidewater* cannot be relied upon or otherwise cited as precedent by taxpayers. Further, the facts in *Tidewater* are not directly analogous to our facts. No assurance can be given that the IRS or a court of law would accept our position, and there is a risk that the IRS or a court of law could determine that the company is a PFIC.

If the IRS were to determine that we are or have been a PFIC for any taxable year, our U.S. shareholders will face adverse U.S. tax consequences. Distributions paid by us with respect to our shares will not constitute qualified dividend income if we were a PFIC in the year we pay a dividend or in the prior taxable year and, hence, will not be eligible for the preferential rate of tax that applies to qualified dividend income. In addition, our U.S. shareholders (other than shareholders who have made a “qualified electing fund” or “mark-to-market” election) will be subject to special rules relating to the taxation of “excess distributions”—with excess distributions being defined to include certain distributions we may make on our Class A common shares as well as gain recognized by a U.S. holder on a disposition of our Class A common shares. In general, the amount of any “excess distribution” will be allocated ratably to each day of the U.S. holder’s holding period for our Class A common shares. The amount allocated to the current year and any taxable year prior to the first taxable year for which we were a PFIC will be included in the U.S. holder’s gross income for the current year as ordinary income. With respect to amounts allocated to prior years for which we were a PFIC, the tax imposed for the current year will be increased by the “deferred tax amount,” which is an amount calculated with respect to each prior year by multiplying the amount allocated to such year by the highest rate of tax in effect for such year, together with an interest charge as though the amounts of tax were overdue. See Item 10.E. “Additional Information—Taxation —Tax Consequences of Holding Class A common shares—Consequences of possible passive foreign investment company classification” for a more comprehensive discussion of the U.S. federal income tax consequences to U.S. shareholders if we were treated as a PFIC (including those applicable to U.S. shareholders who make a qualified electing fund or mark-to-market election).

***We may be subject to taxation on all or part of our income in the United Kingdom, which could have a material adverse effect on our results of operations.***

If we or our vessel owning subsidiaries were considered to be a resident of the United Kingdom (or “UK”) or to have a permanent establishment in the United Kingdom, all or a part of our profits could be subject to UK corporate tax, which had a maximum rate of 21%, 20% and 20% for the years ended March 31, 2014, 2015 and 2016, respectively, and 19% thereafter. We and our vessel owning subsidiaries are strategically managed and controlled from outside the United Kingdom and have restricted activities within the United Kingdom. Certain intra-group services are provided from within the United Kingdom and UK corporate tax will be payable on the arms-length price for those services. The appropriate arms-length price in these circumstances is likely to be a matter of negotiation with the UK taxing authorities.

We do not believe that we or our vessel owning subsidiaries are residents of the United Kingdom, or that we or our vessel owning subsidiaries have permanent establishments in the United Kingdom. However, because some administrative and executive services are provided to us or our vessel owning subsidiaries by a subsidiary company located in the United Kingdom and certain of our directors reside in the United Kingdom, and because UK statutory and case law fail to definitively identify the activities that constitute a trade being carried on in the United Kingdom through a permanent establishment, the UK taxing authorities may contend that we or our vessel owning subsidiaries are subject to UK corporate tax on all of our income, or on a greater portion of our income than we currently expect to be taxed. If the UK taxing authorities made such a contention, we could incur substantial legal costs defending our position, and, if we were unsuccessful in our defense, our results of operations would be materially adversely affected.

***We may be subject to taxes which will reduce our cash flow.***

We and our vessel owning subsidiaries may be subject to tax in certain jurisdictions in which we are organized, own assets or have operations, which would reduce the amount of our cash available for distribution. In computing our tax obligations in these jurisdictions, we are required to take 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. We cannot assure you that upon review of these positions, the applicable authorities will agree with our positions. A successful challenge by a tax authority, or a change in law in a jurisdiction in which we operate (including Cyprus and Hong Kong, where a number of our vessel owning subsidiaries are entered in the local tonnage tax regime), could result in additional tax imposed on us, further reducing the cash available for distribution.

Tax laws, including tax rates, in the jurisdictions in which we operate may change as a result of macroeconomic or other factors outside of our control. For example, various governments and organizations such as the European Union and Organization for Economic Co-operation and Development (the “OECD”) are increasingly focused on tax reform and other legislative or regulatory action to increase tax revenue. In January 2019, the OECD announced further work in continuation of its Base Erosion and Profit Shifting project, focusing on two “pillars.” Pillar One provides a framework for the reallocation of certain residual profits of multinational enterprises to market jurisdictions where goods or services are used or consumed. Pillar Two consists of two interrelated rules referred to as Global Anti-Base Erosion Rules, which operate to impose a minimum tax rate of 15% calculated on a jurisdictional basis. In the third quarter of 2021, more than 130 countries tentatively signed on to a framework that imposes a minimum tax rate of 15%, among other provisions. Qualifying international shipping income is exempt from many aspects of this framework. The framework calls for law enactment by OECD and G20 members in 2022 to take effect in 2023 and 2024. On December 20, 2021, the OECD published model rules to implement the Pillar Two rules, which are generally consistent with agreement reached by the framework in October 2021. These changes, when enacted by various countries in which we do business, may increase our taxes in these countries. As this framework is subject to further negotiation, final approval by the G20, and implementation by each member country, the timing and ultimate impact of any such changes on our tax obligations are uncertain.

**Item 4. Information on the Company**

**A. History and Development of the Company**

Our legal and commercial name is Global Ship Lease, Inc. We are a Republic of the Marshall Islands corporation that owns a fleet of mid-sized and smaller containerships which we charter out under fixed-rate charters to reputable container shipping companies.

The mailing address of our principal executive office is c/o Global Ship Lease Services Limited, 25 Wilton Road, London SW1V 1LW, United Kingdom, and our telephone number at that address is +44 (0) 20 3998 0063. Our agent in the United States is Puglisi & Associates, 850 Library Avenue, Suite 204, Newark, Delaware 19711. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of the SEC's Internet site is [www.sec.gov](http://www.sec.gov). Our website address is [www.globalshiplease.com](http://www.globalshiplease.com). None of the information contained on these websites is incorporated herein by reference or forms a part of this Annual Report. From time to time, we may use our website and social media outlets as channels of distribution of material company information.

We were formed in 2007 to purchase and charter back 17 containerships then owned or to be purchased by CMA CGM, at that time the third largest containership operator in the world by number of vessels. On August 14, 2008, we merged indirectly with Marathon Acquisition Corp. ("Marathon"), a company then listed on the American Stock Exchange. Under the merger agreement, Marathon, a U.S. corporation, first merged with its wholly-owned Marshall Islands subsidiary, GSL Holdings, Inc. ("Holdings"), with Holdings continuing as the surviving company. Global Ship Lease, Inc., at that time a subsidiary of CMA CGM, then merged with Holdings, with Holdings again being the surviving company. Holdings was renamed Global Ship Lease, Inc. and became listed on the NYSE on August 15, 2008.

On November 15, 2018, we completed the Poseidon Transaction, a transformative transaction by which we acquired 20 containerships, one of which was contracted to be sold. On the closing of the Poseidon Transaction, we issued as consideration 3,005,603 Class A common shares and 250,000 Series C Preferred Shares, which were converted to an aggregate of 12,955,188 Class A common shares in January 2021, and assumed the debt of Poseidon Containers, which amounted to \$509.7 million.

On January 2, 2019, as a consequence of the completion of the Poseidon Transaction, all of our issued and outstanding Class B common shares converted one-for-one into Class A common shares. On March 25, 2019, we effected a one-for-eight reverse stock split of our Class A common shares, which our shareholders authorized at our special meeting of shareholders held on March 20, 2019. There was no change to the trading symbol, number of authorized shares, or par value of our Class A common shares in connection with the reverse stock split. All share and per share amounts disclosed in this Annual Report give effect to the reverse stock split retroactively, for all periods presented.

During 2021, we completed a series of vessel purchases, resulting in our acquisition of 23 additional vessels, and as of March 10, 2022, we owned 65 mid-sized and smaller containerships, ranging from 1,118 to 11,040 TEU, with an aggregate capacity of 342,348 TEU. 32 ships are wide-beam Post-Panamax. See "Item 4. Information on the Company-B. Business Overview".

### **Class A Common Shares**

On October 1, 2019, we closed our fully underwritten public offering of 7,613,788 Class A common shares, at a public offering price of \$7.25 per share, for gross proceeds of approximately \$55.2 million, (the "October 2019 Equity Offering"). This includes the exercise in full by the underwriter of its option to purchase additional shares. The net proceeds, after underwriting discounts and commissions and expenses, were approximately \$50.7 million. Certain members of our executive management purchased an aggregate of 168,968 Class A common shares in the October 2019 Equity Offering at the public offering price, for which the underwriter did not receive any discount or commissions.

During the year ended December 31, 2020, 184,270 Class A common shares were issued under our 2019 Omnibus Incentive Plan (the "2019 Plan") resulting in a total of 17,741,008 Class A common shares outstanding as of December 31, 2020.

On January 20, 2021, we repaid all of our outstanding 9.875% First Priority Secured Notes due 2022 (the "2022 Notes") from the proceeds of a new \$236.2 million senior secured loan facility (the "New Hayfin Facility") with Hayfin Capital Management, LLP ("Hayfin") and cash on hand. As a result, on the same day, the 250,000 Series C Preferred Shares, representing all such shares outstanding, converted to an aggregate of 12,955,188 Class A common shares.

On January 26, 2021, we closed our fully underwritten public offering of 5,400,000 Class A common shares, at a public offering price of \$13.00 per share, for gross proceeds of approximately \$70.2 million, and on February 17, 2021, we issued an additional 141,959 Class A common shares in connection with the underwriters' partial exercise of their option to purchase additional shares (together, the "January 2021 Equity Offering"). The net proceeds we received in the January 2021 Equity Offering, after underwriting discounts and commissions and expenses, were approximately \$67.5 million. Following the closing of the January 2021 Equity Offering, we had 36,283,468 Class A common shares outstanding.

On September 1, 2021, we announced the purchase and retirement of 521,650 Class A common shares for \$10.0 million, reducing our issued and outstanding Class A common shares to 36,216,803 as of that date.

During the year ended December 31, 2021, 747,604 Class A common shares were issued under the 2019 Plan, and in January 2022, a further 347,283 Class A common shares were issued under the 2019 Plan.

## 2024 Notes

On November 19, 2019, we issued \$27.5 million aggregate principal amount of our 8.00% Senior Unsecured Notes due 2024 (the “2024 Notes”) in an underwritten public offering, and on November 27, 2019, we issued an additional \$4.125 million aggregate principal amount of 2024 Notes pursuant to the underwriters’ exercise of their option to purchase additional 2024 Notes, resulting in aggregate net proceeds to us of approximately \$29.6 million, after the payment of underwriting discounts and commissions and offering expenses, (the “November 2019 Notes Offering”). Certain members of our executive management purchased \$300,000 aggregate principal amount of 2024 Notes in the November 2019 Notes Offering, for which the underwriters did not receive any discount or commissions.

On November 27, 2019, we launched an “at the market” offering program (the “2024 Notes ATM Program”), for the sale, from time to time, of up to an additional \$68.0 million of 2024 Notes. As of March 10, 2022, we have issued and sold approximately \$50.9 million aggregate principal amount of the 2024 Notes ATM Program, resulting in net proceeds to us of \$50.3 million.

On August 13, 2021, as part of the consideration for the purchase of 12 containerships from Borealis Finance LLC (the “Borealis Fleet”), for an aggregate purchase price of \$233.9 million we issued \$35.0 million of 2024 Notes to the sellers of the ships. As at December 31, 2021 total outstanding balance of the 2024 Notes was \$117.5 million.

## Depository Shares ATM Program

On December 10, 2019, we launched an “at the market” offering program (the “Depository Shares ATM Program”), pursuant to which we may sell, from time to time, up to \$75.0 million of our depository shares (the “Depository Shares”), each of which represents 1/100th of one share of our 8.75% Series B Cumulative Redeemable Perpetual Preferred Shares, par value \$0.01 per share, with a liquidation preference of \$2,500.00 per share (equivalent to \$25.00 per Depository Share). As of March 10, 2022, we have issued and sold approximately 3.0 million of our Depository Shares under the Depository Shares ATM Program, resulting in net proceeds to us of \$71.4 million.

## Other Recent Developments

On March 4, 2022, we provided a notice of redemption to holders of our 2024 Notes for our redemption of \$28.5 million aggregate principal amount of the 2024 Notes at a redemption price equal to 102.0% of the principal amount thereof plus accrued and unpaid interest to, but not including, the redemption date of April 5, 2022.

On March 2, 2022, we announced that our Board of Directors authorized share repurchases in the amount of up to \$40.0 million, to be utilized on an opportunistic basis.

On February 10, 2022, we announced a dividend of \$0.25 per Class A common share for the fourth quarter of 2021 to be paid on March 4, 2022 to common shareholders of record as of February 22, 2022. This follows dividends of \$0.25 per Class A common share paid for the first, second and third quarters 2021.

In January 2022, agreed an amendment to the existing \$268.0 million Syndicated Senior Secured Credit Facility (CACIB, ABN, CIT, Siemens, CTBC, Bank Sinopac, Palatine) with outstanding balance of \$213.2 million, to extend the maturity date from September 2024 to December 2026, favorably amend certain covenants, and release three vessels from the facility’s collateral basket, at an unchanged rate of LIBOR + 3.00%. These three vessels were subsequently used as collateral for a new \$60.0 million syndicated senior secured debt facility, maturing July 2026 and priced at LIBOR + 2.75%, which was used to fully repay the 10.00% Blue Ocean junior debt facility and for general corporate purposes.

In December 2021, we hedged our exposure to a potential rising interest rate environment by putting in place a USD one-month LIBOR interest rate cap of 0.75% through fourth quarter 2026, on \$484.1 million of our floating rate debt, which reduces over time and represents approximately half of the then outstanding floating rate debt. In February 2022, we entered into a further USD one-month LIBOR interest rate cap of 0.75% through fourth quarter 2026 on \$507.9 million of floating rate debt, which also reduces over time and represented approximately half of the outstanding floating rate.

On November 22, 2021, we announced that our Board of Directors approved the increase in the dividend on our Class A common shares by 50% to \$0.375 per share per quarter effective from first quarter 2022.

**B. Business Overview**

**Our Fleet**

The table below provides certain information about our fleet of 65 containerships as of December 31, 2021, including charters agreed up to March 10, 2022:

Vessel Name	Capacity in TEUs	Lightweight (tons)	Year Built	Charterer	Earliest Charter Expiry Date	Latest Charter Expiry Date <sup>(2)</sup>	Daily Charter Rate \$
CMA CGM Thalassa	11,040	38,577	2008	CMA CGM	4Q25	2Q26	47,200
UASC Al Khor <sup>(1)</sup>	9,115	31,764	2015	Hapag-Lloyd <sup>(3)</sup>	1Q27 <sup>(3)</sup>	3Q27 <sup>(3)</sup>	34,000 <sup>(3)</sup>
Anthea Y <sup>(1)</sup>	9,115	31,890	2015	COSCO	3Q23	4Q23	38,000
Maira XL <sup>(1)</sup>	9,115	31,820	2015	ONE <sup>(3)</sup>	2Q27 <sup>(3)</sup>	4Q27 <sup>(3)</sup>	31,650 <sup>(3)</sup>
MSC Tianjin	8,603	34,325	2005	MSC	2Q24	3Q24	19,000
MSC Qingdao <sup>(4)</sup>	8,603	34,609	2004	MSC	2Q24	1Q25	23,000
GSL Ningbo	8,603	34,340	2004	MSC	1Q23	3Q23	22,500
GSL Eleni	7,847	29,261	2004	Maersk	3Q24	4Q24 <sup>(5)</sup>	16,500 <sup>(5)</sup>
GSL Kalliopi	7,847	29,105	2004	Maersk	4Q22	1Q25 <sup>(5)</sup>	14,500 <sup>(5)</sup>
GSL Grania	7,847	29,190	2004	Maersk	4Q22	4Q24 <sup>(5)</sup>	14,500 <sup>(5)</sup>
Mary <sup>(1)</sup>	6,927	23,424	2013	CMA CGM	3Q23	4Q23	25,910
Kristina <sup>(1)</sup>	6,927	23,421	2013	CMA CGM	2Q24	3Q24	25,910
Katherine <sup>(1)</sup>	6,927	23,403	2013	CMA CGM	1Q24	2Q24	25,910
Alexandra <sup>(1)</sup>	6,927	23,348	2013	CMA CGM	1Q24	3Q24	25,910
Alexis <sup>(1)</sup>	6,882	23,919	2015	CMA CGM	1Q24	3Q24	25,910
Olivia I <sup>(1)</sup>	6,882	23,864	2015	CMA CGM	1Q24	2Q24	25,910
GSL Christen	6,840	27,954	2002	Maersk	3Q23	4Q23	35,000
GSL Nicoletta	6,840	28,070	2002	Maersk	3Q24	4Q24	35,750
CMA CGM Berlioz	6,621	26,776	2001	CMA CGM	4Q25	2Q26	37,750 <sup>(6)</sup>
Agios Dimitrios <sup>(4)</sup>	6,572	24,931	2011	MSC	4Q23	3Q24	20,000
GSL Vinia	6,080	23,737	2004	Maersk	3Q24	2Q25	13,250
GSL Christel Elisabeth	6,080	23,745	2004	Maersk	2Q24	2Q25	13,250
GSL Dorothea	5,992	24,243	2001	Maersk	3Q24	3Q26	18,600 <sup>(7)</sup>
GSL Arcadia	6,008	24,858	2000	Maersk	2Q24	1Q26	18,600 <sup>(7)</sup>
GSL Violetta	6,008	24,873	2000	Maersk	4Q24	4Q25	18,600 <sup>(7)</sup>
GSL Maria	6,008	24,414	2001	Maersk	4Q24	1Q27	18,600 <sup>(7)</sup>
GSL MYNY	6,008	24,873	2000	Maersk	3Q24	1Q26	18,600 <sup>(7)</sup>
GSL Melita	6,008	24,848	2001	Maersk	3Q24	3Q26	18,600 <sup>(7)</sup>
GSL Tegea	5,992	24,308	2001	Maersk	3Q24	3Q26	18,600 <sup>(7)</sup>
Tasman	5,936	25,010	2000	Maersk	1Q22	1Q24	12,500 <sup>(8)</sup>
ZIM Europe	5,936	25,010	2000	ZIM	1Q24	3Q24	14,500 <sup>(9)</sup>
Ian H	5,936	25,128	2000	ZIM	2Q24	4Q24	32,500 <sup>(9)</sup>
GSL Tripoli	5,470	22,259	2009	Maersk	3Q24	4Q27	36,500 <sup>(10)</sup>
GSL Kithira	5,470	22,108	2009	Maersk	4Q24	1Q28	36,500 <sup>(10)</sup>
GSL Tinos	5,470	22,067	2010	Maersk	3Q24	4Q27	36,500 <sup>(10)</sup>
GSL Syros	5,470	22,098	2010	Maersk	3Q24	4Q27	36,500 <sup>(10)</sup>
Dolphin II	5,095	20,596	2007	OOCL	1Q25	2Q25	24,500 <sup>(11)</sup>
Orca I	5,095	20,633	2006	Maersk	2Q24	4Q25	21,000 <sup>(12)</sup>
CMA CGM Alcazar	5,089	20,087	2007	CMA CGM	3Q26	4Q26	35,500
GSL Château d'If	5,089	19,994	2007	CMA CGM	4Q26	1Q27	35,500
GSL Susan	4,363	17,309	2008	CMA CGM	3Q22	4Q22	22,000
CMA CGM Jamaica	4,298	17,272	2006	CMA CGM	3Q22	3Q23	25,350
CMA CGM Sambhar	4,045	17,429	2006	CMA CGM	3Q22	3Q23	25,350
CMA CGM America	4,045	17,428	2006	CMA CGM	3Q22	2Q23	25,350
GSL Rossi	3,421	16,420	2012	Gold Star/ZIM	1Q26	3Q26	20,000 <sup>(13)</sup>
GSL Alice	3,421	16,543	2014	CMA CGM	1Q23	2Q23	21,500
GSL Eleftheria	3,404	16,642	2013	Maersk	3Q25	4Q25	37,975
GSL Melina	3,404	16,703	2013	Maersk	2Q23	3Q23	24,500
GSL Valerie	2,824	11,971	2005	ZIM	1Q25	3Q25	13,250 <sup>(14)</sup>
Matson Molokai	2,824	11,949	2007	Matson	2Q25	3Q25	20,250 <sup>(15)</sup>
GSL Lalo	2,824	11,950	2006	ONE	4Q22	1Q23	18,500
GSL Mercer	2,824	11,970	2007	ONE	4Q24	1Q25	35,750
Athena	2,762	13,538	2003	Hapag-Lloyd	2Q24	2Q24	21,500

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Vessel Name	Capacity in TEUs	Lightweight (tons)	Year Built	Charterer	Earliest Charter Expiry Date	Latest Charter Expiry Date <sup>(2)</sup>	Daily Charter Rate \$
GSL Elizabeth	2,741	11,507	2006	ONE	3Q22	1Q23	18,500
GSL Chloe	2,546	12,212	2012	ONE	4Q24	1Q25	33,000
GSL Maren	2,546	12,243	2014	Westwood	4Q22	1Q23	19,250
Maira	2,506	11,453	2000	Hapag-Lloyd	1Q23	2Q23	14,450
Nikolas	2,506	11,370	2000	CMA CGM	1Q23	1Q23	16,000
Newyorker	2,506	11,463	2001	CMA CGM	1Q24	3Q24	20,700
Manet	2,272	11,727	2001	OOCL	4Q24	1Q25	32,000 <sup>(16)</sup>
Keta	2,207	11,731	2003	CMA CGM	1Q25	1Q25	25,000
Julie	2,207	11,731	2002	Sea Consortium	1Q23	2Q23	20,000
Kumasi	2,207	11,791	2002	Wan Hai	1Q25	2Q25	38,000 <sup>(17)</sup>
Akiteta <sup>(18)</sup>	2,207	11,731	2002	OOCL	4Q24	1Q25	32,000
GSL Amstel	1,118	5,167	2008	CMA CGM	3Q23	3Q23	11,900

(1) Modern design, high reefer capacity, fuel-efficient vessel.

(2) In many instances charterers have the option to further extend a charter beyond the nominal latest expiry date by the amount of time that the vessel was off hire during the course of that charter. This additional charter time ("Offhire Extension") is computed at the end of the initially contracted charter period. The Latest Charter Expiry Dates shown in this table have been adjusted to reflect offhire accrued up to the date of issuance of this release plus estimated offhire scheduled to occur during the remaining lifetimes of the respective charters. However, as actual offhire can only be calculated at the end of each charter, in some cases actual Offhire Extensions – if invoked by charterers - may exceed the Latest Charter Expiry Dates indicated.

(3) UASC Al Khor & Maira XL. On November 22, 2021 we announced the forward fixture of these two ships, upon the expiry of their existing charters in the second or third quarters of 2022, to a leading liner operator for approximately five years each at a charter rate of \$65,000 per day.

(4) MSC Qingdao & Agios Dimitrios are fitted with Exhaust Gas Cleaning Systems ("scrubbers").

(5) GSL Eleni delivered 2Q2019 and is chartered for five years; GSL Kalliopi (delivered 4Q2019) and GSL Grania (delivered 3Q2019) are chartered for three years plus two successive periods of one year at the option of the charterer. During the option periods the charter rates for GSL Kalliopi and GSL Grania are \$18,900 per day and \$17,750 per day respectively.

(6) CMA CGM Berlioz. Chartered at \$34,000 per day through end-December 2021, at which time the rate increased to \$37,750 per day.

(7) On February 9, 2021 we announced that we had contracted to purchase seven ships of approximately 6,000 TEU each, which have now been delivered. Contract cover for each ship is for a firm period of at least three years from the date each vessel is delivered, with charterers holding a one-year extension option on each charter (at a rate of \$12,900 per day), followed by a second option (at a rate of \$12,700 per day) with the period determined by - and terminating prior to - each vessel's 25<sup>th</sup> year drydocking & special survey.

(8) Tasman. 12-month extension at charterer's option is callable in 2Q2022, at an increased rate of \$20,000 per day.

(9) A package agreement with ZIM, for direct charter extensions on two 5,900 TEU ships: Ian H, at a rate of \$32,500 per day from May 2021, and ZIM Europe (formerly Dimitris Y), at a rate of \$24,250 per day, from May 2022.

(10) On June 16, 2021 we announced that we had contracted to purchase four ultra-high reefer ships of 5,470 TEU each. These ships delivered in September and October of 2021. Contract cover on each ship is for a firm period of three years at a rate of \$36,500 per day, with a period of an additional three years (at \$17,250 per day) at charterers' option.

(11) Dolphin II. Chartered to OOCL at \$24,500 per day through April 2022, at which time the rate will increase to \$53,500 per day.

(12) Orca I. Chartered at \$21,000 per day through to the median expiry of the charter in 2Q2024; thereafter the charterer has the option to charter the vessel for a further 12-14 months at the same rate.

(13) GSL Rossi. Chartered to Gold Star / ZIM to March 2022 at a rate of \$20,000 per day; thereafter the rate increases to an average of \$38,875 per day.

(14) GSL Valerie: chartered to ZIM at \$13,250 per day to January 2022; thereafter the rate increases to an average of \$35,600 per day-\$40,000 for the first 12 months, \$36,000 for the next 12 months and \$32,000 for the remaining period.

(15) Matson Molokai. Chartered to Matson at \$20,250 per day to May 2022 after which the rate increases to \$36,500 per day.

(16) Manet. Chartered to OOCL at a rate of \$32,000 per day upon completion of dry-docking.

(17) Kumasi. Chartered to Wan Hai at a rate of \$38,000 per day upon completion of dry-docking.

(18) Akiteta, formerly Marie Delmas. Chartered to OOCL at a rate of \$32,000 per day upon completion of dry-docking. Note that this charter was formerly attributed to Kumasi, but was switched to Akiteta due to vessel positioning and availability.

## **Fleet Development**

As of December 31, 2021, our fleet consisted of 65 containerships with an aggregate capacity of 342,348 TEU and a TEU-weighted average age of approximately 14.9 years.

### *Vessel Acquisitions*

On February 9, 2021, we contracted to purchase from and charter back to Maersk Line, seven 6,000 TEU Post-Panamax containerships (the “Seven Vessels”) with an average age of approximately 20 years for an aggregate purchase price of \$116.0 million funded by cash, a new \$64.2 million secured credit facility and a new \$14.7 million sale and leaseback agreement. The vessels were delivered between April 26, 2021 and July 28, 2021.

On June 8, 2021, we contracted to purchase 12 containerships from Borealis Finance LLC, with an average size of approximately 3,000 TEU, a weighted average age of 11 years, and all with charters to leading liner operators, for an aggregate purchase price of \$233.9 million funded by cash, an issuance of \$35.0 million of existing 2024 Notes to the sellers of the ships and a new \$140.0 million syndicated secured credit facility. All of these vessels were delivered in July 2021.

On June 16, 2021, we contracted to purchase four 5,470 TEU ultra-high reefer capacity Panamax containerships with an average age of approximately 11 years, and with charters to Maersk Line, for an aggregate purchase price of \$148.0 million funded by cash and four new \$30.0 million sale and leaseback agreements. Three of these vessels were delivered to us in September 2021 and the remaining vessel was delivered on October 13, 2021.

### *Vessel disposals*

We sold La Tour, a 2001-built, 2,272 TEU containership, on June 30, 2021, for net proceeds of \$16.5 million. The vessel was released as collateral under our \$236.2 million senior secured loan facility with Hayfin Capital Management, LLP (the “New Hayfin Credit Facility”). The net gain from the sale of vessel was \$7.8 million.

## **Time Charters**

A time charter is a contract for the use of a vessel for a fixed period of time at a specified daily rate. Under a time charter, the vessel owner provides crew, lubricating oil, all maintenance and other services related to the vessel’s operation, the cost of which is included in the daily rate. The vessel owner is also responsible for insuring its interests in the vessel and liabilities as owner arising from its use. The charterer is responsible for substantially all of the vessel’s voyage costs, such as fuel (bunker) costs, canal fees, port expenses, extra war risk insurance costs if the vessel is deployed outside normal insurance limits and for entering areas which are specified by the insurance underwriters as being subject to additional premiums and cargo handling charges.

The initial term for a time charter commences on the vessel’s delivery to the charterer. Time charter agreements may include options, in favor of the owner or the charterer, to extend the charter on pre-agreed terms. At the end of a charter, the vessel may be re-delivered by the charterer within a pre-agreed time window, to allow for operational flexibility. Charters may be extended on mutually agreed terms, or the vessel is re-delivered, in which case we would seek alternate employment with another charterer.

Our charters expire on different dates and over a period of time. We believe the staggered expirations of our charters reduces our exposure to rechartering risk and may mitigate the impact of the cyclical nature of the container shipping industry.

### **Daily Charter Rate**

Daily charter rate refers to the gross amount per day payable by the charterer to the owner for the use of the vessel. It may be reduced by chartering commission payable to a broker or other party. Under our time charters, hire is payable to us typically every 15 days in advance and in U.S. dollars. The daily charter rate is a fixed daily amount that will remain the same for the duration of the charter, although the charter rate can be reduced in certain circumstances where there are added costs to the charterer due to vessel performance deficiencies in speed or fuel consumption. Hire can also be reduced, pro-rata for any cost savings that we may realize, if the vessel is laid up or idled at the charterers' request.

### **Operations and Expenses**

As owners, we are required to maintain each vessel in class and in an efficient state of hull and machinery and are responsible for vessel costs such as crewing, lubricating oil, maintenance, insurance and drydocking. The charterer is responsible for the voyage costs, which includes bunker fuel, stevedoring, port charges and towage. As described below, we have entered into ship management agreements to sub-contract the day-to-day technical management of our vessels.

### **Right of First Refusal**

Pursuant to the terms of the initial time charters with CMA CGM, of which four were in place at December 31, 2021, CMA CGM has a right of first refusal to purchase the vessel at matching terms to any offer of any third party if we decide to sell it during, or at the end of, the charter period. Should CMA CGM decline to exercise its right of first refusal in case of a sale during the charter period, we will be entitled to sell the vessel, subject to CMA CGM's prior approval, which shall not be unreasonably withheld. CMA CGM has the right to reject a sale of a vessel to owners whose business or shareholding is determined to be detrimental or contrary to its interest.

### **Off-hire**

Under a time charter, when the vessel is not available for service, and is "off-hire," the charterer generally is not required to pay charter hire (unless the charterer is responsible for the circumstances giving rise to the ship's unavailability), and we are responsible for costs during any off-hire period, and possible additional costs of fuel to regain lost time. Additionally, in many cases the charterer has the option to extend the latest redelivery date by the offhire days. A vessel generally will be deemed to be off-hire if there is an occurrence that affects the full working condition of the vessel, including:

- any drydocking for repairs, maintenance or classification society inspection;
- any damage, defect, breakdown or deficiency of the ship's hull, machinery or equipment or repairs or maintenance thereto;
- any deficiency of the ship's master, officers and/or crew, including the failure, refusal or inability of the ship's master, officers and/or crew to perform the service immediately required, whether or not within its control;
- its deviation, other than to save life or property, which results in the charterer's lost time;
- crewing labor boycotts or certain vessel arrests; or
- our failure to maintain the vessel in compliance with the charter's requirements, such as maintaining operational certificates.

### **Ship Management and Maintenance**

Under each of our time charters, we are responsible for the operation and technical management of each vessel, which includes crewing, provision of lubricating oils, maintaining the vessel, periodic drydocking and performing work required by regulations. The day-to-day crewing and technical management of our vessels are provided by our ship managers pursuant to the terms of ship management agreements.

### **Termination and Withdrawal**

Generally, if a vessel is off-hire for a significant number of consecutive days, then the charterer may cancel the charter without any further consequential claims provided the vessel is free of cargo. The number of these days varies from 20 to 90 days and depends on the relevant charter agreement. Some of our charters provide that we can in some circumstances provide a substitute vessel during an anticipated extended period of off-hire.

For a number of vessels chartered to CMA CGM, if a vessel's fuel consumption exceeds a level specified in the charter over a continuous period of 30 days, and the reason is within our or the vessel's control, CMA CGM may request that we cure the deficiency. If the deficiency is not cured within 30 days after we receive notice, then CMA CGM may terminate the charter.

Generally, if either party informs the other party of a default under the charter, and the default is not rectified within 60 days of such notice, then the party giving the notice has the right to terminate the time charter with respect to that vessel.

The charter will terminate in the event of a total (actual or constructive) loss of the vessel or if the vessel is requisitioned.

We may suspend the performance of our obligations under the charter if the charterer defaults on its payment obligations under the charter.

### **Management of Our Fleet**

Our management team supervises the day-to-day technical ship management of our vessels which is provided mainly by Technomar, a company of which our Executive Chairman is the Founder, Managing Director, and majority beneficial owner. The technical management of six vessels is provided by a separate third party ship manager. Additionally, as of December 31, 2021, all of our vessels were commercially managed by Conchart, a company of which our Executive Chairman is the sole beneficial owner.

### **Technical Management**

Technomar provides all day-to-day technical ship management services for all but six of our vessels, where technical management services are provided by a separate third-party ship manager (the "Third-Party Managed Vessels").

Under the ship management agreements, our ship managers are responsible for all day-to-day ship management, including crewing, purchasing stores, lubricating oils and spare parts, paying wages, pensions and insurance for the crew, and organizing other vessel operating necessities, including the arrangement and management of drydocking. We reimburse the ship managers for the costs they incur on our behalf. Each ship management agreement provides that we have the right to audit the accounts of our ship manager to verify the costs incurred. The ship managers have agreed to maintain our vessels so that they remain in class with valid certification. In addition, they are responsible for our current fleet's compliance with all applicable government and other regulations, and compliance with class certifications.

We pay Technomar a daily management fee of Euro 700 (Euro 715 from January 1, 2022), per vessel, payable in U.S. dollars at an agreed exchange rate of 1.164 USD to 1.0 Euro, which, in addition to the technical ship management services noted above, includes administrative support services provided to the GSL group including accounting and financial reporting, treasury management services and legal services.

The ship managers are required to use their best endeavors to provide the services specified in the ship management agreements. Pursuant to the terms of the ship management agreements, we provide customary indemnification to the manager and its employees, agents and sub-contractors.

The ship management agreements for the vessels provided as security under our credit facilities have a minimum duration equal to the duration of their respective credit facilities.

The management agreements with Technomar may be terminated by either party by giving six months' written notice with termination to be effective no sooner than the expiry of the minimum term. In this case, a termination payment of 50% of the annual fee is payable if the management agreement is terminated by the managers and a termination fee of two times the annual fee is payable if the management agreement is terminated by the owners.

A third-party ship manager provides technical and crew services for the Third-Party Managed Vessels. We pay \$200,000 per annum per vessel for technical management services and \$4,000 per month per vessel for crew services for these vessels. The minimum contract period is two years from each vessel's delivery date, with the second year being subject to certain performance parameters of the manager. The management agreements with the third-party managers may be terminated by either party by giving two months' written notice with termination to be effective no sooner than the expiry of the minimum term. A termination payment of a one month fee is payable if the management agreement is terminated by either party.

Either party may terminate a ship management agreement in the event of default, which has not been cured, an order being made or a resolution being passed for the winding up, dissolution or bankruptcy of either party, or if a receiver is appointed, or if it suspends payment, ceases to carry on business or makes a special arrangement with its creditors. The ship management agreement will also terminate if the vessel becomes a total loss, is declared as a constructive or compromised or arranged total loss, is requisitioned or sold. The agreements with Technomar can also be terminated by either party upon a change of control of the other party.

In addition, each of our vessel-owning subsidiaries for the Third-Party Managed Vessels has entered into a Supervision Agreement with Technomar, pursuant to which Technomar supervises the third-party manager in order to ensure the services are fulfilled as required under the third party management agreements. In addition, Technomar undertakes the provision of Technical, Drydock, Insurance, Freight and Claims Handling Services as well as accounting, administrative & support services. The terms of the Supervision Agreements are similar, mutatis mutandis, to the terms of our existing Technical Management Agreements with Technomar. Pursuant to the Supervision Agreements, we pay a supervision fee of \$150 per day per vessel, which, subject to the vessel-owning subsidiary's approval, may be increased every January 1 by not more than 2.5%. The minimum duration is from the delivery date of each vessel to us until the earlier of either (i) the termination of the third party management agreement or (ii) the lapse of 24 calendar months from the delivery date in which case the Supervision Agreement automatically converts to a Technomar technical management agreement under agreed terms as per our existing Technomar management agreements, with a minimum duration until September 30, 2026 and with the first budget to be agreed on the date of conversion.

### **Commercial Management**

Commercial management of vessels includes evaluating possible daily rate and duration of future employment, marketing a vessel for such employment, agreeing the detailed terms of a new charter or extension of an existing charter, administering the conduct of the charter including collection of charter-hire where necessary. Commercial management also includes negotiating sale and purchase transactions.

The commercial management of all of our vessels is provided by Conchart, under agreements which provide for Conchart to receive a commission of 1.25% on all monies earned under each charter fixture, and 1.00% commission on any sale and purchase transaction. No commission is payable on any charter of a vessel in the GSL Fleet to CMA CGM in place as of November 15, 2018, if applicable. However, commission is payable to the managers for any extension of such charters after March 31, 2021.

The commercial management agreements for the vessels provided as security under our credit facilities have a minimum term equal to the duration of their respective credit facilities and can thereafter be terminated on six months' notice in which case a termination payment is due of six times the average monthly commission paid in the previous six months if the agreement is terminated by Conchart and 12 times the average monthly commission paid in the previous six months if the agreement is terminated by the vessel owner. The agreement can also be terminated by one party on change of control in the other party. Either party can terminate the agreement in the event of default, which has not been cured, an order being made or a resolution being passed for the winding up, dissolution or bankruptcy of either party, or if a receiver was appointed, or if it suspends payment, ceases to carry on business or makes a special arrangement with its creditors.

Until January 20, 2021, Global Ship Lease Services Limited ("GSLs"), a wholly owned subsidiary of the company, was the commercial manager for the 16 vessels provided as security under the 2022 Notes and an associated credit facility until the 2022 Notes were fully repaid on January 20, 2021, the associated credit facility having been fully repaid on October 31, 2020. It had entered into a Commercial Advisory Services and Exclusive Brokerage Services Agreement ("EBSA") with Conchart, whereby Conchart was appointed to provide commercial advisory and exclusive brokerage services on terms substantially similar to those of the described above.

By mutual consent, the EBSA was terminated without penalty on the repayment of the 2022 Notes and the 16 vessels became subject to commercial management agreements directly with Conchart.

Pursuant to the Brokerage Services Agreement dated February 21, 2020 among GSL Inc, each GSL vessel owning company and GSL Enterprises Ltd ("GSL Enterprises"), GSL Enterprises is engaged by GSL Inc and the GSL SPVs to provide various brokerage, administrative and other services. GSL Enterprises is getting a base fee of \$1,000 per month per vessel plus any supplemental fees to cover all operating needs of GSL Enterprises. The Brokerage Services Agreement can be terminated by mutual agreement at any time or by either party in case of the other party's breach of the terms of the agreement.

## **Insurance**

We arrange for insurance coverage for each of our vessels, including hull and machinery insurance, protection and indemnity insurance and war risk insurance. We are responsible for the payment of all premiums. See “—Risk of Loss and Liability Insurance.”

## **Inspection by Classification Societies**

The hull and machinery of every commercial vessel must be classed by a classification society authorized by the vessel’s country of registry. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and the International Convention for the Safety of Life at Sea of 1974, or SOLAS Convention. Most insurance underwriters make it a condition for insurance coverage that a vessel be certified “in class” by a classification society which is a member of the International Association of Classification Societies, the IACS. All of our vessels are certified as being “in class” by all the applicable Classification Societies.

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 the 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 one-half years after commissioning and each class renewal. Intermediate surveys may be carried out on the occasion of the second or third annual survey.

### ***Class Renewal Surveys***

Class renewal surveys, also known as special surveys, 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. 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, which is generally every five years, 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 a ship-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. All areas subject to surveys as defined by the classification society are required to be surveyed at least once per class period, unless shorter intervals between surveys are otherwise prescribed. The period between two consecutive surveys of each area must not exceed five years.

All vessels are also dry-docked at least once every five years for inspection of their underwater parts and for repairs related to such inspections. If any defects are found, the classification surveyor will issue a “recommendation” which must be rectified by the ship-owner within prescribed time limits.

If any vessel does not maintain its class and/or fails any annual survey, intermediate survey, drydocking or special survey, the vessel will be unable to carry cargo between ports and will be unemployable and uninsurable which could cause us to be in violation of certain covenants in our loan agreements. Any such inability to carry cargo or be employed, or any such violation of covenants, could have a material adverse impact on our financial condition and results of operations.

The following table shows the classification societies for our vessels and lists the month by which they need to have completed their next drydocking:

<b>Vessel Name</b>	<b>Classification Society</b>	<b>Drydocking Month<sup>(1)</sup></b>
CMA CGM Thalassa	Bureau Veritas	Jun-22
UASC Al Khor	DNV-GL & RINA	Dec-22
Anthea Y	DNV-GL & RINA	Feb-23
Maira XL	DNV-GL & RINA	Aug-25
MSC Tianjin	RINA	Mar-25
MSC Qingdao	Bureau Veritas	Apr-24
GSL Ningbo	Bureau Veritas	May-24
GSL Eleni	DNV-GL	Jul-24
GSL Kalliopi	DNV-GL	Oct-24
GSL Grania	DNV-GL	Sep-24
Mary	RINA	Jan-23
Kristina	DNV-GL	Mar-23
Katherine	RINA	Apr-23
Alexandra	RINA	Jan-23
Alexis	DNV-GL & RINA	Jul-24
Olivia I	DNV-GL & RINA	Jul-24
GSL Christen	RINA	Aug-22
GSL Nicoletta	RINA	Sep-22
CMA CGM Berlioz	Bureau Veritas	In progress
Agios Dimitrios	Bureau Veritas	Sep-25
GSL Vinia	Bureau Veritas	Oct-24
GSL Christel Elisabeth	Bureau Veritas	Sep-24
GSL Dorothea	RINA	May-26
GSL Arcadia	DNV-GL	Dec-25
GSL Violetta	DNV-GL	Aug-25
GSL Maria	RINA	Dec-26
GSL MYNY	DNV-GL	Oct-25
GSL Melita	RINA	May-26
GSL Tegea	RINA	Jun-26
Tasman	Bureau Veritas	Jan-25
ZIM Europe	Bureau Veritas	May-25
Ian H	Bureau Veritas	Jul-25
GSL Tripoli	DNV-GL	Sep-22
GSL Kithira	DNV-GL	Jul-22
GSL Tinos	DNV-GL	Jun-22
GSL Syros	DNV-GL	Jul-22
Dolphin II	Bureau Veritas	Apr-22
Orca I	Bureau Veritas	Nov-26
CMA CGM Alcazar	Bureau Veritas	Nov-22
GSL Château d'If	Bureau Veritas	Aug-22
GSL Susan	RINA	Jul-22
CMA CGM Jamaica	DNV-GL	In progress
CMA CGM Sambhar	RINA	Jul-26
CMA CGM America	RINA	In progress
GSL Rossi	RINA	Dec-27
GSL Alice	RINA	Mar-29
GSL Eleftheria	RINA	Jun-28
GSL Melina	RINA	Dec-28
GSL Valerie	DNV-GL	Jun-25

Vessel Name	Classification Society	Drydocking Month <sup>(1)</sup>
Matson Molokai	RINA	Feb-25
GSL Lalo	RINA	Jun-26
GSL Mercer	RINA	May-22
Athena	RINA	Feb-23
GSL Elizabeth	RINA	Mar-26
tbr GSL Chloe	RINA	Jan-25
GSL Maren	RINA	Mar-24
Maira	RINA	Aug-25
Nikolas	RINA	Aug-25
Newyorker	RINA	Jan-26
Manet	Bureau Veritas	Oct-26
Keta	Bureau Veritas	Nov-26
Julie	Bureau Veritas	Aug-22
Kumasi	Bureau Veritas	Feb-27
Akiteta	Bureau Veritas	Jan-27
GSL Amstel	RINA	Oct-23

(1) Expected month of drydocking assumes that the vessel qualifies for in-water inspections at the intermediate survey.

The table does not take account of discretionary drydockings to effect vessel upgrades, or in response to proposed or actual regulatory changes such as for ballast water treatment.

### Competition

We operate in markets that are highly competitive. We expect to compete for vessel purchases and charters based upon price, customer relationships, operating expertise, professional reputation and size, age and condition of the vessel. We also expect to compete with many other companies, both other owners and operators to, among other things, purchase newbuildings and secondhand vessels to grow our fleet.

We expect substantial competition in obtaining new containership charters from a number of experienced and substantial companies. Many of these competitors may have greater financial resources than us, may operate larger fleets, may have been established for longer and may be able to offer better charter rates. Due to the recent industry downturn, there have been an increased number of vessels available for charter, including many from owners with strong reputations and experience. Excess supply of vessels in the container shipping market results in a more active short-term charter market and greater price competition for charters. As a result of these factors, we may be unable to purchase additional containerships, expand our relationships with existing customers or obtain new charterers on a profitable basis, if at all, which would have a material adverse effect on our business, results of operations and financial condition.

### Permits and Authorizations

We are required by various governmental and other agencies to obtain certain permits, licenses and certificates with respect to our vessels. The kinds of permits, licenses and certificates required depend upon several factors, including the commodities transported, the waters in which the vessel operates, the nationality of the vessel's crew and the age of a vessel. Not all of the permits, licenses and certificates currently required to operate the vessels globally have been obtained by us or our ship managers. For example, Keta, Julie, Kumasi and Akiteta have not been certified to comply with all U.S., Canadian and Panama Canal regulations, as our charterers do not intend to operate them in these waters. However, permits can be obtained in case charterers wish to trade the vessels in USA Canada and/or transit Panama Canal.

### Environmental and Other Regulations

Government regulation significantly affects our business and the operation of our vessels. We are subject to international conventions and codes, and national, state, and local laws and regulations in the jurisdictions in which our vessels operate or are registered, including, among others, those governing the generation, management and disposal of hazardous substances and wastes, the cleanup of oil spills and other contamination, air emissions and water discharges. Because such laws and regulations frequently change, we cannot predict the ultimate cost of complying with these requirements or the impact of these requirements on the resale or current market value or useful lives of our vessels.

A variety of government, quasi-government and private entities require us to obtain permits, licenses or certificates for the operation of our vessels. Failure to maintain necessary permits or approvals could require us to incur substantial costs or temporarily suspend the operation of one or more of our vessels in one or more ports.

Increasing environmental concerns have created a demand for vessels that conform to the strictest environmental standards. We are 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 United States and international regulations and with flag state administrations.

The following is an overview of certain material governmental regulations that affect our business and the operation of our vessels.

### ***International Maritime Organization***

The IMO is the United Nations' agency for maritime safety. The IMO has adopted international conventions that impose liability for pollution in international waters and a signatory's territorial waters. For example, the IMO's International Convention for the Prevention of Pollution from Ships, or MARPOL, imposes environmental standards on the shipping industry relating to, among other things, pollution prevention and procedures, technical standards, oil spills management, transportation of marine pollutants and air emissions. Annex VI of MARPOL, which regulates air pollution from vessels, sets limits on sulfur oxide, nitrogen oxide and particulate matter emissions from vessel exhausts and prohibits deliberate emissions of ozone depleting substances, such as chlorofluorocarbons. We believe all of our vessels currently are Annex VI compliant. Annex VI also includes a global cap on the sulfur content of fuel oil with a lower cap (currently 0.1%) on the sulfur content applicable inside Emission Control Areas, or ECAs. Existing ECAs include the Baltic Sea, the North Sea, including the English Channel, the North American area and the U.S. Caribbean Sea area. Other areas in China are subject to local regulations that impose stricter emission controls. Additional geographical areas may be designated as ECAs in the future.

Annex VI calls for incremental reductions in sulfur in fuel between 2012 and 2020 (or 2015 in the case of ECAs), and the use of advanced technology engines designed to reduce emissions of nitrogen oxide, with a "Tier II" emission limit applicable to engines installed on or after January 1, 2011, and a more stringent "Tier III" emission limit applicable to engines installed on or after 2016 operating in the North American and U.S. Caribbean Sea nitrogen oxide ECAs and for engines installed on or after 2021 for vessels operating in the Baltic and North Sea. For future nitrogen oxide ECA designations, Tier III standards will apply to engines installed on ships constructed on or after the date of ECA designation, or a later date as determined by the country applying for the ECA designation. Additional ECAs could be established in the future. The IMO has undertaken a study for a new 0.1% m/m low sulfur ECA in the Mediterranean.

From January 1, 2020, the IMO mandated global sulfur cap of 0.5% m/m was implemented. Vessels comply either by being fitted with exhaust gas cleaning systems ("scrubbers"), allowing the vessel to continue to use less expensive, higher sulfur content fuel or by burning more expensive, low sulfur fuel. From March 1, 2020, vessels not fitted with exhaust gas scrubbers cannot have high sulfur content fuel on board.

Our existing time charters call for our customers to supply fuel that complies with Annex VI. It may be that charterers of certain of our vessels will seek to comply with Annex VI by agreeing with us to have exhaust gas cleaning systems installed.

These amendments or other changes could require modifications to our vessels to achieve compliance, and the cost of compliance may be significant to our operations.

The IMO has also adopted technical and operational measures aimed at reducing greenhouse gas emissions from vessels. These include the "Energy Efficiency Design Index," which is mandatory for newbuilding vessels, and the "Ship Energy Efficiency Management Plan," which is mandatory for all vessels. The IMO now requires ships of 5,000 gross tonnage, or grt, or more to record and report their fuel consumption to their flag state at the end of each calendar year. The IMO plans to use this data to adopt an initial greenhouse gas emissions reduction strategy.

The IMO's International Convention on Civil Liability for Bunker Oil Pollution Damage, or the Bunker Convention, imposes, subject to limited exceptions, strict liability on vessel owners for pollution damage in jurisdictional waters of ratifying states, which does not include the United States, caused by discharges of "bunker oil." The Bunker Convention also requires owners of registered vessels over a certain size to maintain insurance for pollution damage in an amount generally equal to the limits of liability under the applicable national or international limitation regime. With respect to non-ratifying states, liability for spills or releases of oil carried as fuel in a ship's bunkers typically is determined by the national or other domestic laws in the jurisdiction where the events or damages occur on a fault or strict-liability basis. We believe our vessels comply with the Bunker Convention.

The IMO's International Convention for the Control and Management of Ships' Ballast Water and Sediments, or the BWM Convention, requires the installation of ballast water treatment systems on certain newbuilding vessels for which the keel is laid after September 8, 2017 and for existing vessels at the renewal of their International Oil Pollution Prevention Certificate after September 8, 2019. The MEPC adopted updated guidelines for approval of ballast water management systems (G8) at MEPC 70. At MEPC 71, the schedule regarding the BWM Convention's implementation dates was also discussed and amendments were introduced to extend the date existing vessels are subject to certain ballast water standards. Those changes were adopted at MEPC 72. Ships over 400 gross tons generally must comply with a "D-1 standard," requiring the exchange of ballast water only in open seas and away from coastal waters. The "D-2 standard" specifies the maximum amount of viable organisms allowed to be discharged, and compliance dates vary depending on the IOPP renewal dates. Depending on the date of the IOPP renewal survey, existing vessels must comply with the D-2 standard on or after September 8, 2019. For most ships, compliance with the D-2 standard will involve installing on-board systems to treat ballast water and eliminate unwanted organisms. Ballast water management systems, which include systems that make use of chemical, biocides, organisms or biological mechanisms, or which alter the chemical or physical characteristics of the ballast water, must be approved in accordance with IMO Guidelines (Regulation D-3). As of October 13, 2019, MEPC 72's amendments to the BWM Convention took effect, making the Code for Approval of Ballast Water Management Systems, which governs assessment of ballast water management systems, mandatory rather than permissive, and formalized an implementation schedule for the D-2 standard. Under these amendments, all ships must meet the D-2 standard by September 8, 2024. Costs of compliance with these regulations may be substantial. The BWM Convention also requires ships to carry an approved ballast water management plan, record books and statement of compliance. The BWM Convention also requires ships to carry an approved ballast water management plan, record books and statement of compliance. Additionally, in November 2020, MEPC 75 adopted amendments to the BWM Convention which would require a commissioning test of the ballast water management system for the initial survey or when performing an additional survey for retrofits. This analysis will not apply to ships that already have an installed BWM system certified under the BWM Convention. These amendments are expected to enter into force on June 1, 2022. We will be required to incur significant costs to install these ballast water treatment systems on all our vessels before the applicable due dates.

The IMO's International Convention on the Control of Harmful Anti-fouling Systems on Ships, or the Anti-fouling Convention," prohibits the use of organotin compound coatings to prevent the attachment of mollusks and other sea life to the hulls of vessels and requires vessels over 400 grt engaged in international voyages to undergo an initial survey before the vessel is put into service or before an International Anti fouling System Certificate is issued for the first time, or subsequent surveys when the anti-fouling systems are altered or replaced. In November 2020, MEPC 75 approved draft amendments to the Anti-fouling Convention to prohibit anti-fouling systems containing cybutryne, which would apply to ships from January 1, 2023, or, for ships already bearing such an anti-fouling system, at the next scheduled renewal of the system after that date, but no later than 60 months following the last application to the ship of such a system. These amendments may be formally adopted at MEPC 76 in 2021. We have obtained Anti-fouling System Certificates for all of our vessels that are subject to the Anti-fouling Convention. MEPC 77 adopted a non-binding resolution which urges Member States and ship operators to voluntarily use distillate or other cleaner alternative fuels or methods of propulsion that are safe for ships and could contribute to the reduction of Black Carbon emissions from ships when operating in or near the Arctic.

Amendments to MARPOL Annex V (regulation for the prevention of pollution by garbage from ships) adopted at MEPC 70 entered into force on March 1, 2018. The changes include criteria for determining whether cargo residues are harmful to the marine environment, and a new Garbage Record Book format with a new garbage category for e-waste. As all our existing containerhips are compliant with MARPOL Annex V requirements, the amendments could cause us to incur additional operational costs for the handling of garbage produced on our fleet.

The IMO also regulates vessel safety. The International Safety Management Code, or the ISM Code, provides an international standard for the safe management and operation of ships and for pollution prevention. The ISM Code requires our vessels to develop and maintain an extensive "Safety Management System" that includes the adoption of a safety and environmental protection policy and implementation procedures. A Safety Management Certificate is issued under the provisions of the SOLAS Convention to each vessel with a Safety Management System verified to be in compliance with the ISM Code. Failure to comply with the ISM Code may subject a party to increased liability, may decrease available insurance coverage for the affected vessels, and may result in a denial of access to, or detention in, certain ports. All of the vessels in our fleet are ISM Code-certified. Furthermore, all seafarers are required to meet the standards of the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, or STCW, and be in possession of a valid STCW certificate. Flag states that have ratified the SOLAS Convention and STCW generally employ the classification societies to undertake surveys to confirm compliance.

Furthermore, recent action by the IMO's Maritime Safety Committee and United States agencies indicate that cybersecurity regulations for the maritime industry are likely to be further developed in the near future in an attempt to combat cybersecurity threats. For example, under the IMO's Resolution MSC.428(98), cyber risks must be appropriately addressed in existing safety management systems no later than the first annual verification of a company's Document of Compliance after January 1, 2021. This might cause companies to create additional procedures for monitoring cybersecurity, which could require additional expenses and/or capital expenditures.

Increasingly, various regions are adopting additional, unilateral requirements on the operation of vessels in their territorial waters. These regulations, such as those described below, apply to our vessels when they operate in the relevant regions' waters and can add to operational and maintenance costs, as well as increase the potential liability that applies to violations of the applicable requirements.

## **United States**

### *The United States Oil Pollution Act of 1990 and CERCLA*

The United States Oil Pollution Act of 1990, ("OPA"), establishes an extensive regulatory and liability regime for the protection and cleanup of the environment from oil spills. The Comprehensive Environmental Response, Compensation and Liability Act, ("CERCLA"), governs spills or releases of hazardous substances other than petroleum or petroleum products. Under OPA and CERCLA, vessel owners, operators and bareboat charterers whose vessels trade or operate within the U.S., its territories and possessions or whose vessels operate in U.S. waters, which includes the U.S.'s territorial sea and its 200 nautical mile exclusive economic zone around the U.S., are jointly and, subject to limited exceptions, strictly liable for all containment and clean-up costs and other damages arising from discharges or threatened discharges of oil or hazardous substances, as applicable, from their vessels. OPA and CERCLA define these damages broadly to include certain direct and indirect damages and losses, including but not limited to assessment of damages, remediation, damages to natural resources such as fish and wildlife habitat, and agency oversight costs. Although our vessels do not carry oil as cargo, they do carry oil as bunkers, or fuel.

Under OPA and CERCLA, the liability of responsible parties is limited to a specified amount, which is periodically updated. Under both OPA and CERCLA, liability is unlimited if the incident is caused by gross negligence, willful misconduct or a violation of certain regulations. Similarly, liability limits do not apply (i) under OPA if the responsible party fails or refuses to report the incident where the responsible party knows or has reason to know of the incident or reasonably cooperate and assist as requested in connection with oil removal activities, or (ii) under CERCLA if the responsible person fails or refused to provide all reasonable cooperation and assistance as requested in connection with response activities where the vessel is subject to OPA.

We maintain pollution liability coverage insurance in the amount of \$1 billion per incident for each of our vessels. If the damages from a catastrophic spill were to exceed our insurance coverage it could harm our business, financial condition and results of operation. Vessel owners and operators must establish and maintain with the U.S. Coast Guard evidence of financial responsibility sufficient to meet their potential aggregate liabilities under OPA and CERCLA. Evidence of financial responsibility may be demonstrated by showing proof of insurance, surety bonds, self-insurance or guarantees. We have obtained the necessary U.S. Coast Guard financial assurance certificates, or COFRs, for each of our vessels currently in service and trading to the United States. Owners or operators of certain vessels operating in U.S. waters also must prepare and submit to the U.S. Coast Guard a response plan for each vessel, which plan, among other things, must address a "worst case" scenario environmental discharge and describe crew training and drills to address any discharge. Each of our vessels has the necessary response plans in place.

OPA and CERCLA do not prohibit individual states from imposing their own liability regimes with regard to oil pollution or hazardous substance incidents occurring within their boundaries, and some states have enacted legislation providing for unlimited liability for spills. In some cases, states that have enacted such legislation have not yet issued implementing regulations defining vessel owners' responsibilities under these laws. We intend to comply with all applicable state regulations in the ports where our vessels call. Nevertheless, future changes to OPA, CERCLA and other United States environmental regulations could adversely affect our operations.

### *Clean Water Act*

The Clean Water Act, or CWA, establishes the basic structure for regulating discharges of pollutants into the “waters of the United States” and regulating quality standards for surface waters. The CWA authorizes civil and criminal penalties for discharging pollutants without a permit, failure to meet any requirement of a permit, and also allows for citizen suits against violators. The CWA imposes strict liability in the form of penalties for any unauthorized discharges, and substantial liability for the costs of removal, remediation and damages and complements the remedies available under OPA and CERCLA. In 2015, the EPA expanded the definition of waters of the United States (“WOTUS”), thereby expanding federal authority under the CWA, but following litigation, the EPA and Department of the Army proposed a limited definition of “waters of the United States” in December 2018. The proposed rule was published in the Federal Register on February 14, 2019 and was subject to public comment. On October 22, 2019, the agencies published a final rule repealing the 2015 Rule defining WOTUS. In 2019 and 2020, the agencies repealed the prior WOTUS Rule and promulgated the Navigable Waters Protection Rule (“NWPR”) which significantly reduced the scope and oversight of EPA and the Department of the Army in traditionally non-navigable waterways. On August 30, 2021, a federal district court in Arizona vacated the NWPR and directed the agencies to replace the rule. On December 7, 2021, the EPA and the Department of the Army proposed a rule that would reinstate the pre-2015 definition, which is subject to public comment until February 7, 2022. The EPA and the USCG have also enacted rules relating to ballast water discharge, compliance with which requires the installation of equipment on our vessels to treat ballast water before it is discharged or the implementation of other port facility disposal arrangements or procedures at potentially substantial costs, and/or otherwise restrict our vessels from entering U.S. Waters. The EPA will regulate these ballast water discharges and other discharges incidental to the normal operation of certain vessels within United States waters pursuant to the Vessel Incidental Discharge Act (“VIDA”), which was signed into law on December 4, 2018 and replaces the 2013 VGP program (which authorizes discharges incidental to operations of commercial vessels and contains numeric ballast water discharge limits for most vessels to reduce the risk of invasive species in U.S. waters, stringent requirements for exhaust gas scrubbers, and requirements for the use of environmentally acceptable lubricants) and current Coast Guard ballast water management regulations adopted under the U.S. National Invasive Species Act, or NISA, such as mid-ocean ballast exchange programs and installation of approved USCG technology for all vessels equipped with ballast water tanks bound for U.S. ports or entering U.S. waters. Under NISA, newbuilding vessels constructed after December 1, 2013 are required to have a U.S. Coast Guard-approved ballast water treatment system installed, and existing vessels, are required to have a ballast water treatment system installed on the first scheduled dry-dock after January 1, 2016.

VIDA establishes a new framework for the regulation of vessel incidental discharges under the CWA, requires the EPA to develop performance standards for those discharges within two years of enactment, and requires the U.S. Coast Guard to develop implementation, compliance, and enforcement regulations within two years of EPA’s promulgation of standards. Under VIDA, all provisions of the 2013 VGP and USCG regulations regarding ballast water treatment remain in force and effect until the EPA and U.S. Coast Guard regulations are finalized. Non-military, non-recreational vessels greater than 79 feet in length must continue to comply with the requirements of the VGP, including submission of a Notice of Intent, or NOI, or retention of a Permit Authorization and Record of Inspection form and submission of annual reports. We have submitted NOIs for our vessels where required. Compliance with the EPA, U.S. Coast Guard and state regulations could require the installation of ballast water treatment equipment on our vessels or the implementation of other port facility disposal procedures at potentially substantial cost, or may otherwise restrict our vessels from entering U.S. waters.

In addition, the Act to Prevent Pollution from Ships, or APPS, implements various provisions of MARPOL and applies to larger foreign-flag ships when operating in U.S. waters. The regulatory mechanisms established in APPS to implement MARPOL are separate and distinct from the CWA and other federal environmental laws. Civil and criminal penalties may be assessed under APPS for non-compliance.

### *Additional Ballast Water Regulations*

The U.S. Coast Guard regulations also require vessels to maintain a vessel-specific ballast water management plan that addresses training and safety procedures, fouling maintenance and sediment removal procedures. Individual U.S. states have also enacted laws to address invasive species through ballast water and hull cleaning management and permitting requirements.

### *Clean Air Act*

The Clean Air Act, or the CAA, and its implementing regulations subject our vessels to vapor control and recovery requirements when cleaning fuel tanks and conducting other operations in regulated port areas and to air emissions standards for our engines while operating in U.S. waters. The EPA has adopted standards that apply to certain engines installed on U.S. vessels and to marine diesel fuels produced and distributed in the United States. These standards are consistent with Annex VI of MARPOL and establish significant reductions for vessel emissions of particulate matter, sulfur oxides and nitrogen oxides.

The CAA also requires states to draft State Implementation Plans, or SIPs, designed to attain national health-based air quality standards in primarily major metropolitan and industrial areas. Several SIPs regulate emissions from degassing operations by requiring the installation of vapor control equipment on vessels. California has enacted regulations which apply to ocean-going vessels’ engines when operating within 24 miles of the California coast and require operators to use low sulfur fuels. California also approved regulations to reduce emissions from diesel auxiliary engines on certain ocean-going vessels while in California ports, including container ship fleets that make 25 or more annual visits to California ports. These federal and state requirements may increase our capital expenditures and operating costs while in applicable ports. As with other U.S. environmental laws, failure to comply with the Clean Air Act may subject us to enforcement action, including payment of civil or criminal penalties and citizen suits.

## **European Union Requirements**

In waters of the EU, our vessels are subject to regulation by EU-level legislation, including directives implemented by the various member states through laws and regulations of these requirements. These laws and regulations prescribe measures, among others, to prevent pollution, protect the environment and support maritime safety. For instance, the EU has adopted directives that require member states to refuse access to their ports to certain sub-standard vessels, according to various factors, such as the vessel's condition, flag, and number of previous detentions (Directive 2009/16/EC on Port State Control as amended and supplemented from time to time). Member states must, among other things, inspect minimum percentages of vessels using their ports annually (based on an inspection "share" of the relevant member state of the total number of inspections to be carried out within the EU and the Paris Memorandum of Understanding on Port State Control region), inspect all vessels which are due for a mandatory inspection (based, among other things, on their type, age, risk profile and the time of their last inspection) and carry out more frequent inspections of vessels with a high risk profile. If deficiencies are found that are clearly hazardous to safety, health or the environment, the state is required to detain the vessel or stop loading or unloading until the deficiencies are addressed. Member states are also required to implement their own separate systems of proportionate penalties for breaches of these standards.

Our vessels are also subject to inspection by appropriate classification societies. Classification societies typically establish and maintain standards for the construction and classification of vessels, supervise that construction in accordance with such standards, and carry out regular surveys of ships in service to ensure compliance with such standards. The EU has adopted legislation (Regulation (EC) No 391/2009 and Directive 2009/15/EC, as amended and supplemented from time to time) that provides member states with greater authority and control over classification societies, including the ability to seek to suspend or revoke the authority of classification societies that are negligent in their duties. The EU requires member states to monitor these organizations' compliance with EU inspection requirements and to suspend any organization whose safety and pollution prevention performance becomes unsatisfactory.

The EU's directive on the sulfur content of fuels (Directive (EU) 2016/802, which consolidates Directive 1999/32/EC and its various amendments) restricts the maximum sulfur content of marine fuels used in vessels operating in EU member states' territorial seas, exclusive economic zones and pollution control zones. The directive provides for more stringent rules on maximum sulfur content of marine fuels applicable in specific Sulfur Emission Control Areas, or SECAs, such as the Baltic Sea and the North Sea, including the English Channel. Further sea areas may be designated as SECAs in the future by the IMO in accordance with Annex VI of MARPOL. Under this directive, we may be required to make expenditures to comply with the sulfur fuel content limits in the marine fuel our vessels use in order to avoid delays or other obstructions to their operations, as well as any enforcement measures which may be imposed by the relevant member states for non-compliance with the provisions of the directive. We also may need to make other expenditures (such as expenditures related to washing or filtering exhaust gases) to comply with relevant sulfur oxide emissions levels. The directive has been amended to bring the above requirements in line with Annex VI of MARPOL. It also makes certain of these requirements more stringent. These and other related requirements may require additional capital expenditures and increase our operating costs.

Through Directive 2005/35/EC (as amended by Directive 2009/123/EC and as further amended and supplemented from time to time), the EU requires member states to cooperate to detect pollution discharges and impose criminal sanctions for certain pollution discharges committed intentionally, recklessly or by serious negligence and to initiate proceedings against ships at their next port of call following the discharge. Penalties may include fines and civil and criminal penalties. Directive 2000/59/EC (as amended and supplemented from time to time) requires all ships (except for warships, naval auxiliary or other state-owned or state-operated ships on non-commercial service), irrespective of flag, calling at, or operating within, ports of member states to deliver all ship-generated waste and cargo residues to port reception facilities. Under the directive, a fee is payable by the ships for the use of the port reception facilities, including the treatment and disposal of the waste. The ships may be subject to an inspection for verification of their compliance with the requirements of the directive and penalties may be imposed for their breach.

The EU also authorizes member states to adopt the IMO's Bunker Convention, discussed above, that imposes strict liability on shipowners for pollution damage caused by spills of oil carried as fuel in vessels' bunkers and requires vessels of a certain size to maintain financial security to cover any liability for such damage. Most EU member states have ratified the Bunker Convention.

The EU has adopted a regulation (EU Ship Recycling Regulation (1257/2013)) which sets forth rules relating to vessel recycling and management of hazardous materials on vessels. The regulation contains requirements for the recycling of vessels at approved recycling facilities that must meet certain requirements, so as to minimize the adverse effects of recycling on human health and the environment. The regulation also contains rules for the control and proper management of hazardous materials on vessels and prohibits or restricts the installation or use of certain hazardous materials on vessels. The regulation seeks to facilitate the ratification of the IMO's Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009. The regulation applies to vessels flying the flag of a member state and certain of its provisions apply to vessels flying the flag of a third country calling at a port or anchorage of a member state. For example, when calling at a port or anchorage of a member state, a vessel flying the flag of a third country will be required, among other things, to have on board an inventory of hazardous materials which complies with the requirements of the new regulation and the vessel must be able to submit to the relevant authorities of that member state a copy of a statement of compliance issued by the relevant authorities of the country of the vessel's flag verifying the inventory. The regulation entered into force on December 30, 2013, although certain of its provisions are to apply at different stages, with certain of them applicable from December 31, 2020. Pursuant to this regulation, the EU Commission adopted the first version of a European List of approved ship recycling facilities meeting the requirements of the regulation, as well as four further implementing decisions dealing with certification and other administrative requirements set out in the regulation.

The EU is considering other proposals to further regulate vessel operations. The EU has adopted an Integrated Maritime Policy for the purposes of achieving a more coherent approach to maritime issues through coordination between different maritime sectors and integration of maritime policies. The Integrated Maritime Policy has sought to promote the sustainable development of the European maritime economy and to protect the marine environment through cross-sector and cross-border cooperation of maritime participants. The EU Commission's proposals included, among other items, the development of environmentally sound end-of-life ship dismantling requirements (as described above in respect of the EU Ship Recycling Regulation (1257/2013)), promotion of the use of shore-side electricity by ships at berth in EU ports to reduce air emissions, and consideration of options for EU legislation to reduce greenhouse gas emissions from maritime transport. The European Maritime Safety Agency has been established to provide technical support to the EU Commission and member states in respect of EU legislation pertaining to maritime safety, pollution and security. The EU, any individual country or other competent authority may adopt additional legislation or regulations applicable to us and our operations.

#### ***Other Greenhouse Gas Legislation***

Currently, the emissions of greenhouse gases from international shipping are not subject to the Kyoto Protocol to the United Nations Framework Convention on Climate Change, which entered into force in 2005 and pursuant to which adopting countries have been required to implement national programs to reduce greenhouse gas emissions with targets extended through 2020. International negotiations are continuing with respect to a successor to the Kyoto Protocol, and restrictions on shipping emissions may be included in any new treaty. In December 2009, more than 27 nations, including the U.S. and China, signed the Copenhagen Accord, which includes a non-binding commitment to reduce greenhouse gas emissions. The 2015 United Nations Climate Change Conference in Paris resulted in the Paris Agreement, which entered into force on November 4, 2016 and does not directly limit greenhouse gas emissions from ships. The U.S. initially entered into the agreement, but on June 1, 2017, former U.S. President Trump announced that the United States intends to withdraw from the Paris Agreement, and the withdrawal became effective on November 4, 2020. On January 20, 2021, U.S. President Biden signed an executive order to rejoin the Paris Agreement, which the U.S. officially rejoined on February 19, 2021.

The IMO, EU, the United States and other individual countries, states and provinces are evaluating various measures to reduce greenhouse gas emissions from international shipping, which may include some combination of market-based instruments, a carbon tax or other mandatory reduction measures. The EU adopted Regulation (EU) 2015/757 concerning the monitoring, reporting and verification of carbon dioxide emissions from vessels, or the MRV Regulation, which entered into force in July 2015 (as amended by Regulation (EU) 2016/2071). The MRV Regulation applies to all vessels over 5,000 gross tonnage (except for a few types, including, but not limited to, warships and fish-catching or fish-processing vessels), irrespective of flag, in respect of carbon dioxide emissions released during voyages within the EU as well as EU incoming and outgoing voyages. The first reporting period commenced on January 1, 2018. The monitoring, reporting and verification system adopted by the MRV Regulation may be the precursor to a market-based mechanism to be adopted in the future. The EU is currently developing a proposal for the inclusion of shipping in the EU Emissions Trading System.

At MEPC 70 and MEPC 71, a draft outline of the structure of the initial strategy for developing a comprehensive IMO strategy on reduction of greenhouse gas emissions from ships was approved. In accordance with this roadmap, in April 2018, nations at the MEPC 72 adopted an initial strategy to reduce greenhouse gas emissions from ships. The initial strategy identifies "levels of ambition" to reducing greenhouse gas emissions, including (1) decreasing the carbon intensity from ships through implementation of further phases of the EEDI for new ships; (2) reducing carbon dioxide emissions per transport work, as an average across international shipping, by at least 40% by 2030, pursuing efforts towards 70% by 2050, compared to 2008 emission levels; and (3) reducing the total annual greenhouse emissions by at least 50% by 2050 compared to 2008 while pursuing efforts towards phasing them out entirely. The initial strategy notes that technological innovation, alternative fuels and/or energy sources for international shipping will be integral to achieve the overall ambition. These regulations could cause us to incur additional substantial expenses.

The EU made a unilateral commitment to reduce overall greenhouse gas emissions from its member states from 20% of 1990 levels by 2020. The EU also committed to reduce its emissions by 20% under the Kyoto Protocol's second period from 2013 to 2020. Starting in January 2018, large ships over 5,000 gross tonnage calling at EU ports are required to collect and publish data on carbon dioxide emissions and other information. As previously discussed, regulations relating to the inclusion of greenhouse gas emissions from the maritime sector in the European Union's carbon market are also forthcoming.

In the United States, the EPA issued a finding that greenhouse gases endanger the public health and safety, adopted regulations to limit greenhouse gas emissions from certain mobile sources, and proposed regulations to limit greenhouse gas emissions from large stationary sources. However, in March 2017, former U.S. President Trump signed an executive order to review and possibly eliminate the EPA's plan to cut greenhouse gas emissions, and in August 2019, the Administration announced plans to weaken regulations for methane emissions. On August 13, 2020, the EPA released rules rolling back standards to control methane and volatile organic compound emissions from new oil and gas facilities. However, U.S. President Biden recently directed the EPA to publish a proposed rule suspending, revising, or rescinding certain of these rules. The EPA or individual U.S. states could enact environmental regulations that would affect our operations. On November 2, 2021, the EPA issued a proposed rule under the CAA designed to reduce methane emissions from oil and gas sources. The proposed rule would reduce 41 million tons of methane emissions between 2023 and 2035 and cut methane emissions in the oil and gas sector by approximately 74 percent compared to emissions from this sector in 2005. EPA also anticipates issuing a supplemental proposed rule in 2022 to include additional methane reduction measures following public input and anticipates issuing a final rule by the end of 2022. If these new regulations are finalized, they could affect our operations.

Any passage of climate control legislation or other regulatory initiatives by the IMO, the EU, the U.S. or other countries where we operate, or any treaty adopted at the international level to succeed the Kyoto Protocol or Paris Agreement, that restricts emissions of greenhouse gases could require us to make significant financial expenditures which we cannot predict with certainty at this time. Even in the absence of climate control legislation, our business may be indirectly affected to the extent that climate change may result in sea level changes or certain weather events.

### **Other Regions**

We may be subject to environmental and other regulations that have been or may become adopted in other regions of the world that may impose obligations on our vessels and may increase our costs to own and operate them. Compliance with these requirements may require significant expenditures on our part and may materially increase our operating costs.

Of particular importance, due to the trade intensity in these areas, are four ECAs created in Hong Kong and in China (Pearl River Delta, the Yangtze River Delta and Bohai Sea), aiming to reduce the levels of ship-generated air pollution and focus on the sulfur content of fuels. As of January 1, 2017, vessels at berth in a core port within an emission control area are required to use fuel with a maximum sulfur content of 0.5% m/m—except one hour after arrival and one hour before departure. Since January 1, 2018, all ports within Chinese emission control areas have implemented this standard. As of January 1, 2019, vessels must switch to fuel with a sulfur content not exceeding 0.5% m/m prior to entering China's territorial sea, in defined areas. From January 1, 2020, vessels entering Inland ECAs (Yangtze River and Xi Jiang River) must use fuel with a sulfur content not exceeding 0.10% while operating within the Inland ECA. Looking further ahead, a sulfur cap of 0.1% will apply to seagoing vessels entering Hainan Waters within the coastal ECA from January 1, 2022. Vessels capable of receiving shore power must use shore power if they berth for more than three hours in ports in the coastal ECA that have shore power capabilities (or more than two hours in ports with such capabilities in the Inland ECAs). Furthermore, ships of 400 gross tonnage or over, or ships powered by main propulsion machinery greater than 750 kW of propulsion power, calling at a port in China should report energy consumption data of their last voyage to China MSA before leaving port (China Regulation on Data Collection for Energy Consumption of Ships). Hong Kong's current Fuel at Berth Regulation requiring ships to burn fuel with a sulfur content not exceeding 0.5% m/m while at berth are expected to be replaced by a regulation extending the standard to ships operating in Hong Kong waters. Ships not fitted with scrubbers will be required to burn fuel with a sulfur content not exceeding 0.5% m/m within Hong Kong waters, irrespective of whether they are sailing or at berth. In Taiwan, ships not fitted with exhaust gas scrubbers must burn fuel with a sulfur content not exceeding 0.5% m/m when entering its international commercial port areas. In December 2021, the member states of the Convention for the Protection of the Mediterranean Sea Against Pollution ("Barcelona Convention") agreed to support the designation of a new ECA in the Mediterranean. The group plans to submit a formal proposal to the IMO by the end of 2022 with the goal of having the ECA implemented by 2025.

In connection with the introduction of the ban of high sulfur fuel for vessels not fitted with exhaust gas scrubbers, a number of countries are introducing rules as to the type of exhaust gas scrubber that may be acceptable to be operated on vessels, in effect prohibiting the operation in their waters of hybrid or open loop type exhaust gas scrubbers and forcing vessels to use more expensive closed loop systems or to burn low sulfur fuel when sailing in their waters.

### **International Labor Organization**

The International Labor Organization is a specialized agency of the UN that has adopted the Maritime Labor Convention 2006 ("MLC 2006"). A Maritime Labor Certificate and a Declaration of Maritime Labor Compliance is required to ensure compliance with the MLC 2006 for all ships that are 500 gross tonnage or over and are either engaged in international trade or flying the flag of a Member and operating from a port, or between ports, in another country. We believe that all our vessels are in substantial compliance with and are certified to meet MLC 2006.

### ***Vessel Security Regulations***

Since September 2001, there have been a variety of initiatives intended to enhance vessel security. In November 2002, the U.S. Maritime Transportation Security Act of 2002, or the MTSA, came into effect. To implement certain portions of the MTSA, the U.S. Coast Guard has issued regulations requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the United States and at certain ports and facilities, some of which are regulated by the EPA. Similarly, amendments to the SOLAS Convention created a new chapter of the convention dealing specifically with maritime security, which came into effect in July 2004. To trade internationally, a vessel must attain an International Ship Security Certificate, or ISSC, from a recognized security organization approved by the vessel's flag state. Ships operating without a valid certificate may be detained, expelled from, or refused entry at port until they obtain an ISSC. The new chapter imposes various detailed security obligations on vessels and port authorities, most of which are contained in the International Ship and Port Facilities Security Code, or ISPS Code. Among the various requirements are:

- on-board installation of automatic information systems, to enhance vessel-to-vessel and vessel-to-shore communications;
- on-board installation of ship security alert systems;
- the development of vessel security plans; and
- compliance with flag state security certification requirements.

The United States Coast Guard regulations, intended to align with international maritime security standards, exempt non-U.S. vessels from MTSA vessel security measures if such vessels have on board a valid International Ship Security Certificate, that attests to the vessel's compliance with the SOLAS Convention security requirements and the ISPS Code. Our existing vessels have implemented the various security measures addressed by the MTSA, the SOLAS Convention and the ISPS Code.

### ***Inspection by Classification Societies***

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 of the country of registry of the vessel and SOLAS. Most insurance underwriters make it a condition for insurance coverage and lending that a vessel be certified "in class" by a classification society which is a member of the International Association of Classification Societies, the IACS. The IACS has adopted harmonized Common Structural Rules, or "the Rules," which apply to oil tankers and bulk carriers contracted for construction on or after July 1, 2015. The Rules attempt to create a level of consistency between IACS Societies. All of our vessels are certified as being "in class" by all the applicable Classification Societies.

A vessel must undergo annual surveys, intermediate surveys, drydockings and special surveys. In lieu of a special survey, a vessel's machinery may be on a continuous survey cycle, under which the machinery would be surveyed periodically over a five-year period. Every vessel is also required to be drydocked every 30 to 36 months for inspection of the underwater parts of the vessel. If any vessel does not maintain its class and/or fails any annual survey, intermediate survey, drydocking or special survey, the vessel will be unable to carry cargo between ports and will be unemployable and uninsurable which could cause us to be in violation of certain covenants in our loan agreements. Any such inability to carry cargo or be employed, or any such violation of covenants, could have a material adverse impact on our financial condition and results of operations.

### ***Risk of Loss and Liability Insurance***

#### ***General***

The operation of any cargo vessel includes risks such as mechanical failure, physical damage, collision, property loss, cargo loss or damage and business interruption due to political circumstances in foreign countries, piracy incidents, hostilities and labor strikes. In addition, there is always an inherent possibility of marine disaster, including oil spills and other environmental mishaps, and the liabilities arising from owning and operating vessels in international trade. OPA, which imposes virtually unlimited liability upon shipowners, operators and bareboat charterers of any vessel trading in the exclusive economic zone of the United States for certain oil pollution accidents in the United States, has made liability insurance more expensive for shipowners and operators trading in the United States market. We carry insurance coverage as customary in the shipping industry. However, not all risks can be insured, specific claims may be rejected, and we might not be always able to obtain adequate insurance coverage at reasonable rates.

#### ***Hull & Machinery, Loss of Hire and War Risks Insurance***

We maintain marine hull and machinery, increased value and war risks insurances, which cover the risk of actual or constructive total loss, for all of our vessels. Our vessels are each covered up to at least fair market value, which we expect to assess at least annually, with certain deductibles per vessel per incident. We also maintain freight value coverage for each of our vessels under which in the event of total loss or constructive total loss of a vessel, we will be entitled to recover the lost anticipated long term income. As required by the terms of our credit facilities, we have assigned certain of our insurance policies to our lenders and will be subject to restrictions on our use of any proceeds therefrom.

We do not have loss-of-hire insurance covering the loss of revenue during extended off-hire periods. We evaluate obtaining such coverage on an ongoing basis, taking into account insurance market conditions and the employment of our vessels.

### **Protection and Indemnity Insurance**

Protection and indemnity insurance is provided by mutual protection and indemnity associations, or P&I associations, (“Clubs”) which insure our third-party and crew liabilities in connection with our shipping activities. Coverage includes third-party liability, crew liability and other related expenses resulting from the abandonment, injury or death of crew, and other third parties, the loss 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. Protection and indemnity insurance is a form of mutual indemnity insurance, extended by P&I associations. Subject to the limit for pollution discussed below, our coverage is virtually unlimited, but subject to the rules of the particular protection and indemnity insurer.

Our current protection and indemnity insurance coverage for pollution is up to \$1.0 billion per vessel per incident. The 13 Clubs that comprise the International Group insure approximately 90% of the world’s commercial blue-water tonnage and have entered into a pooling agreement to reinsure each association’s liabilities. The International Group of P&I Clubs maintain a Pool arrangement, which provides a mechanism for sharing all claims in excess of \$10.0 million up to, currently, \$100.0 million. The Clubs are collectively reinsured in the International Group Excess Loss Programme for \$3.0 billion, with an excess of \$100.0 million. The overall limit of coverage per vessel, per incident, is approximately \$7.0 billion. As members of Clubs which are members 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 shipping pool of Clubs comprising the International Group.

### **C. Organizational Structure**

Our holding company, Global Ship Lease, Inc., is a Marshall Islands corporation. Each of our vessels is owned by a separate wholly-owned subsidiary. 23 vessels are owned by companies incorporated in Marshall Islands; one of them is under sale and leaseback transaction and while the disponent owner is a Marshall Island company, its registered owner is a Hong Kong non GSL company. 42 vessels are owned by companies incorporated in Liberia; five of them are under sale and leaseback transactions and while the disponent owners are Liberian companies, their registered owners are Hong Kong non GSL companies. In addition, GSLS, a company incorporated in England and Wales and which is directly wholly owned by the holding company, and GSL Enterprises Ltd., a Marshall Islands corporation which has established a branch office in Greece pursuant to the provisions of art. 25 of Law 27/1975 (formerly law 89/1967), provide certain administrative services to the group.

A list of our subsidiaries and their respective countries of incorporation is provided as Exhibit 8.1 to this Annual Report on Form 20-F.

### **D. Property, Plants and Equipment**

Our only material properties are the vessels in our fleet, which are described in “Item 4. Information on the Company—B. Business Overview.” The vessels are affected by environmental and other regulations. See “Item 4. Information on the Company—B. Business Overview—Environmental and Other Regulations.” Certain of our vessels serve as security under our debt agreements. See “Item 5. Operating and Financial Review—B. Liquidity and Financial Resources—Indebtedness.” We do not own any real property.

#### **Item 4A. Unresolved Staff Comments**

Not applicable.

#### **Item 5. Operating and Financial Review and Prospects**

##### **A. Operating Results**

### **Management’s Discussion and Analysis of Financial Conditions and Results of Operations**

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes and the financial and other information included elsewhere in this Annual Report. The term consolidated financial statements refers to the consolidated financial statements of Global Ship Lease, Inc. and its subsidiaries. This discussion contains forward-looking statements based on assumptions about our future business. Our actual results will likely differ materially from those contained in the forward-looking statements. See “Cautionary Note Regarding Forward-Looking Statements” at the beginning of this Annual Report.*

## Overview

We are a containership owner, incorporated in the Marshall Islands. We commenced operations in December 2007 with a business of owning and chartering out containerships under fixed rate charters to container liner companies.

As of December 31, 2021, we owned 65 vessels, with a total capacity of 342,348 TEU with an average age, weighted by TEU capacity, of 14.9 years.

We have entered into ship management agreements with third-party ship managers for the day-to-day technical and commercial management of our current fleet of vessels. See “Item 4. Information on the Company—B. Business Overview—Management of Our Fleet” for a more detailed description of our ship management agreements.

Our financial results are largely driven by the following factors:

- the continued performance of the charter agreements;
- the number of vessels in our fleet and their charter rates;
- the terms under which we recharter our vessels once the existing time charters have expired;
- the number of days that our vessels are utilized and not subject to drydocking, special surveys or otherwise are off-hire;
- our ability to control our costs, including ship operating costs, ship management fees, insurance costs, drydock costs, general, administrative and other expenses and interest and financing costs. Ship operating costs may vary from month to month depending on a number of factors, including the timing of purchases of spares and stores and of crew changes;
- impairment of our vessels and other non-current assets; and
- access to, and the pricing and other terms of, our financing arrangements.

As at December 31, 2021 and as adjusted to include new charters agreed through March 10, 2022, the average remaining term of our charters at December 31, 2021, to the mid-point of redelivery, including options under our control, was 2.6 years on a TEU-weighted basis. The time charters for one of our 65 containerships either have expired or could expire before the end of the first half of 2022, and a further nine vessels have charters that could expire during the second half of 2022. The charter rate that we will be able to achieve on renewal will be affected by market conditions at that time. As discussed further below, operational matters such as off-hire days for planned maintenance or for unexpected accidents and incidents also affect the actual amount of revenues we receive.

The container shipping industry suffered a cyclical downturn as a result of the Global Financial Crisis in 2008—2009 and many container shipping companies reported substantial losses. Financial performance of container shipping companies subsequently improved however, the industry remained under pressure due to oversupply of container ship capacity. 2020 saw a substantial downturn, triggered by the global COVID-19 pandemic. However, the industry has recovered markedly, commencing late 2020 with volumes, freight rates, charter rates and vessel values all increasing substantially. Charter payments have been received on a timely basis and, as of December 31, 2021, charterhire was up-to-date. If our charterers are unable to make charter payments to us, our results of operations and financial condition will be materially adversely affected. If our existing charters with our charterers were terminated and we were required to recharter at lower rates or if we were unable to find new charters due to market conditions, our results of operations and financial condition would be materially adversely affected.

**Selected Financial Information and Other Data**

The following table sets forth our selected consolidated financial and other data as of and for the years ended December 31, 2021, 2020, 2019, 2018 and 2017. Consolidated financial data is derived from our audited consolidated financial statements which have been prepared in accordance with United States generally accepted accounting principles (“U.S. GAAP”). Our audited consolidated statements of income and statements of cash flows for the years ended December 31, 2021, 2020 and 2019 and our audited consolidated balance sheets as of December 31, 2021 and 2020, together with the notes thereto, are included in this Annual Report. Our audited consolidated statements of income and cash flows for the years ended December 31, 2018 and 2017 and our audited consolidated balance sheets as of December 31, 2019, 2018, and 2017, and the notes thereto, are not included herein.

	2021	2020	2019	2018 <sup>(1)</sup>	2017
	(Expressed in millions of U.S. dollars, except for per share data)				
<b>Statement of Income</b>					
<b>Operating revenues:</b>					
Time charter revenue	\$ 448.0	\$ 282.8	\$ 261.1	\$ 157.1	\$ 159.3
<b>Operating expenses:</b>					
Vessel operating expenses	(130.3)	(102.8)	(87.8)	(49.3)	(42.7)
Time charter and voyage expenses	(13.1)	(11.2)	(9.0)	(1.6)	(1.0)
Depreciation and amortization	(61.6)	(47.0)	(43.9)	(35.5)	(38.0)
General and administrative expenses	(13.2)	(8.4)	(8.8)	(9.2)	(5.4)
Impairment of vessels	—	(8.5)	—	(71.8)	(87.6)
Gain/(Loss) on sale of vessels	7.8	(0.2)	—	—	—
<b>Total operating expenses</b>	<b>(210.4)</b>	<b>(178.1)</b>	<b>(149.5)</b>	<b>(167.4)</b>	<b>(174.)</b>
<b>Operating Income / (Loss)</b>	<b>237.6</b>	<b>104.7</b>	<b>111.6</b>	<b>(10.3)</b>	<b>(15.)</b>
<b>Non-operating income/(expenses)</b>					
Interest income	0.4	1.0	1.8	1.4	0.5
Interest and other finance expenses	(69.2)	(65.4)	(75.0)	(48.7)	(59.4)
Other income, net	2.8	1.3	1.5	0.3	0.1
<b>Income / (Loss) before income taxes</b>	<b>171.6</b>	<b>41.6</b>	<b>39.9</b>	<b>(57.3)</b>	<b>(74.2)</b>
Income taxes	(0.1)	(0.0)	(0.0)	0.0	(0.0)
<b>Net Income / (Loss)</b>	<b>171.5</b>	<b>41.6</b>	<b>39.9</b>	<b>(57.3)</b>	<b>(74.2)</b>
Earnings allocated to Series B Preferred Shares	(8.3)	(4.0)	(3.1)	(3.1)	(3.1)
<b>Net Income / (Loss) available to common shareholders <sup>(2)</sup></b>	<b>163.2</b>	<b>37.6</b>	<b>36.8</b>	<b>(60.4)</b>	<b>(77.3)</b>
Net Earnings / (Loss) per Class A common share in \$					
Basic	4.65	1.23	1.48	(7.42)	(12.89)
Diluted	4.60	1.22	1.48	(7.42)	(12.89)
Weighted average number of Class A common shares outstanding					
Basic in millions	35.1	17.7	11.9	6.5	6.0
Diluted in millions	35.5	17.8	11.9	6.5	6.0
Net income per Class B common share in \$					
Basic and diluted	Nil	Nil	Nil	Nil	Nil
Weighted average number of Class B common shares outstanding					
Basic and diluted in millions	Nil	Nil	Nil	0.9	0.9
Dividend per Class A common share in \$					
	27.9	—	—	—	—
<b>Statement of cash flow</b>					
Net cash provided by Operating Activities	263.9	104.4	93.3	47.7	66.9
Net cash (used in)/provided by Investing Activities	(482.2)	(39.6)	(99.9)	24.3	(4.9)
Net cash provided by/(used in) Financing Activities	321.6	(120.1)	64.1	(55.2)	(42.9)

	2021	2020	2019	2018 <sup>(1)</sup>	2017
	(Expressed in millions of U.S. dollars, except for per share data)				
<b>Balance sheet data (at year end)</b>					
Total current assets	143.4	98.6	161.9	99.0	77.4
Vessels in operation	1,682.8	1,140.6	1,155.6	1,112.8	586.5
Total assets	1,994.1	1,274.2	1,351.8	1,233.5	675.9
Debt (current and non-current portion), net	1,070.5	769.5	896.9	877.2	398.5
Class B and C Preferred Shares	—	—	—	—	—
Class A and B common shares	0.4	0.2	0.2	0.1	0.1
Shareholders' equity	712.6	464.7	406.4	316.4	251.6
<b>Other data</b>					
Number of vessels in operation at year end	65	43	43	38	18
Ownership days	19,427	16,044	14,326	7,675	6,570
Utilization	94.3%	93.0%	94.4%	98.7%	98.4%

- (1) On November 15, 2018, we completed the Poseidon Transaction. The consideration given was 3,005,603 Class A common shares and 250,000 Series C perpetual convertible preferred shares of par value \$0.01 (the "Series C Preferred Shares"). On January 20, 2021, all 250,000 Series C Preferred Shares were converted into an aggregate of 12,955,188 Class A common shares.
- (2) On January 2, 2019, as a consequence of the completion of the Poseidon Transaction, all of our issued and outstanding Class B common shares converted one-for-one into Class A common shares. On March 25, 2019, we effected a one-for-eight reverse stock split of our Class A common shares, which our shareholders authorized at our special meeting of shareholders held on March 20, 2019. There was no change to the par value of our Class A common shares in connection with the reverse stock split. All share and per share amounts disclosed in this Annual Report give effect to the reverse stock split retroactively, for all periods presented.

## Results of Operations

### Year ended December 31, 2021 compared to Year ended December 31, 2020

	Year ended December 31,	
	2021	2020
	(in millions of U.S. dollars)	
<b>Operating Revenues</b>	\$ 448.0	\$ 282.8
Time charter revenue		
<b>Operating Expenses</b>		
Vessel operating expenses	(130.3)	(102.8)
Time charter and voyage expenses	(13.1)	(11.2)
Depreciation and amortization	(61.6)	(47.0)
Impairment of vessels	-	(8.5)
General and administrative expenses	(13.2)	(8.4)
Gain/(loss) on sale of vessels	7.8	(0.2)
Total operating expenses	(210.4)	(178.1)
<b>Operating Income</b>	<b>237.6</b>	<b>104.7</b>
<b>Non-Operating Income / (Expenses)</b>		
Interest income	0.4	1.0
Interest and other finance expenses	(69.2)	(65.4)
Other income, net	2.8	1.3
Income taxes	(0.1)	(0.0)
<b>Net Income</b>	<b>171.5</b>	<b>41.6</b>
Earnings allocated to Series B Preferred Shares	(8.3)	(4.0)
<b>Net Income available to Common Shareholders</b>	<b>\$ 163.2</b>	<b>\$ 37.6</b>

### Operating Revenues

Operating revenues reflect income under fixed rate time charters and were \$448.0 million in the year ended December 31, 2021, an increase of \$165.2 million, or 58.4%, from operating revenues of \$282.8 million for 2020. The increase is principally due to (i) a 21.1% increase in ownership days, due to the net acquisition of 22 vessels in 2021, resulting in 19,427 ownership days in 2021, compared to 16,044 in 2020, (ii) increased revenue on charter renewals at higher rates on 15 vessels since the beginning of 2021 and the full year effect of four charter renewals at higher rates effective in 2020, (iii) \$45.4 million credit from amortization of intangible liabilities arising on below-market charters attached to vessels, and (iv) \$16.3 million due to the modification of time charter contracts with a direct continuation at a different rate with the same charterer, offset by an increase in unplanned offhire days from 95 in 2020 to 260 days in 2021 and an increase in planned offhire days from 687 in 2020 to 752 in 2021.

There were 1,100 days offhire through the year, including 752 days for 11 planned vessel upgrades, 11 completed regulatory drydockings and four in progress as at December 31, 2021. Utilization for 2021 was 94.3%. In 2020, utilization was 93.0%.

### **Total Operating Expenses**

Total Operating Expenses totaled \$210.4 million (or 47.0% of operating revenues). Operating expenses totaled \$178.1 million for the year ended December 31, 2020 (or 63.0% of operating revenues).

Total Operating expenses can be analyzed as follows:

- *Vessel operating expenses:* Vessel operating expenses, which relate to the operation of the vessels themselves, were \$130.3 million for the year ended December 31, 2021 (or 29.0% of operating revenues) compared to \$102.8 million for the year ended December 31, 2020 (or 36.4% of operating revenues). Ownership days in 2021 were 19,427, up 21.1% on 16,044 of 2020. The increase is mainly due to the net increase of 22 vessels since January 1, 2021. The average cost per ownership day was \$6,707, up \$297, (or 4.6%), from \$6,410 for 2020.
- *Time Charter and voyage expenses:* Time charter and voyage expenses, which comprise mainly commission paid to ship brokers, the cost of bunker fuel for owner's account when a ship is offhire or idle and miscellaneous costs associated with a ship's voyage for the owner's account, were \$13.1 million for the year ended December 31, 2021 (or 2.9% of operating revenues) compared to \$11.1 million for the year ended December 31, 2020 (or 3.9% of operating revenues). The increase was mainly due to the net increase of 22 vessels since January 1, 2021. The average cost per ownership day was \$674, down \$21, (or 3.0%), from \$695 for 2020
- *Depreciation and Amortization:* Depreciation and Amortization was \$61.6 million (or 13.7% of operating revenues) for the year ended December 31, 2021, up from \$47.0 million (or 16.6% of operating revenues) in 2020. The increase was mainly due to the net increase of 22 vessels since January 1, 2021.
- *Impairment of Vessels-Gain/(loss) on sale of vessels:* The 2001-built, 2,272 TEU containership, La Tour, was sold on June 30, 2021 for net proceeds of \$16.5 million resulting in a gain of \$7.8 million. As at December 31, 2021, there were no events or changes in circumstances which indicated that the carrying amounts of any of our vessels may not be recoverable and therefore no impairment was charged. As of March 31, 2020, we had an expectation that the 1999-built, 2,200 TEU feeder ships, GSL Matisse and Utrillo, would be sold before the end of their previously estimated useful life, and as a result performed an impairment test of these two asset groups and an impairment charge of \$7.6 million was recognized. An additional impairment charge of \$0.9 million was recognized on these two vessels in the three months ended June 30, 2020 for a total of \$8.5 million in the year ended December 31, 2020. The two vessels were sold in July 2020.
- *General and administrative:* General and administrative expenses were \$13.2 million (or 2.9% of operating revenues) in the year ended December 31, 2021, and were \$8.4 million (or 3.0% of operating revenues) for 2020. The increase was mainly due to social tax costs related to vesting of certain senior management stock awards, the effect in share based compensation expense from a new stock award plan agreed in July 2021 and increased cost of D&O insurance. The average cost per ownership day was \$682 for the year ended December 31, 2021, up \$162, compared to \$520 per day for the year ended December 31, 2020.

### **Operating Income**

As a consequence of all preceding items, operating income was \$237.6 million for the year ended December 31, 2021 compared to an operating income of \$104.7 million for the year ended December 31, 2020.

### **Interest Income**

Interest income earned on cash balances for the year ended December 31, 2021 was \$0.4 million compared to \$1.0 million for the year ended December 31, 2020 with the decrease being mainly due to lower deposit rates.

### **Interest and other finance expenses**

Interest and other finance expenses for the year ended December 31, 2021 were \$69.2 million, an increase of \$3.8 million, or 5.8%, on the interest and other finance expenses for the comparative period, of \$65.4 million, although total debt increased by a net amount of \$303.7 million year on year or 38.8%. The increase was mainly due to \$5.8 million premium paid on the redemption in full of our 2022 Notes in January 2021 compared to \$2.8 million premium paid on the redemption of \$74.0 million of the 2022 Notes in 2020, the associated non-cash write off of deferred financing charges of \$3.7 million and of original issue discount of \$1.1 million, a prepayment fee of \$1.6 million paid on the partial repayment of our Blue Ocean Junior Credit Facility, the prepayment fee of \$1.4 million paid on the repayment and completion of the refinancing of our Odyssea Credit Facilities and interest on new loans with Hamburg Commercial Bank AG ("HCOB") and new sale and leaseback agreements with Neptune and CMBFL, all for vessel additions, offset by a decrease in our blended cost of debt from approximately 6.3% for 2020 to 4.5% for 2021, as a result of our refinancing activities.

**Other income, net**

Other operating income, net represents miscellaneous revenue mainly from sundry recharges to charterers under our time charters. In the year ended December 31, 2021, other operating income, net was \$2.8 million, up from \$1.3 million in 2020.

**Income Taxes**

Income taxes for the years ended December 31, 2021 and 2020 were not material as our vessel owning subsidiaries were subject to taxation based on tonnage rather than profits.

**Net Income**

For the year ended December 31, 2021, net income was \$171.5 million, compared to a net income of \$41.6 million for the year ended December 31, 2020.

**Earnings Allocated to Series B Preferred Shares**

The dividends payable on the \$109.0 million of Series B Preferred Shares outstanding as at December 31, 2021, are presented as a reduction of net income, as and when declared by the Board of Directors. These dividends totaled \$8.3 million and \$4.0 million for each of the years ended December 31, 2021 and 2020, respectively.

**Net Income Available to Common Shareholders**

Net income available to common shareholders for the year ended December 31, 2021 was \$163.2 million, compared to a net income available to common shareholders of \$37.6 million for the year ended December 31, 2020.

**Year ended December 31, 2020 compared to Year ended December 31, 2019**

For a discussion of our results for the year ended December 31, 2020 compared to the year ended December 31, 2019, please see “Item 5. Operating and Financial Review and Prospects—A. Operating Results—Results of Operations—Year Ended December 31, 2020 Compared to the Year Ended December 31, 2019” contained in our Annual Report on Form 20-F for the year ended December 31, 2020, filed with the SEC on March 19, 2021.

**B. Liquidity and Capital Resources**

**Liquidity, working capital and dividends**

**Overview**

Our net cash flow from operating activities derives from revenue received under our charter contracts, which varies directly with the number of vessels under charter, days on-hire and charter rates, less operating expenses including crew costs, lubricating oil costs, costs of repairs and maintenance, insurance premiums, general and administrative expenses, interest and other financing costs. In addition, each of our vessels is subject to a drydock approximately every five years. 11 drydockings were completed in 2021 for regulatory reasons and 11 vessel upgrades were completed, the total cost of which, excluding the effect of the associated 752 days of offhire, was \$28.3 million. Nine drydockings were completed in 2020 for regulatory reasons and 11 for vessel upgrades, the total cost of which, excluding the effect of the associated 687 days of offhire, was \$26.6 million. The average cost of the 20 drydockings completed on vessels in the current fleet between January 2020 and December 2021 was \$1.6 million with an average loss of revenue of \$0.8 million while the relevant vessel was offhire. The average cost for vessel upgrades due to commercial reasons was \$0.4 million.

We have included a schedule of the next anticipated drydocking date for each of our vessels in “Item 4. Information on the Company—B. Business—Inspection by Classification Societies.” In future years there will be incremental costs for compliance with ballast water management regulations and with emission control regulations should we decide, in conjunction with our relevant charter, to retrofit scrubbers on our vessels. See “Item 4. Information on the Company—B. Business—Environmental and Other Regulations.”

The main factor affecting cash flow in a period is the timing of the receipt of charterhire, which is due to be paid two weeks or one month in advance, proceeds from any asset sales, costs of any asset purchases, the payments for costs of drydockings and vessel upgrades, the timing of the payment of interest, which is mainly quarterly, amortization of our debt including the 2024 Notes, financings and refinancings, purchases of our Class A common shares, for which the Board of Directors authorized \$40.0 million in March 2022, and dividends paid on our Class A common shares and Series B Preferred Shares.

At December 31, 2021, we had \$1,085.6 million of debt outstanding, consisting of \$117.5 million under our 2024 Notes which carry interest at the fixed rate of 8.00%, \$789.7 million under our other credit facilities and \$178.4 million under sale and leaseback financing transactions which have floating interest rates at LIBOR plus a weighted average margin of approximately 4.05%. Assuming LIBOR of 0.75%, quarterly interest on total gross debt at December 31, 2021, without taking into account amortization or any interest rate hedges, would amount to approximately \$14.3 million.

Our credit facilities require that we maintain \$20.0 million minimum liquidity at each quarter end on group basis.

We intend to declare and make quarterly dividend payments amounting to approximately \$2.4 million per quarter on our Series B Preferred Shares on a perpetual basis and in accordance with the Certificate of Designation governing the terms of our Series B Preferred Shares, based on the amount outstanding as of December 31, 2021. Finally, we may, in the discretion of our Board of Directors, declare and pay dividends on our common shares, subject to, among other things, any applicable restrictions contained in our current and future agreements governing our indebtedness, including our credit facilities, and available cash flow. We paid dividends of \$0.25 per Class A common share for the first, second, third and fourth quarter of 2021 and we have announced that from first quarter of 2022 the dividend will increase by 50% to \$0.375 per Class A common share per quarter.

Other than costs for drydockings and compliance with environmental regulations, there are no other current material commitments for capital expenditures or other known and reasonably likely material cash requirements other than in respect of our growth strategy.

All our revenues are denominated in U.S. dollars and a portion of our expenses are denominated in currencies other than U.S. dollars. As of December 31, 2021, we had \$203.5 million in cash and cash equivalents, including restricted cash and time deposits. Our cash and cash equivalents are mainly held in U.S. dollars, with relatively small amounts of UK pounds sterling and Euros. We regularly review the amount of cash and cash equivalents held in different jurisdictions to determine the amounts necessary to fund our operations and their growth initiatives and amounts needed to service our indebtedness and related obligations. If these amounts are moved out of their original jurisdictions, we may be subject to taxation.

Due to our charter coverage and nature of our operating and financial costs, our cashflows are predictable and visible, at least in the near to medium term. We have policies in place to control treasury activities within the group. For example, all new funding must be approved by our Board of Directors, and cash deposits can only be made with institutions meeting certain credit metrics and up to predetermined limits by institution.

Our floating rate debt is represented by drawings under a number of secured credit facilities. In December 2021, we entered into a USD one-month LIBOR interest rate cap of 0.75% through fourth quarter of 2026 on \$484.1 million of floating rate debt and in February 2022 we entered into a USD one-month LIBOR interest rate cap of 0.75% through fourth quarter of 2026 on \$507.9 million of floating rate debt to hedge our cash flows. We would not enter into derivatives for trading or speculative purposes.

The table below shows our consolidated cash flows for each of the years ended December 31, 2021, 2020 and 2019:

	Year ended December 31,		
	2021	2020	2019
	(in millions of U.S. dollars)		
<b>Cash flows from operating activities</b>			
Net income	\$ 171.5	\$ 41.6	\$ 39.8
<b>Adjustments to reconcile net income to net cash provided by operating activities</b>			
Depreciation and amortization	61.6	47.0	43.9
Impairment of vessels	—	8.5	—
(Gain)/loss on sale of vessels	(7.8)	0.2	—
Amortization of deferred financing costs	8.3	4.1	3.1
Amortization of original issue discount/premium on repurchase of notes	8.6	3.3	1.1
Amortization of intangible assets/liabilities-charter agreements	(45.4)	(0.5)	1.9
Share based compensation	3.5	2.0	1.7
Movement in working capital	63.6	(1.8)	1.8
<b>Net cash provided by operating activities</b>	<b>263.9</b>	<b>104.4</b>	<b>93.3</b>
<b>Cash flows from investing activities</b>			
Acquisition of vessels	(463.7)	(23.1)	(73.0)
Net proceeds from sale of vessels	16.5	6.9	—
Cash paid for vessel expenditures	(4.6)	(4.1)	(9.5)
Advances for vessel acquisitions and other additions	(3.3)	(4.5)	(9.2)
Cash paid for drydockings	(19.2)	(14.8)	(7.4)
Time deposits acquired	(7.9)	—	—
Cash acquired from Poseidon Transaction, net of capitalized expenses	—	—	(0.8)
<b>Net cash used in investing activities</b>	<b>(482.2)</b>	<b>(39.6)</b>	<b>(99.9)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of 2024 Notes	22.7	20.1	39.8
Deferred financing costs paid	(13.8)	(1.2)	(7.9)
Repayment of refinanced debt	(149.6)	(44.4)	(262.8)
Repurchase of 2022 Notes, including premium	(239.2)	(92.0)	(17.6)
Proceeds from drawdown of credit facilities and sale and leaseback	744.5	47.0	327.5
Repayment of credit facilities and sale and leaseback	(115.5)	(64.3)	(63.5)
Net proceeds from offering of Class A common shares, net of offering costs	67.5	—	50.7
Retirement of Class A common shares	(10.0)	—	—
Proceeds from offering of Series B preferred shares, net of offering costs	51.2	18.7	1.0
Class A common shares-dividend paid	(27.9)	—	—
Series B preferred shares – dividends paid	(8.3)	(4.0)	(3.1)
<b>Net cash provided by/(used in) financing activities</b>	<b>321.6</b>	<b>(120.1)</b>	<b>64.1</b>
<b>Net increase/(decrease) in cash and cash equivalents and restricted cash</b>	<b>103.3</b>	<b>(55.3)</b>	<b>57.5</b>
<b>Cash and cash equivalents and restricted cash at beginning of the year</b>	<b>92.3</b>	<b>147.6</b>	<b>90.1</b>
<b>Cash and cash equivalents and restricted cash at end of the year</b>	<b>\$ 195.6</b>	<b>\$ 92.3</b>	<b>\$ 147.6</b>

**Year ended December 31, 2021 compared to Year ended December 31, 2020**

Net cash provided by operating activities was \$263.9 million for the year ended December 31, 2021 reflecting mainly net income of \$171.5 million, adjusted for depreciation and amortization of \$61.6 million, gain on sale of vessels of \$7.8 million, amortization of deferred financing costs and original issue discount of \$16.9 million, amortization of intangible liabilities of \$45.4 million, share-based compensation of \$3.5 million, plus movements in working capital, including deferred revenue, of \$63.6 million.

Net cash provided by operating activities for the year ended December 31, 2021 at \$263.9 million was \$159.5 million higher than in 2020 mainly due to net income up by \$129.9 million, \$14.6 million increase in depreciation and amortization expense as a consequence of the net acquisition of 22 vessels in 2021, movement in working capital \$65.4 million higher in 2021 mainly due to increase in deferred revenue, offset by \$45.9 million increase in amortization of intangible liabilities arising on below-market charters attached to vessel additions and \$7.8 million gain on sale of vessels.

Net cash used in investing activities for the year ended December 31, 2021 was \$482.2 million, including \$463.7 million for the purchase of 23 ships, 7.9 million vessel additions and other advances, \$19.2 million paid for drydockings, \$7.9 million cash in time deposits acquired and \$16.5 million proceeds from sale of one vessel.

Net cash used in investing activities for the year ended December 31, 2020 was \$39.6 million, including \$23.1 million for the purchase of two ships, \$8.6 million vessel additions and other advances, \$14.8 million paid for drydockings and \$6.9 million proceeds from sale of two vessels.

Net cash provided by financing activities for the year ended December 31, 2021 was \$321.6 million, including \$22.7 million net proceeds from issuing our 2024 Notes under our ATM program, \$744.5 million drawdown of new credit facilities, \$51.2 million net proceeds from issuing Series B Preferred Shares under our ATM program, \$67.5 million net proceeds from issuance of Class A common shares, \$10.0 million purchase and retirement of 521,650 Class A common shares, offset by \$239.2 million used for the full optional redemption of our outstanding expensive 2022 Notes, \$115.5 million repayment of credit facilities, \$149.6 million repayment of refinanced debt, \$13.8 million deferred financing costs paid, \$8.3 million dividends paid on our Series B Preferred Shares and \$27.9 million dividends paid on our Class A common shares.

Net cash used in financing activities for the year ended December 31, 2020 was \$120.1 million, including \$20.1 million net proceeds from issuing our 2024 Notes under our ATM program, \$47.0 million drawdown of new credit facilities, \$18.7 million net proceeds from issuing Series B Preferred Shares under our ATM program offset by \$92.0 million purchase of our 2022 Notes under the mandatory annual offer plus the optional redemption in February 2020, \$64.3 million amortization of credit facilities, \$44.4 million repayment of refinanced debt, \$1.2 million deferred financing costs paid and \$4.0 million dividends paid on our Series B Preferred Shares.

Overall, there was a net increase in cash and cash equivalents and restricted cash of \$103.3 million in the year ended December 31, 2021, resulting in closing cash and cash equivalents and restricted cash of \$195.6 million compared to closing cash and cash equivalents and restricted cash of \$92.3 million at December 31, 2020.

**Year ended December 31, 2020 compared to Year ended December 31, 2019**

For a discussion of our liquidity and capital resources for the year ended December 31, 2020 compared to the year ended December 31, 2019, please see “Item 5. Operating and Financial Review and Prospects-B. Liquidity and Capital Resources-Liquidity, working capital and dividends-Year Ended December 31, 2020 Compared to Year Ended December 31, 2019” contained in our Annual Report on Form 20-F for the year ended December 31, 2020, filed with the SEC on March 19, 2021.

Our indebtedness as of December 31, 2021 comprised:

Facility	\$ million	Collateral vessels	Interest Rate	Final maturity date
Chalease Credit Facility	5.6	Maira, Nikolas, Newyorker	LIBOR plus 4.2%	March 2025
Sinopac Credit Facility	11.6	GSL Valerie	LIBOR plus 3.25%	September 2026
Deutsche Credit Facility	49.3	UASC Al Khor	LIBOR plus 3.25%	April 2026
CACIB, CTBC, Sinopac Credit Facility	49.2	Maira XL	LIBOR plus 2.75%	April 2026
Hellenic Credit Facility	8.5	GSL Eleni	LIBOR plus 3.90%	May 2024
	8.4	GSL Grania		September 2024
	8.8	GSL Kalliopi		October 2024
	16.0	GSL Vinia, GSL Christel Elisabeth		December 2024
Syndicated Senior Secured Credit Facility (CACIB, ABN, First-Citizens & Trust Company, Siemens, CTBC, Sinopac, Palatine) <sup>(1)</sup>	213.2	Orca I, Katherine, Dolphin II, Athena, Kristina, Agios Dimitrios, Alexandra, Alexis, Olivia I, Mary	LIBOR plus 3.00%	September 2024
Blue Ocean Junior Credit Facility <sup>(2)</sup>	26.2	Orca I, Katherine, Dolphin II, Athena, Kristina, Agios Dimitrios, Alexandra, Alexis, Olivia I	10.00%	September 2024
HCOB Credit Facility	28.1	GSL Arcadia, GSL Maria, GSL Dorothea	LIBOR plus 3.5%	April 2025
	18.7	GSL Melita, GSL Tegea		May 2025
	10.0	GSL MYNY		July 2025

Facility	\$ million	Collateral vessels	Interest Rate	Final maturity date
HCOB, CACIB, ESUN, CTBC, Taishin Credit Facility	132.0	GSL Susan, GSL Mercer, Matson Molokai, GSL Lalo, GSL Amstel, tbr GSL Chloe, GSL Alice, GSL Melina, GSL Eleftheria, GSL Elizabeth, GSL Maren, GSL Rossi	LIBOR plus 3.25%	July 2026
CMBFL Finance Lease	50.0	Anthea Y	LIBOR plus 3.25%	May 2028
CMBFL Finance Lease	85.2	GSL Tripoli, GSL Tinos, GSL Syros	LIBOR plus 3.25%	September 2027
CMBFL Finance Lease	30.0	GSL Kithira	LIBOR plus 3.25%	October 2027
Neptune Finance Lease	13.2	GSL Violetta	LIBOR plus 4.64%	February 2026
New Hayfin Credit Facility	204.1	GSL Fleet (20 vessels)	LIBOR plus 7.00%	January 2026
2024 Notes	117.5	(Unsecured)	8.00%	December 2024
<b>TOTAL</b>	<b>1,085.6</b>			

(1) Refinanced in January 2022.

(2) Repaid in January 2022.

## Notes

### 8.00% Senior Unsecured Notes due 2024

On November 19, 2019, we issued \$27.5 million aggregate principal amount of 8.00% Senior Unsecured Notes due 2024 (the “2024 Notes”) in an underwritten public offering. On November 27, 2019, we issued an additional \$4.1 million aggregate principal amount of 2024 Notes pursuant the underwriters’ exercise of their option to purchase such additional 2024 Notes.

On November 27, 2019, we entered into an “At Market Issuance Sales Agreement” with B. Riley FBR, Inc. (the “Agent”) pursuant to which we may sell, from time to time, up to an additional \$68.0 million of 2024 Notes (the “2024 Notes ATM Program”). As of December 31, 2021, we had issued and sold approximately \$50.9 million aggregate principal amount of 2024 Notes under the 2024 Notes ATM Program.

In July 2021, we agreed to purchase the Borealis Fleet for an aggregate purchase price of \$233.9 million, part of which was financed by the issuance of \$35.0 million of 2024 Notes to the sellers.

Interest on the 2024 Notes is payable on the last day of February, May, August and November of each year commencing on February 29, 2020 and the 2024 Notes have a maturity date of December 31, 2024.

We have the option to redeem the 2024 Notes for cash, in whole or in part, at any time (i) on or after December 31, 2021 and prior to December 31, 2022, at a price equal to 102% of the principal amount, (ii) on or after December 31, 2022 and prior to December 31, 2023, at a price equal to 101% of the principal amount and (iii) on or after December 31, 2023 and prior to maturity, at a price equal to 100% of the principal amount.

As of December 31, 2021, the total outstanding aggregate principal amount of the 2024 Notes was \$117.5 million.

### 9.875% First Priority Secured Notes due 2022

On October 31, 2017, we issued and sold \$360.0 million in aggregate principal amount of our 2022 Notes which were scheduled to mature on November 15, 2022. Proceeds after the deduction of the original issue discount, but before expenses, amounted to \$356.4 million. The 2022 Notes were fully redeemed in January 2021, as discussed below.

Interest on the 2022 Notes was payable semi-annually on May 15 and November 15 of each year, commencing on May 15, 2018. As at December 31, 2020 and December 31, 2019 the 2022 Notes were secured by first priority vessel mortgages on the 16 and 18 vessels, respectively, in the GSL Fleet and by assignments of earnings and insurances, pledges over certain bank accounts, as well as share pledges over each subsidiary owning a vessel securing the 2022 Notes. In addition, the 2022 Notes were fully and unconditionally guaranteed, jointly and severally, by 16 and 18 of our vessel owning subsidiaries as of December 31, 2020 and 2019, respectively, and Global Ship Lease Services Limited.

We were required to have a minimum cash balance of \$20.0 million on each test date, being March 31, June 30, September 30 and December 31 in each year. The original issue discount was being amortized on an effective interest rate basis over the life of the 2022 Notes. We were required to repay \$40.0 million each year for the first three years and \$35.0 million thereafter, across both the 2022 Notes and the Citi Credit Facility. The Citi Credit Facility had minimum fixed amortization whereas as long as amounts were outstanding thereunder, amortization of the 2022 Notes is at the option of the noteholders, who could accept or reject an annual tender offer we were obliged to make.

In December 2018, the tender offer was accepted in full and we repurchased \$20.0 million of the 2022 Notes at a purchase price of 102%. In December 2019, the tender offer of \$20.0 million was partially accepted by the noteholders and we repurchased \$17.3 million principal amount of the 2022 Notes at a purchase price of 102%. The balance of the offer of \$2.7 million was applied to repay the Citi Credit Facility at par. The Citi Credit Facility was fully repaid on October 31, 2020, consequently on December 3, 2020, we mandatorily redeemed \$28.0 million aggregate principal amount of the 2022 Notes at a redemption price of \$28.6 million (representing 102.0% of the aggregate principal amount redeemed) plus accrued and unpaid interest.

On February 10, 2020, we completed an optional redemption of \$46.0 million aggregate principal amount of our 2022 Notes at a redemption price of \$48.3 million (representing 104.938% of the aggregate principal amount redeemed) plus accrued and unpaid interest. During the year ended December 31, 2020, we also repurchased \$15.3 million of aggregate principal amount of 2022 Notes in the open market at a weighted average price of 98.98% of the aggregate principal amount.

The aggregate principal amount outstanding at December 31, 2020 was \$233.4 million. On January 20, 2021, we optionally redeemed, in full, \$233.4 million aggregate principal amount of 2022 Notes, representing all such 2022 Notes outstanding, using the proceeds we received from the New Hayfin Facility and cash on hand, at a redemption price of \$239.2 million (representing 102.469% of the aggregate principal amount of notes redeemed) plus accrued and unpaid interest.

## **Credit Facilities**

### ***\$65.0 million Hayfin Credit Facility***

On September 7, 2018, we entered into a facility agreement with Hayfin Services LLP (the “Lenders”) which provided for a secured term loan facility of up to \$65.0 million. The Hayfin Credit Facility was to be borrowed in tranches and was to be used in connection with the acquisition of vessels as specified in the Hayfin Credit Facility or as otherwise agreed with the Lenders. An initial tranche of \$8.1 million was drawn on September 10, 2018 in connection with the acquisition of GSL Valerie. The Hayfin Credit Facility, which is non-amortizing, was available for drawing until May 10, 2019 and had a final maturity date of July 16, 2022. A commitment fee of 2.0% per annum was due on the undrawn commitments until May 10, 2019 when the availability period was terminated.

Outstanding amounts under the Hayfin Credit Facility were secured by first priority vessel mortgage on the acquired vessel and by assignments of earnings and insurances, pledges over certain bank accounts, as well as share pledges over the subsidiary owning the vessel. In addition, the Hayfin Credit Facility was fully and unconditionally guaranteed, jointly and severally, by the Company, GSL Holdings, Inc. and the Facility Mortgaged vessel owning subsidiaries.

On August 27, 2021, the Hayfin Credit Facility was cancelled, having been fully repaid with proceeds from a new secured credit facility amounting to \$12.0 million with Bank SINOPAC CO. LTD (“Bank Sinopac”).

### ***\$180.5 million Deutsche, First-Citizens & Trust Company, HCOB, Entrust, Blue Ocean Credit Facility***

In connection with the Poseidon Transaction, we assumed debt outstanding of \$180.5 million relating to the vessels UASC Al Khor, Maira XL and Anthea Y provided by Deutsche Bank AG. The agreement was dated November 9, 2018, with initial drawdown amount of \$180.5 million and final maturity of June 30, 2022.

On December 31, 2018, we entered into a deed of amendment and restatement with the bank. Based on this restatement there was a re-tranche of the facility such that it was split into a senior facility in an amount of \$141.9 million (“Senior Facility”) and a junior facility in an amount of \$38.6 million (“Entrust, Blue Ocean Junior Facility”). The lenders of the Senior Facility were Deutsche Bank AG, HCOB and First-Citizens & Trust Company and the lenders of the Blue Ocean Junior Facility were Blue Ocean GP LLC, Blue Ocean Income Fund LP, Blue Ocean Onshore Fund LP, Entrustpermal ICAV, Blue Ocean Investments SPC one and Blue Ocean Investments SPC for three. The final maturity of both Facilities (Senior and Blue Ocean Junior) was June 30, 2022. In addition to the repayment schedule, a cash sweep mechanism based on a DSCR ratio of 1.10:1 (DSCR ratio is the ratio of Cash Flow to the Cash Flow Debt Service) would apply pro rata against the Senior Facility and the Blue Ocean Junior Facility.

#### *Senior Facility*

The Senior Facility was comprised of three tranches. Tranche A related to UASC Al Khor and was scheduled to be repaid in 14 instalments of \$0.9 million with the first such instalment due three months from the utilization date, and a final instalment of \$35.1 million. Tranche B related to Anthea Y and was scheduled to be repaid in 14 instalments of \$0.9 million, the first such instalment due three months from the utilization date, and a final instalment of \$35.2 million. Tranche C related to Maira XL and was scheduled to be repaid in 14 instalments of \$0.9 million, the first such instalment due three months from the utilization date, and a final instalment of \$35.3 million.

The Senior Facility bore interest at LIBOR plus 3.00% payable quarterly in arrears.

The Senior facility was cancelled, having been fully repaid with proceeds from i) a new secured credit facility amounting to \$51.7 million with Crédit Agricole Corporate and Investment Bank (“CACIB”), CTBC Bank CO., LTD (“CTBC”) and Sinopac, ii) a new secured credit facility amounting \$51.7 million with Deutsche Bank and iii) a new \$54.0 million Sale and Leaseback agreement with CMB Financial Leasing Co. Ltd. (“CMBFL”).

#### *Junior Facility*

The Junior Facility was comprised of in three Tranches. Tranche A related to UASC Al Khor and was scheduled to be repaid in 14 instalments of \$0.2 million, the first such instalment due three months from the utilization date, and a final instalment of \$9.6 million. Tranche B related to Anthea Y and was scheduled to be repaid in 14 instalments of \$0.2 million, the first such instalment due three months from the utilization date, and a final instalment of \$9.6 million. Tranche C related to Maira XL and was scheduled to be repaid in 14 instalments of \$0.2 million, the first such instalment due three months from the utilization date, and a final instalment of \$9.6 million.

The Blue Ocean Junior Facility bore interest at LIBOR plus 10.00% payable quarterly in arrears.

The Blue Ocean Junior facility was cancelled, having been fully repaid with proceeds from i) a new secured credit facility amounting to \$51.7 million with CACIB, CTBC and Sinopac, ii) a new secured credit facility amounting \$51.7 million with Deutsche Bank and iii) a new \$54.0 million Sale and Leaseback agreement with CMBFL.

#### ***\$59.0 million Hellenic Bank Credit Facility***

On May 23, 2019, we entered into a facility agreement with Hellenic Bank Public Company Limited for an amount up to \$37.0 million, which we refer to as the Hellenic Credit Facility. Borrowings under the Hellenic Credit Facility were available in tranches and were used in connection with the acquisition of the GSL Eleni, GSL Kalliopi and GSL Grania. We drew down on an initial tranche of \$13.0 million on May 24, 2019, in connection with the acquisition of the GSL Eleni. The first tranche is repayable in 20 equal quarterly instalments of \$0.5 million each with a final balloon payment of \$4.0 million payable together with the final instalment. We drew down a second tranche of \$12.0 million on September 4, 2019, in connection with the acquisition of the GSL Grania. The second tranche is repayable in 20 equal quarterly instalments of \$0.4 million each with a final balloon payment of \$4.0 million, payable together with the final instalment. The third tranche of \$12.0 million was drawn on October 3, 2019, in connection with the acquisition of GSL Kalliopi. The third tranche is repayable in 20 equal quarterly instalments of \$0.4 million each with a final balloon payment of \$4.0 million payable together with the final instalment.

On December 10, 2019, we entered into an amended and restated loan agreement with Hellenic Bank for an additional facility of amount \$22.0 million that was to be borrowed in two tranches and was to be used in connection with the acquisition of the vessels GSL Vinia and GSL Christel Elisabeth. Both additional tranches were drawn on December 10, 2019. Each tranche is repayable in 20 equal quarterly instalments of \$0.4 million each with a final balloon payment of \$3.5 million payable together with the final instalment.

The Hellenic Credit Facility bears interest at LIBOR plus a margin of 3.90% per annum.

As of December 31, 2021, the outstanding balance of the Hellenic Credit Facility was \$41.7 million.

#### ***\$268.0 Million Syndicated Senior Secured Credit Facility (CACIB, ABN, CIT, Siemens, CTBC, Sinopac, Palatine)***

On September 19, 2019, we entered into a new syndicated \$268.0 million senior secured credit facility comprised of two tranches (the “Senior Syndicated Facility”) with CACIB, ABN Amro Bank N.V. (“ABN”), CIT Bank N.A (“CIT”), Siemens Financial Services, Inc (“Siemens”), Sinopac, CTBC and Banque Palatine (“Palatine”). The first tranche of the Senior Syndicated Facility of \$230.0 million was drawn down, in full, and the proceeds were used to refinance five of our senior credit facilities existing at the time with maturities in December 2020 and April 2021 (the “First Tranche Refinancing”). As a result of the First Tranche Refinancing, three 2000-built 6,000 TEU ships, Tasman, ZIM Europe and Ian H, became unencumbered. The final maturity date of the Senior Syndicated Facility is September 2024, five years after drawdown. Borrowings under the Senior Syndicated Facility bear interest at LIBOR plus a margin of 3.00% and the scheduled amortization of the first tranche is \$5.2 million per quarter plus a balloon payment of \$126.0 million.

On February 10, 2020 we drew down in full Tranche B in the amount of \$38.0 million, which is scheduled to be repaid in 20 consecutive quarterly instalments of \$1.0 million and a balloon payment of \$18.0 million payable in the termination date on the fifth anniversary from the utilization date of Tranche A, which falls in September 24, 2024. Tranche B was fully utilized to refinance the DVB Credit Facility.

The existing indebtedness that was fully refinanced with the Syndicated Senior Facility comprised of the following credit facilities:

- **\$55.7 Million Credit Agricole Credit Facility:** This facility bore interest at LIBOR plus a margin of 2.75% per annum. As of September 23, 2019, the outstanding balance on this facility amounted to \$51.0 million and was fully refinanced.
- **\$24.5 Million Blue Ocean Credit Facility:** A facility with Blue Ocean Income Fund LP, Blue Ocean Onshore Fund LP, Blue Ocean Investments SPC One and Blue Ocean Investments SPC Three (together, "Blue Ocean"). This facility bore interest on \$18.8 million of principal at LIBOR plus a margin of 4.00% per annum. As of September 24, 2019, the outstanding balance on this facility amounted to \$23.7 million and was fully refinanced.
- **\$65.3 Million ABN AMRO Credit Facility Blue Ocean Credit Facility:** This facility bore interest at LIBOR plus a margin of 3.42% per annum up to March 31, 2019 and afterwards 3.50% per annum. As of September 24, 2019, the outstanding balance on this facility amounted to \$61.6 million and was fully refinanced.
- **\$17.1 Million Amsterdam Trade Bank ("ATB") Credit Facility:** This facility bore interest at LIBOR plus a margin of 3.90% per annum. As of September 27, 2019, the outstanding balance on this facility amounted to \$12.6 million and was fully refinanced.
- **\$80.0 Million Credit Agricole Credit Facility:** This facility bore interest at LIBOR plus a margin of 3.00% per annum for the first 6 months, 3.25% for the following 12 months and 3.50% thereafter payable quarterly in arrears. As of September 24, 2019, the outstanding balance on this facility amounted to \$75.5 million and was fully refinanced.

As of December 31, 2021, the outstanding balance of the Senior Syndicated Facility was \$213.2 million.

#### ***\$38.5 million Blue Ocean Junior Credit Facility***

On September 19, 2019, we entered into a refinancing agreement with Blue Ocean Income Fund LP, Blue Ocean Onshore Fund LP and Blue Ocean Investments SPC Blue, holders of the outstanding debt of \$38.5 million relevant to the previous Blue Ocean Credit Facility in order to refinance that existing facility with the only substantive change being to extend maturity at the same date with the Syndicated Senior Secured Credit Facility. We drew down the facility on September 23, 2019 and it is scheduled to be repaid in a single instalment on the termination date which falls on September 24, 2024.

This facility bore interest at 10.00% per annum.

As of December 31, 2021, the outstanding balance of the Blue Ocean Junior Credit Facility was \$26.2 million, and on January 10, 2022, we repaid this facility in full.

#### ***\$9.0 million Chailease Credit Facility***

On February 26, 2020, we entered into a secured term facility agreement with Chailease International Financial Services Pte., for an amount of \$9.0 million. The Chailease credit facility was used to refinance of DVB Credit Facility. The Facility is to be repaid in 36 consecutive monthly instalments of \$0.2 million and 24 monthly instalments of \$0.1 million with a final balloon of \$1.3 million payable together with the final instalment.

This facility bears interest at LIBOR plus a margin of 4.20% per annum.

As of December 31, 2021, the outstanding balance of the Chailease Credit Facility was \$5.6 million.

### **New Credit Facilities and sale and leaseback agreements (finance leases) in 2021**

#### ***New Hayfin Facility***

On January 7, 2021, we entered into a new \$236.2 million senior secured loan facility with Hayfin Capital Management, LLP, or Hayfin, as lender, agent and security agent, which we refer to as the New Hayfin Facility. The New Hayfin Facility is guaranteed by us and certain of our subsidiaries. We used the proceeds from the New Hayfin Facility, along with cash on hand, to optionally redeem in full our outstanding 2022 Notes.

The New Hayfin Facility matures in January 2026 and bears interest at a rate of LIBOR plus a margin of 7.00% per annum. It is repayable in twenty quarterly installments of \$6.56 million, along with a balloon payment at maturity. The New Hayfin Facility is secured by, among other things, first priority ship mortgages over 21 of our vessels, assignments of earnings and insurances of the mortgaged vessels, pledges over certain bank accounts, as well as share pledges over the equity interests of each mortgaged vessel-owning subsidiary.

As of December 31, 2021, the outstanding balance of the New Hayfin Credit Facility was \$204.1 million.

***\$51.7 million CACIB, CTBC, Sinopac Credit Facility***

On April 13, 2021, the Company via its subsidiary Penelope Marine LLC entered into a secured facility for an amount of \$51.7 million in order to refinance one of the three tranches of the \$180.5 million Deutsche, CIT, HCOB, Entrust, Blue Ocean Credit Facility, that had a maturity date on June 30, 2022, of an amount \$48.6 million. The new secured credit facility has a maturity in April 2026.

The Lenders are CACIB, Sinopac and CTBC.

The facility is repayable in 20 equal consecutive quarterly instalments of \$1.3 million with a final balloon of \$26.2 million payable together with the final instalment.

The facility bears interest at LIBOR plus a margin of 2.75% per annum payable quarterly in arrears.

As of December 31, 2021, the outstanding balance of this facility was \$49.2 million.

***\$64.2 million Hamburg Commercial Bank AG Credit Facility***

On April 15, 2021, we entered into a Senior Secured term loan facility with HCOB “the HCOB Facility” for an amount of up to \$64.2 million in order to finance the acquisition of six out of the Seven Vessels.

Tranche A, E and F amounting to \$32.1 million were drawn down in April 2021 and have a maturity date in April 2025, Tranche B and D amounting to \$21.4 million were drawn down in May 2021 and have a maturity date in May 2025, and Tranche C amounting to \$10.7 million was drawn down in July 2021 and has a maturity date in July 2025.

Each Tranche of the facility is repayable in 16 equal consecutive quarterly instalments of \$0.7 million.

The facility bears interest at LIBOR plus a margin of 3.50% per annum payable quarterly in arrears.

As of December 31, 2021, the outstanding balance of this facility was \$56.8 million.

***\$51.7 million Deutsche Bank AG Credit Facility***

On May 6, 2021, the Company via its subsidiary Laertis Marine LLC entered into a secured facility for an amount of \$51.7 million with Deutsche Bank AG in order to refinance one of the three previous tranches of the \$180.5 million Deutsche, CIT, HCOB, Entrust, Blue Ocean Credit Facility, that had a maturity date on June 30, 2022, of an amount \$48.5 million.

The new facility is repayable in 20 equal consecutive quarterly instalments of \$1.2 million with a final balloon of \$28.4 million payable together with the final instalment.

The facility bears interest at LIBOR plus a margin of 3.25% per annum payable quarterly in arrears.

As of December 31, 2021, the outstanding balance of this facility was \$49.3 million.

***\$140.0 million HCOB, CACIB, ESUN, CTBC, Taishin Credit Facility***

On July 6, 2021, we entered into a facility with CACIB, HCOB, E.Sun Commercial Bank, Ltd (“ESUN”), CTBC and Taishin International Bank (“Taishin”) for a total of \$140.0 million to finance the acquisition of the Borealis Fleet. The full amount was drawdown in July 2021 and the credit facility has a maturity in July 2026.

The facility is repayable in 6 equal consecutive quarterly instalments of \$8.0 million, 8 equal consecutive quarterly instalments of \$5.4 million and 6 equal consecutive quarterly instalments of \$2.2 million with a final balloon of \$35.6 million payable together with the final instalment.

The facility bears interest at LIBOR plus a margin of 3.25% per annum payable quarterly in arrears.

As of December 31, 2021, the outstanding balance of this facility was \$132.0 million.

***\$12.0 million Sinopac Credit Facility***

On August 27, 2021, the Company via its subsidiary Global Ship Lease 42 LLC entered into a secured credit facility for an amount of \$12.0 million with Sinopac Capital International (HK) Limited (“Sinopac Credit Facility”), partially used to fully refinance the Hayfin Credit Facility. The full amount was drawn down in September 2021 and the credit facility has a maturity in September 2026.

The new facility is repayable in 20 equal consecutive quarterly instalments of \$0.4 million with a final balloon of \$3.6 million payable together with the final instalment.

The facility bears interest at LIBOR plus a margin of 3.25% per annum payable quarterly in arrears.

As of December 31, 2021, the outstanding balance of this facility was \$11.6 million.

***\$14.7 million Sale and Leaseback agreement-Neptune Maritime Leasing***

On May 12, 2021, the Company via its subsidiary GSL Violetta LLC entered into a \$14.7 million sale and leaseback agreement with Neptune Maritime Leasing (“Neptune”) to finance the acquisition of GSL Violetta delivered in April 2021. We have a purchase obligation to acquire the vessel at the end of the lease term and under ASC 842-40, the transaction has been accounted for as a failed sale. In accordance with ASC 842-40, we did not derecognize the respective vessel from our balance sheet and accounted for the amount received under the sale and leaseback agreement as a financial liability. In May 2021, we drew \$14.7 million under this agreement.

The sale and leaseback agreement is repayable in 15 equal consecutive quarterly instalments of \$0.8 million each and four equal consecutive quarterly instalments of \$0.5 million with a repurchase obligation of \$1.0 million on the last repayment date.

The sale and leaseback agreement matures in February 2026 and bears interest at LIBOR plus a margin of 4.64% per annum payable quarterly in arrears.

As of December 31, 2021, the outstanding balance of this sale and leaseback agreement was \$13.2 million.

***\$54.0 million Sale and Leaseback agreement-CMBFL***

On May 20, 2021, the Company via its subsidiary Telemachus Marine LLC entered into a \$54.0 million sale and leaseback agreement with CMB Financial Leasing Co. Ltd. (“CMBFL”) to refinance one of the three previous tranches of the \$180.5 million Deutsche, CIT, HCOB, Entrust, Blue Ocean Credit Facility, that had a maturity date on June 30, 2022, of an amount \$46.6 million. We have a purchase obligation to acquire the vessel at the end of the lease term and under ASC 842-40, the transaction has been accounted for as a failed sale. In accordance with ASC 842-40, we did not derecognize the respective vessel from our balance sheet and accounted for the amount received under the sale and leaseback agreement as a financial liability.

The sale and leaseback agreement is repayable in eight equal consecutive quarterly instalments of \$2.0 million each and 20 equal consecutive quarterly instalments of \$0.9 million with a repurchase obligation of \$19.9 million on the final repayment date.

The sale and leaseback agreement matures in May 2028 and bears interest at LIBOR plus a margin of 3.25% per annum payable quarterly in arrears.

In May 2021, on delivery of the vessel, the Company drew \$54.0 million, which represented vessel purchase price \$75.0 million less advanced hire of \$21.0 million, which advanced hire neither bore any interest nor was refundable and was set off against payment of the purchase price payable to the Company by the unrelated third party under this agreement.

As of December 31, 2021, the outstanding balance of this sale and leaseback agreement was \$50.0 million.

***\$120.0 million Sale and Leaseback agreement-CMBFL Four vessels***

On August 26, 2021, the Company via its subsidiaries Global Ship Lease 68 LLC, Global Ship Lease 69 LLC, Global Ship Lease 70 LLC and Global Ship Lease 71 LLC, entered into four \$30.0 million sale and leaseback agreements with CMBFL to finance the acquisition of the Four Vessels. As at September 30, 2021, we had drawdown a total of \$90.0 million. The drawdown for the fourth vessel, amounting to \$30.0 million, took place on October 13, 2021 together with the delivery of this vessel. We have a purchase obligation to acquire the Four Vessels at the end of their lease terms and under ASC 842-40, the transaction has been accounted for as a failed sale. In accordance with ASC 842-40, we did not derecognize the respective vessels from our balance sheet and accounted for the amounts received under the sale and leaseback agreement as financial liabilities.

Each sale and leaseback agreement is repayable in 12 equal consecutive quarterly instalments of \$1.6 million and 12 equal consecutive quarterly instalments of \$0.3 million with a repurchase obligation of \$7.0 million on the final repayment date.

The sale and leaseback agreement for the three vessels matures in September 2027 and for the fourth vessel in October 2027 and bear interest at LIBOR plus a margin of 3.25% per annum payable quarterly in arrears.

As of December 31, 2021, the outstanding balance of these sale and lease back agreements was \$115.2 million.

***Covenants***

Certain of our credit facilities have financial covenants, which require us to maintain, on borrowers or subholding level, among other things:

- minimum liquidity on borrowers level;
- minimum market value of collateral for each credit facility, such that the aggregate market value of the vessels collateralizing the particular credit facility is between 120% and 135%, depending on the particular facility, of the aggregate principal amount outstanding under such credit facility, or, if we do not meet such threshold, to provide additional security to eliminate the shortfall; and

On group level, the Company has a minimum consolidated liquidity of not less than \$20.0 million.

The agreements governing our indebtedness also contain undertakings limiting or restricting us from, among other things:

- incurring additional indebtedness or issuing certain preferred stock;
- making any substantial change to the general nature of our business;
- paying dividends on or repaying or distributing any dividend or share premium reserve;
- redeeming or repurchasing capital stock;
- creating or impairing certain securities interests, including liens;
- transferring or selling certain assets;
- entering into certain transactions other than arm's length transactions;
- acquiring a company, shares or securities or a business or undertaking;
- entering into any amalgamation, demerger, merger, consolidation or corporate reconstruction, or selling all or substantially all of our properties or assets;
- experiencing any change in the position of Executive Chairman; and
- changing the flag, class or technical or commercial management of the vessel mortgaged under such facility or terminating or materially amending the management agreement relating to such vessel.

Our secured credit facilities are generally secured by, among other things:

- a first priority mortgage over the relevant collateralized vessels;
- first priority assignment of earnings and insurances from the mortgaged vessels;

- pledge of the earnings account of the mortgaged vessel;
- pledge of the equity interest of each of the vessel-owning subsidiaries; and
- corporate guarantees.

## **Debt repaid in 2020**

### ***\$54.8 million Citi Credit Facility***

On October 26, 2017, and in connection with our 2022 Notes, we entered into a \$54.8 loan facility with Citibank N.A., which we refer to as the Citi Credit Facility. The proceeds of this facility were used, together with the proceeds of our 2022 Notes and cash on hand, to refinance our 10.00% first priority secured notes due 2019 and other debt then outstanding. The term loan matured on October 31, 2020. The term loan was cross-collateralized on a first priority basis with the collateral under our 2022 Notes, including 16 vessels in the GSL Fleet. The loan was payable semi-annually in instalments of \$10.0 million resulting in minimum repayment of \$20.0 million in each of the first and second years with the balance of the Citi Credit Facility to be repaid in the third year.

The term loan carried interest at LIBOR plus a margin of 3.25%.

The term loan was fully repaid on October 31, 2020.

### ***\$52.6 million DVB Credit Facility***

In connection with the Poseidon Transaction, we assumed debt outstanding of \$51.1 million related to the vessels Maira, Nikolas, Newyorker and Mary, provided by DVB Bank SE (“DVB”). The facility agreement, which we refer to as the DVB Credit Facility, was dated July 18, 2017, with an initial drawdown amount of \$52.6 million and final maturity of December 31, 2020.

As of February 12, 2020, the outstanding balance on this facility amounted to \$44.4 million was fully refinanced by the Tranche B Syndicated Senior Secured Credit Facility and the Chailease Credit Facility.

The facility had a repayment schedule along with a cash sweep clause, whereby the excess cash flows will be used against the outstanding balance of the facility and would be specifically applied to the prepayment of the balloon instalment up to a specific amount. The facility carried interest at LIBOR plus a margin of 2.85% per annum.

## ***Leverage***

As of December 31, 2021, we had \$1,085.6 million of debt outstanding of which \$26.2 million was provided by Blue Ocean at a fixed rate of interest of 10.0%, \$117.5 million was for our 2024 Notes which carry interest at the fixed rate of 8.00% and \$941.9 million was floating rate debt across a number of facilities and sale and leaseback arrangements and bearing interest at LIBOR plus an average margin of approximately 4.05%. In December 2021 we entered into a USD one-month LIBOR interest rate cap of 0.75% through fourth quarter of 2026, on \$484.1 million of our floating rate debt, which reduces over time and represented approximately half of our outstanding floating rate debt as of that date. In February 2022 we entered into a USD one-month LIBOR interest rate cap of 0.75% through fourth quarter of 2026, on \$507.9 million of our floating rate debt, which reduces over time and represented approximately half of our outstanding floating rate debt as of that date.

We believe that funds generated by the business and retained will be sufficient to meet our operating needs for the next twelve months following the issuance of this Form 20-F, including working capital requirements, drydocking costs, interest and debt repayment obligations.

As market conditions warrant, we may from time to time, depending upon market conditions and the provisions on our facilities/notes, seek to repay loans or repurchase debt securities, in privately-negotiated or open market transactions.

### **Working capital and dividends**

Our net cash flows from operating activities depend on the number of vessels under charter, days on-hire, vessel charter rates, operating expenses, drydock and vessel upgrade costs, interest and other financing costs including amortization and general and administrative expenses. Pursuant to our ship management agreements, we have agreed to pay our ship managers an annual management fee per vessel and to reimburse them for operating costs they incur on our behalf. Charterhire is payable by our charterers 15 days or monthly in advance and estimated ship management costs are payable monthly in advance. Although we can provide no assurances (see “Item 3. Key Information—D. Risk Factors—Risks Related to our Business—We are highly dependent on charter payments”), we expect that our cash flow from our chartering arrangements will be sufficient to cover our ship management costs and fees, interest payments under our borrowings, amortization, insurance premiums, vessel taxes, general and administrative expenses, dividends on our Series B Preferred Shares and other costs and any other working capital requirements for the short and medium term and planned drydocking expenses.

We estimate that the average cost of each of the 20 drydockings completed on vessels in the fleet between January 2020 and December 2021 was \$1.6 million, with an average loss of revenue of \$0.8 million from offhire. We have included a schedule of the next anticipated drydocking date for each of our vessels in the section of this Annual Report entitled “Item 4. Information on the Company—B. Business Overview—Inspection by Classification Societies.”

Our other liquidity requirements include a requirement to pay a minimum of \$190.3 million of amortization in 2022 on our secured term loans and minimum amortization of \$153.6 million in 2023. Interest requirements are \$48.8 million and \$41.8 million, respectively. The dividend on the \$109.0 million Series B Preferred Shares outstanding as at December 31, 2021 amounts to \$9.5 million each year. We have also announced an increase in the dividend to be paid on our Class A common shares to \$0.375 per share per quarter from the first quarter 2022. Based on the number of Class A common shares outstanding as at March 10, 2022, this dividend, which is subject to approval by the Board of Directors, would amount to \$13.8 million per quarter. In addition to funds generated by the business, we may require new borrowings, issuances of equity or other securities, or a combination of the former and the latter to purchase additional vessels and will likely require such further funding to meet all of our repayment obligations under the 2024 Notes and other borrowings.

### **C. Research and Development**

None.

### **D. Trend Information**

All of the information and data presented in this section, including the analysis of the container shipping industry, has been provided by MSI. MSI has advised that (i) some information in MSI’s database is derived from estimates derived from industry sources or subjective judgments, (ii) the information in the databases of other maritime data collection agencies may differ from the information in MSI’s database, (iii) whilst MSI has taken reasonable care in the compilation of the statistical and graphical information and believes it to be accurate and correct, data compilation is subject to limited audit and validation procedures and may accordingly contain errors, (iv) MSI, its agents, officers and employees cannot accept liability for any loss suffered in consequence of reliance on such information or in any other manner, and (v) the provision of such information does not obviate any need to make appropriate further inquiries.

Container shipping is the most convenient low-carbon and cost-effective way to transport a wide range of cargoes, predominantly a diverse selection of consumer, manufactured, semi-manufactured, and perishable goods. It is estimated that around 90% of non-bulk cargoes traded by sea are carried by containership. Approximately 201 million TEU, equating to around 1.9 billion tonnes, of containerized cargo are estimated to have been carried in 2021. Global containerized cargo volumes have grown every year since the industry’s inception in 1956, with two exceptions: 2009, during the Global Financial Crisis, and 2020, due to the impact of COVID-19. However, the industry has displayed resilience during the COVID-19 crisis: after contracting significantly in the first half of 2020, leaving global containerized volumes 6.6% lower compared to the same period of 2019, cargo volumes rebounded strongly during the second half of 2020, with the recovery accelerating in 2021. Overall, negative growth of 1.9% was seen in 2020, with positive growth of 7.1% estimated for 2021. On the supply side: as at December 31, 2021, idle capacity of the global containership fleet was only 0.6% - which is effectively full employment - and the orderbook-to-fleet ratio stood at 23.4%.

The containerized supply chain extends throughout the world. Mainlane trades are those linking the major manufacturing economies in Asia with the major consumer economies in North America (the Transpacific trades) and Europe (the Asia-Europe trades), and those linking Europe with the Americas (the Transatlantic trades). These trades tend to be served by the largest containerships on the water. In 2021, an estimated 72% of global containerized volumes were on the non-Mainlane trades, with intra-regional trades—of which the largest is Intra-Asia—representing just over 40%. These non-Mainlane and intra-regional trades are predominantly served by mid-sized and smaller containerships (10,000 TEU, or smaller).

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Growth in containerized trade is linked to consumer-led demand for goods and thereby to regional economic growth. Historically, underlying growth was boosted by both the containerization of breakbulk goods, including refrigerated cargoes, and the relocation of manufacturing from developed economies, such as those in Europe and North America, to lower cost regions, most notably in Asia. Of these, the continued containerization of refrigerated (or ‘reefer’) cargoes is expected to continue to outpace overall container trade growth.

From 2000 through 2008, a period of super-cyclical growth largely catalyzed by China, the Compound Annual Growth Rate (“CAGR”) of global containerized trade was 9.9%. Having contracted by 8.0% in 2009, during the Global Financial Crisis, growth rebounded to 15.3% the following year. The CAGR from 2010 through 2019 was 3.8%. As already noted, in 2020 – during the COVID-19 crisis – global containerized trade volumes contracted by 1.9%, followed by a 7.1% rebound in 2021. Analyst consensus for this volume recovery involves a combination of changing consumption habits (consumers purchasing “things” rather than “experiences” during COVID-19 lock-downs), re-stocking, and making supply chains more robust (moving from “just in time” to “just in case” inventory management).

Expansion in containerized trade has also led to expansion in the global containership fleet, of which the vast majority of vessels are fully cellular containerships which are ships specialized for the transport of containers and fitted with cell guides throughout the ship to optimize container stowage and significantly enhance the efficiency of load and discharge operations. At the same time, liner shipping companies have sought to reduce slot costs (unit costs) through economies of scale achievable with ever larger ships.

Between 1995 and 2008, the nominal carrying capacity of the industry-wide fully cellular fleet grew by a compound annual rate of 11.4%; and from 2009 through 2020 at 5.7%, as the industry digested the legacy, pre-financial crisis orderbook. In 2021, net supply is estimated to have expanded by 4.5% and, as of December 31, 2021, the containership fleet was estimated to be 5,467 ships, with an aggregate capacity estimated at 24.8 million TEU – just under half of which is chartered in from containership owners like Global Ship Lease.

In December 2008, the orderbook was estimated to represent over 60% of existing global capacity. Since then, however, the industry has been adjusting to lower demand growth, capital constraints, and consolidation. By the end of 2021, the overall orderbook-to-fleet ratio stood at 23.4%. For ships between 2,000 TEU and 9,999 TEU it was 8.7%, and for those between 5,500 TEU and 9,999 TEU (mid-size Post-Panamax) it was 7.7%.

Vessel newbuilding prices, secondhand values, and charter rates have tended to be closely correlated and are all strongly influenced by the dynamics of supply and demand, combined with sentiment. From 2000 through 2021, the average newbuilding price for a theoretical 3,500 – 3,600 TEU containership was around \$43.7 million, with prices ranging between \$31.5 million (2002) and \$65.0 million (2008). During the same period, secondhand values for a 10 year old ship of similar size averaged around \$23.8 million and ranged between \$5.0 million (2016) and \$58.0 million (2021). Meantime, spot market charter rates for such tonnage averaged about \$18,700 per day and ranged between \$5,300 per day (2016) and \$92,200 per day (2021). In January 2022, prevailing rates in the market for short term charters (under 12 months) were around \$92,300 per day, with newbuilding prices at approximately \$51.0 million and secondhand values for a 10 year old ship at about \$62.0 million.

Containerization is a low-carbon form of transportation, with Green House Gas (“GHG”) emissions per ton-mile of cargo carried significantly lower than that for other common modes of freight transport such as air, road, and rail. As a key component of global supply chains, container shipping is also a contributor to the UN’s Sustainable Development Goals—particularly those associated with poverty alleviation, economic growth, and infrastructure.

The industry’s principal regulator, the IMO, has set targets for the reduction of GHG emissions from shipping. The key agreed target is to reduce annual GHG emissions in absolute terms by at least 50% by 2050, compared to benchmark 2008 levels. Further targets have also been set on carbon intensity: specifically, a reduction in CO2 emissions “per transport work” by at least 40% by 2030, with efforts towards 70% by 2050. Emissions-reducing regulations expected to be introduced from January 1, 2023 include EEXI (Energy Efficiency Existing Ship Index), Enhanced SEEMP (Ship Energy Efficiency Management Plan), and CII (Carbon Intensity Indicator). Among other things, these measures are intended to reduce emissions by limiting the power output from vessels’ main engines, which may have the effect of reducing the operating speed of the global fleet, tightening effective supply. Other national and pan-national regulators, such as the EU, are also implementing regulations focused upon decarbonization which are expected to evolve and tighten over time.

Some liner companies are adopting Liquefied Natural Gas, or LNG, as a transition fuel towards the next generation of genuinely green fuels. Others have expressed skepticism about LNG as part of a de-carbonization strategy given that it is still a hydrocarbon, suggesting they may wait until net-zero emission fuels are commercially available. The current consensus view is that 2030 will be the earliest inflection point at which next-generation green fuels (with the considerable infrastructure required to support them) will become commercially available, allowing industry adoption to begin to accelerate. In the interim, it is expected that the industry will continue to rely predominantly on existing, conventionally-fueled containerships that are optimized for lower emissions.

For conventionally-fueled containerships, there is considerable variation in vessel emissions per tonne of cargo carried, with the economies of scale yielded by larger vessels typically resulting in lower emissions per container carried. Other factors, such as vessel age and design, fuel saving and energy efficiency retrofits, sailing speed, time in port, weather routing and other operational differences, can also have a significant impact on the relative fuel efficiency of different classes of containership. Logically, there is a strong correlation between ships with low fuel costs per TEU slot and ships with low emissions per slot. There is a significant increase in efficiency in the transition from small feeder containerships (sub-3,000 TEU) to intermediate-sized vessels (4,000 – 10,000 TEU).

Whilst even larger vessels (above 12,000 TEU) offer further efficiencies relative to intermediate vessels, the incremental improvement curve tends to flatten as vessel sizes increase beyond that point.

While the emissions profile of a ship during its operating lifetime is comparatively well understood, insufficient work has been done on a full life-cycle basis: quantifying the material carbon footprints associated with building a new ship, and subsequently de-commissioning and re-cycling it at the end of its economic life.

#### **E. Critical Accounting Estimates**

The consolidated financial statements have been prepared in accordance with U.S. GAAP, which requires us to make estimates in the application of certain accounting policies based on our best assumptions, judgments and opinions. We base these estimates on the information available to us at the time and on various other assumptions we believe are reasonable under the circumstances. The following is a discussion of our principal accounting policies, some of which involve a high degree of judgment, and the methods of their application.

For a further description of our material accounting policies, please see note 2 to the consolidated financial statements included at “Item 18. Financial Statements”.

#### **Revenue Recognition**

Our revenue is generated from time charters for each vessel. The charters are regarded as operating leases and provide for a per vessel fixed daily charter rate. Revenue is recorded on a straight-line basis. Our charter revenues are fixed for the period of the current charters, subject to any offhire, and, accordingly, little judgment is required to be applied to the amount of revenue recognition. Operating revenue is stated net of address commissions, which represent a discount provided directly to the charterer based on a fixed percentage of the agreed upon charter rate.

If a time charter contains one or more consecutive option periods, then subject to the options being exercisable solely by us, the time charter revenue will be recognized on a straight-line basis over the total remaining life of the time charter, including any options which are more likely than not to be exercised. If a time charter is modified, including the agreement of a direct continuation at a different rate, the time charter revenue will be recognized on a straight-line basis over the total remaining life of the time charter from the date of modification. During the year ended December 31, 2021 an amount of \$16.2 million has been recorded in time charter revenue for such modifications. Any difference between the charter rate invoiced and the time charter revenue recognized is classified as, or released from, deferred revenue.

We elected the practical expedient which allows us to treat the lease and non-lease components as a single lease component for the leases where the timing and pattern of transfer for the non-lease component and the associated lease component to the lessees are the same and the lease component, if accounted for separately, would be classified as an operating lease. The combined component is therefore accounted for as an operating lease under ASC 842, as the lease components are the predominant characteristics.

#### **Vessels in Operation**

Vessels are generally recorded at their historical cost, which consists of the acquisition price and any material expenses incurred upon acquisition, adjusted for the fair value of intangible assets or liabilities associated with above or below market charters attached to the vessels at acquisition. Vessels acquired in a corporate transaction accounted for as an asset acquisition are stated at the acquisition price, which consists of consideration paid, plus transaction costs, considering pro rata allocation based on vessels fair value at the acquisition date. Vessels acquired in a corporate transaction accounted for as a business combination are recorded at fair value. Vessels acquired as part of the Marathon Merger in 2008 were accounted for under ASC 805, which required that the vessels be recorded at fair value, less the negative goodwill arising as a result of the accounting for the merger.

The Poseidon Transaction has been accounted for under ASU 2017-01 as an asset acquisition. The vessels acquired on November 15, 2018 were recorded at their fair value, based on valuations obtained from third party independent ship brokers, less negative goodwill arising as a result of the accounting for the overall Poseidon Transaction, allocated pro-rata.

Subsequent expenditures for major improvements and upgrades are capitalized, provided they appreciably extend the life, increase the earnings capacity or improve the efficiency or safety of the vessels.

Borrowing costs incurred during the construction of vessels or as part of the prefinancing of the acquisition of vessels are capitalized. There was no capitalized interest for the years ended December 31, 2021 or 2020.

Vessels are stated less accumulated depreciation and impairment, if applicable. Vessels are depreciated to their estimated residual value using the straight-line method over their estimated useful lives which are reviewed on an ongoing basis to ensure they reflect current technology, service potential and vessel structure. The useful lives are estimated to be 30 years from original delivery by the shipyard.

Management estimates the residual values of the our container vessels based on a scrap price of steel times the weight of the vessel noted in lightweight tons (LWT). Residual values are periodically reviewed and revised to recognize changes in conditions, new regulations or other reasons. Revision of residual values affect the depreciable amount of the vessels and affects depreciation expense in the period of the revision and future periods. Management estimated the residual values of its vessels based on scrap rate of \$400 per LWT.

For any vessel group which is impaired, the impairment charge is recorded against the cost of the vessel and the accumulated depreciation as at the date of impairment is removed from the accounts.

The cost and related accumulated depreciation of assets retired or sold are removed from the accounts at the time of sale or retirement and any gain or loss is included in the Consolidated Statements of Income.

### ***Drydocking***

Drydocking costs are reported in the Consolidated Balance Sheets within "Deferred charges, net", and include planned major maintenance and overhaul activities for ongoing certification. We follow the deferral method of accounting for drydocking costs, whereby actual costs incurred are deferred and amortized on a straight-line basis over the period until the next scheduled drydocking, which is generally five years. Any remaining unamortized balance from the previous drydocking is written-off.

The amortization period reflects the estimated useful economic life of the deferred charge, which is the period between each drydocking. Costs incurred during the drydocking relating to routine repairs and maintenance are expensed. The unamortized portion of drydocking costs for vessels sold is included as part of the carrying amount of the vessel in determining the gain or (loss) on sale of the vessel.

Prior to the completion of the Poseidon Transaction on November 15, 2018, we allocated an element of the purchase price of a vessel to a drydocking component which was amortized on a straight-line basis to the next anticipated drydocking date.

Costs capitalized as part of the drydock include costs directly associated with the special survey of the ship, its hull and its machinery and for the defouling and repainting of the hull. Any cost of repair to hull or machinery that extends useful life is capitalized. Other repair costs are expensed. 11 drydockings were completed in 2021 for regulatory reasons and 11 vessel upgrades were completed, the total cost of which, excluding the effect of the associated 752 days of offhire, was \$28.3 million. Nine drydockings were completed in 2020 for regulatory reasons and 11 vessel upgrades were completed, the total cost of which, excluding the effect of the associated 687 days of offhire, was \$26.6 million. The duration of drydockings was adversely affected in 2021 by delays caused by COVID-19 and by continuing congestion at Chinese and other shipyards, which also affected 2020. Five drydockings were completed in 2019 for regulatory reasons and five vessel upgrades were completed, the total cost of which, excluding the effect of the associated 537 days of offhire, was \$8.7 million.

### ***Intangible assets and liabilities-charter agreements***

The Company's intangible assets and liabilities consist of unfavorable lease terms on charter agreements acquired in assets acquisitions. When intangible assets or liabilities associated with the acquisition of a vessel are identified, they are recorded at fair value. Fair value is determined by reference to market data and the discounted amount of expected future cash flows. Where charter rates are higher than market charter rates, an intangible asset is recorded, based on the difference between the acquired charter rate and the market charter rate for an equivalent vessel and equivalent duration of charter party at the date the vessel is delivered. Where charter rates are less than market charter rates, an intangible liability is recorded, based on the difference between the acquired charter rate and the market charter rate for an equivalent vessel. The determination of the fair value of acquired assets and liabilities requires the Company to make significant assumptions and estimates of many variables including market charter rates (including duration), the level of utilization of its vessels and its weighted average cost-of capital. The estimated market charter rate (including duration) is considered a significant assumption. The use of different assumptions could result in a material change in the fair value of these items, which could have a material impact on the Company's financial position and results of operations. The amortizable value of favorable and unfavorable leases is amortized over the remaining life of the relevant lease term and the amortization expense or income respectively is included under the caption "Amortization of intangible liabilities charter agreements" in the Consolidated Statements of Income. For any vessel group which is impaired, the impairment charge is recorded against the cost of the vessel and the accumulated depreciation as at the date of impairment is removed from the accounts.

### **Impairment of Long-lived Assets**

Tangible fixed assets, such as vessels, that are held and used or to be disposed of by the Company are reviewed for impairment when events or changes in circumstances indicate that their carrying amounts may not be recoverable. In these circumstances, the Company performs step one of the impairment test by comparing the undiscounted projected net operating cash flows for each vessel group to its carrying value. A vessel group comprises the vessel, the unamortized portion of deferred drydocking related to the vessel and the related carrying value of the intangible asset or liability (if any) with respect to the time charter attached to the vessel at its purchase. If the undiscounted projected net operating cash flows of the vessel group are less than its carrying amount, management proceeds to step two of the impairment assessment by comparing the vessel group's carrying amount to its fair value, including any applicable charter, and an impairment loss is recorded equal to the difference between the vessel group's carrying value and fair value. Fair value is determined with the assistance from valuations obtained from third party independent ship brokers.

The Company uses a number of assumptions in projecting its undiscounted net operating cash flows analysis including, among others, (i) revenue assumptions for charter rates on expiry of existing charters, which are based on forecast charter rates, where relevant, in the four years from the date of the impairment test and a reversion to the historical mean of time charter rates for each vessel thereafter (ii) off-hire days, which are based on actual off-hire statistics for the Company's fleet (iii) operating costs, based on current levels escalated over time based on long term trends (iv) dry docking frequency, duration and cost (v) estimated useful life, which is assessed as a total of 30 years from original delivery by the shipyard and (vi) scrap values.

Revenue assumptions are based on contracted charter rates up to the end of the existing contract of each vessel, and thereafter, estimated time charter rates for the remaining life of the vessel. The estimated time charter rate used for non-contracted revenue days of each vessel is considered a significant assumption. Recognizing that the container shipping industry is cyclical and subject to significant volatility based on factors beyond the Company's control, management believes that using forecast charter rates in the four years from the date of the impairment assessment and a reversion to the historical mean of time charter rates thereafter, represents a reasonable benchmark for the estimated time charter rates for the non-contracted revenue days, and takes into account the volatility and cyclicity of the market.

Two 1999-built, 2,200 TEU feeder ships, GSL Matisse and Utrillo, were sold on July 3, 2020 and July 20, 2020, respectively. As of June 30, 2020, the vessels were immediately available for sale and qualified as assets held for sale. As of March 31, 2020, the Company had an expectation that the vessels would be sold before the end of their previously estimated useful life, and as a result performed an impairment test of the specific asset group. An impairment charge of \$7.6 million was recognized for the three months ended March 31, 2020 and an additional impairment charge of \$0.9 million has been recognized in the three months ended June 30, 2020.

The Company has evaluated the impact of current economic situation on the recoverability of all its other vessel groups and has determined that there were no events or changes in circumstances which indicated that their carrying amounts may not be recoverable. Accordingly, there was no triggering event and no impairment test was performed for the year ended December 31, 2021.

Through 2020 whilst charter rates in the spot market and asset values saw improvements, taking into account the seasonal as well as cyclical nature of the container shipping industry, the recovery was not considered to have been sufficiently sustained not to undertake a review for impairment for vessel groups where the carrying value as at December 31, 2020 might not be recoverable.

As a result, step one of the impairment assessment of each of the vessel groups was performed as at December 31, 2020. As the undiscounted projected net operating cash flows of each of the vessel groups exceeded the carrying amount, step two of the impairment test was not required and there were no impairment charges as of December 31, 2020.

The assessment performed for 2019 resulted in no impairment charges.

As of December 31, 2018, it was determined that step two of the impairment analysis was required for three vessels groups, as the undiscounted projected net operating cash flows did not exceed the carrying value. As a result, an impairment loss of \$71.8 million was recorded for three vessels, shown as "Impairment of vessels" in the Consolidated Statements of Income, being the aggregate difference between the fair value of the vessel group (which included the charter attached) and the vessel group's carrying value.

No impairment test was performed for the vessels comprising the Poseidon Fleet as at December 31, 2018, as no events or circumstances existed indicating that their carrying value may not be recoverable. The carrying value of the vessels at December 31, 2018 was significantly lower than their fair value, mainly as a result of the allocation of negative goodwill arising from the accounting for the Poseidon Transaction.

In September 2018, we agreed with CMA CGM to extend the charter on GSL Julie and entered a new charter with Maersk Line for GSL Ningbo (formerly OOCL Ningbo). These extensions triggered the performance of an impairment test on the two vessels; no impairment was identified.

In January 2018, we agreed with CMA CGM to extend the charter on GSL Tianjin by eight to 12 months (at the charterer's option) at a fixed rate of \$11,900 per day, commencing January 26, 2018. In February 2018, we agreed with OOCL to extend the charter of OOCL Qingdao to between January 1, 2019 and March 15, 2019 (at the charterer's option) at a fixed rate of \$14,000 per day, commencing March 11, 2018. These extensions triggered the performance of an impairment test on the two vessels; no impairment was identified.

Although we currently intend to continue to hold and operate all of our vessels, the following table presents information with respect to the carrying value of our vessels, which are after the impairment charges noted above. The estimated market values, based on charter attached valuations as at December 31, 2021 with the assistance of an independent ship broking firm and totaling \$3,211.3 million, are above their carrying values as at December 31, 2021. The carrying value of each of the vessels does not necessarily represent its fair market value or the amount that could be obtained if the vessel were sold. During 2021 charter rates in the spot market and asset values saw significant improvements and increase. As of December 31, 2021 charter attached values are above vessels' carrying values. We evaluated the impact of current economic situation on the recoverability of all our vessel groups and we determined that there were no events or changes in circumstances which indicated that their carrying amounts may not be recoverable. Accordingly, there was no triggering event and no impairment test was performed for the year ended December 31, 2021.

The amount, if any, and timing of any impairment charges we may recognize in the future will depend upon then current and expected future charter rates and vessel values, which may differ materially from those fair values as at December 31, 2021. In addition, vessel values are highly volatile; as such, the estimated market values may not be indicative of the current or future market value of our vessels or prices that we could achieve if we were to sell them, with or without charters attached.

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The table below sets out the carrying value of each of the vessel group we owned as of December 31, 2021 and 2020:

Vessel Name	Capacity in TEUs	Year Built	Carrying Value as at December 31, 2020 (in millions of U.S. dollars)	Carrying Value as at December 31, 2021 <sup>(1)</sup> (in millions of U.S. dollars)
CMA CGM Thalassa	11,040	2008	\$95.6	\$91.7
UASC Al Khor	9,115	2015	65.7	63.5
Anthea Y	9,115	2015	65.7	63.6
Maira XL	9,115	2015	66.3	64.0
MSC Tianjin	8,603	2005	42.1	41.7
MSC Qingdao	8,603	2004	46.4	43.8
GSL Ningbo	8,603	2004	42.5	41.2
GSL Eleni	7,847	2004	18.8	18.1
GSL Kalliopi	7,847	2004	16.1	15.6
GSL Grania	7,847	2004	16.0	15.5
Mary	6,927	2013	45.6	44.0
Kristina	6,927	2013	47.0	45.1
Katherine	6,927	2013	47.0	45.1
Alexandra	6,927	2013	46.7	44.9
Alexis	6,882	2015	52.5	50.6
Olivia I	6,882	2015	52.5	50.6
GSL Christen	6,840	2002	13.3	13.1
GSL Nicoletta	6,840	2002	12.9	12.7
CMA CGM Berlioz	6,621	2001	29.2	28.7
Agios Dimitrios	6,572	2011	27.6	26.6
GSL Vinia	6,080	2004	13.8	13.4
GSL Christel Elisabeth	6,080	2004	13.7	13.2
GSL Dorothea	5,992	2001	0.0	18.5
GSL Arcadia	6,008	2000	0.0	15.3
GSL Violetta	6,008	2000	0.0	15.2
GSL Maria	6,008	2001	0.0	18.7
GSL MYNY	6,008	2000	0.0	18.4
GSL Melita	6,008	2001	0.0	20.5
GSL Tegea	5,992	2001	0.0	20.3
Tasman	5,936	2000	13.3	12.7
ZIM Europe	5,936	2000	12.6	12.2
Ian H	5,936	2000	12.9	12.6
GSL Tripoli	5,470	2009	0.0	36.3
GSL Kithira	5,470	2009	0.0	36.4
GSL Tinos	5,470	2010	0.0	37.5
GSL Syros	5,470	2010	0.0	37.5
Dolphin II	5,095	2007	11.8	11.6
Orca I	5,095	2006	11.0	12.8
CMA CGM Alcazar	5,089	2007	31.8	30.3
GSL Château d'If	5,089	2007	29.6	28.1
GSL Susan	4,363	2008	0.0	27.0
CMA CGM Jamaica	4,298	2006	26.7	25.6
CMA CGM Sambhar	4,045	2006	25.7	27.0
CMA CGM America	4,045	2006	25.2	24.2
GSL Rossi	3,421	2012	0.0	24.4
GSL Alice (G)	3,421	2014	0.0	26.1
GSL Eleftheria (G)	3,404	2013	0.0	28.2
GSL Melina (G)	3,404	2013	0.0	23.0
GSL Valerie	2,824	2005	12.1	11.4

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Vessel Name	Capacity in TEUs	Year Built	Carrying Value as at December 31, 2020 (in millions of U.S. dollars)	Carrying Value as at December 31, 2021 <sup>(1)</sup> (in millions of U.S. dollars)
Matson Molokai	2,824	2007	0.0	22.2
GSL Lalo	2,824	2006	0.0	20.2
GSL Mercer	2,824	2007	0.0	25.6
Athena	2,762	2003	8.1	7.8
GSL Elizabeth	2,741	2006	0.0	20.3
tbr GSL Chloe (G)	2,546	2012	0.0	24.7
GSL Maren (G)	2,546	2014	0.0	21.7
Maira (G)	2,506	2000	7.0	6.9
Nikolas (G)	2,506	2000	6.7	7.3
Newyorker (G)	2,506	2001	5.9	7.8
La Tour (G)	2,272	2001	9.0	0.0
Manet (G)	2,272	2001	9.6	9.1
Keta (G)	2,207	2003	4.3	5.8
Julie (G)	2,207	2002	4.7	4.4
Kumasi (G)	2,207	2002	7.0	7.2
Akiteta (G)	2,207	2002	7.1	7.3
GSL Amstel (G)	1,118	2008	0.0	8.3
			<b>\$1,159.1</b>	<b>\$1,665.1</b>

(1) Carrying value includes unamortized drydocking costs and excludes intangible liabilities-charter agreements.

(G) Indicates geared vessel.

**Share-Based Compensation**

We have awarded restricted stock units to certain of our employees. The accounting fair value of restricted stock unit grants is determined by reference to the quoted stock price on the date of grant, as adjusted for estimated dividends forgone until the restricted stock units vest. Compensation expense is recognized based on a graded expense model over the expected vesting period.

**Recent Accounting Pronouncements**

We do not believe that any recently issued accounting pronouncements would have a material impact on our consolidated financial statements.

**Item 6. Directors, Senior Management and Employees**

**A. Directors and Senior Management**

Our directors and executive officers as of the date of this Annual Report and their ages as of December 31, 2021 are listed below:

Name	Age	Position
George Giouroukos	56	Executive Chairman
Michael S. Gross	60	Director
Alain Wils	78	Director
Philippe Lemonnier	61	Director
Michael Chalkias	51	Director
Henry Mannix III	42	Director
Alain Pitner	72	Director
Menno van Lacum	51	Director
Ian J. Webber	64	Chief Executive Officer
Thomas A. Lister	52	Chief Commercial Officer
Anastasios Psaropoulos	43	Chief Financial Officer

**George Giouroukos:** Mr. Giouroukos has been our Executive Chairman since November 2018 when the strategic combination with Poseidon Containers was completed. He has been involved in Shipping since 1993, when he joined a major Greek shipowning company and worked in various departments. He founded Technomar, an internationally recognized ship management company, in 1994, where he has served as Managing Director. With over 25 years of experience in the sector, he has negotiated and executed over 200 secondhand and newbuilding ship transactions, creating partnerships with a number of major shipping banks resulting in co-investment of approximately \$230 million in workout transactions. He has also partnered with Private Equity firms to jointly invest in container and dry bulk ships. Mr. Giouroukos serves as the Chairman of the Hellenic Advisory Committee of International classification society, RINA and holds a Bachelor in Mechanical Engineering from University College London and a Master in Engineering from Brunel University.

**Michael S. Gross:** Mr. Gross has been a director since inception and was Chairman from September 2008 to November 2018 when the strategic combination with Poseidon Containers closed. Mr. Gross is the Chairman of the board of directors and Co-Chief Executive Officer of SLR Investment Corp. and SLR Senior Investment Corp., publicly traded BDC's focused on private direct lending. From 2004 to 2006, Mr. Gross was the President and Chief Executive Officer of Apollo Investment Corporation ("AIC"), a publicly traded business development company, and was the managing partner of Apollo Investment Management, L.P. ("AIM"), the investment adviser to AIC. From 1990 to 2006 Mr. Gross was a senior partner of Apollo Management, a leading private equity firm which he co-founded in 1990.

**Alain Wils:** Mr. Wils has been a director since May 2014. He is a consultant in the shipping and logistics industries, after more than 40 years of experience in the sector. Mr. Wils joined the CMA CGM group in 1996 as managing director of the previously state-owned shipping company, CGM, on its acquisition by CMA. He was appointed an executive board member of CMA CGM in 2001 on the merger of CMA and CGM until his retirement in 2008. From 1992 to 1996, he was chairman and CEO of Sceta International, later renamed Geodis International, a leading European logistics and freight forwarding company. He was the managing director of the shipping group Delmas Vieljeux, which he joined in 1971, from 1982 to 1992. Mr. Wils, who is a graduate of HEC Paris and of Paris University, was appointed Chevalier de la Légion d'Honneur in 1995 and chaired the French Shipowners' Association from 1998 to 2000.

**Philippe Lemonnier:** Mr. Lemonnier has been a director since September 2017. He currently serves as Vice President Group Performance Control at CMA CGM group. Previously he was Global Head of Efficiency Programs at CEVA Logistics, also responsible for Procurement and the Margin Improvement Program. He has served as Group Financial Controller and in charge of the Agility Program (cost savings program) at CMA CGM, having joined the company in 2005. He has more than 30 years of experience in finance and accounting and has served in senior leadership roles across multiple industries, including as the Chief Financial Officer of two French telecommunications companies.

**Michael Chalkias:** Mr. Chalkias has been a director since November 2018 when the strategic combination with Poseidon Containers was completed. He is the Co-founder and Co-Chief Executive Officer of the Prime Marine group, a leading global operator and manager in the seaborne oil and gas transportation space, which has managed more than 100 ships since its inception. Since March 2018, Mr. Chalkias has also served as non-executive, non-independent director of First Ship Lease Trust ("FSL Trust"), a Singapore-based business trust listed on the Mainboard of the Singapore Exchange Securities Trading Limited. Mr. Chalkias counts more than 25 years in the shipping industry, during which he has accumulated extensive in-depth knowledge in all aspects of the business and established strong relationships in the sector. Through Prime Marine, he has invested in many ships, primarily product tankers and gas carriers and has partnered with a number of international banks and US private equity firms. Prior to co-founding Prime Marine's predecessor in 1999, he was employed by Tufton Oceanic Limited, a specialized shipping finance and investment firm in London, where he was actively involved with debt and equity instruments as well as structured financing. Mr. Chalkias holds an MSc with Distinction in Shipping, Trade & Finance from the Cass Business School at the City University of London and a BSc with Honors in Maritime Business and Maritime Law from the University of Plymouth.

**Henry (Hank) Mannix III:** Mr. Mannix was appointed a director in November 2018. He has served as a director of Poseidon Containers since 2010. Mr. Mannix joined Kelso & Company, a U.S. private equity firm ("Kelso"), in 2004 and became a Managing Director in 2015. He spent the preceding two years in the investment banking division of Credit Suisse First Boston. Mr. Mannix is also a director of Elara Caring, Physicians Endoscopy and Refresh Mental Health. Mr. Mannix received a B.A. in Math and Economics from the College of the Holy Cross in 2001. Mr. Mannix has extensive experience in corporate financing and in evaluating the financial performance and operations of companies across a variety of business sectors, including the shipping sector.

**Alain Pitner:** Mr. Pitner, who has 30 years of shipping experience, was appointed a director in November 2018. Mr. Pitner commenced his career in 1974 in the Risk Department of Banque Indosuez, now part of Credit Agricole Group. He held various operational and commercial responsibilities in the Bank's French Export Credit Department. In 1987, Mr. Pitner joined the Shipping Division of the Bank's Structured Finance Department, where he financed newbuildings and was also responsible for special projects. He then was entrusted with increasingly senior roles. In September 2017, after 42 years, Mr. Pitner retired from the bank. He graduated from Reims business school and holds a MSIA from Krannert Business School—Purdue University, USA.

**Menno van Lacum:** Mr. van Lacum was appointed a director in November 2018. He commenced his career in 1997 by joining the Transportation Group at MeesPierson where he was responsible, in different capacities, for arranging and structuring debt capital markets and leasing products predominantly for the Transportation Equipment Leasing sector. In 2005, Mr. van Lacum became Director of the Fortis Principal Finance Group in the USA, responsible for holding equity investments and structuring debt instruments within the Transportation Sector. In 2009, Mr. van Lacum joined the Transportation Capital Group (“TCG”) as a Partner in the Netherlands focusing primarily on holding investments in the maritime industry. In 2019, Mr. van Lacum became CEO of Prow Capital, a private debt fund manager focusing on ESG investments in the shipping industry. Mr. van Lacum holds a Master’s Degree in Economics from the University of Amsterdam, Netherlands.

**Ian J. Webber:** Mr. Webber became our Chief Executive Officer in August 2008. From 1979 to 1996, Mr. Webber worked for PriceWaterhouse, the last five years of which he was a partner. From 1996 to 2006, Mr. Webber served as the Chief Financial Officer and a director of CP Ships Limited, a subsidiary of Canadian Pacific Limited until 2001 and thereafter a public company listed on the New York and Toronto stock exchanges until its acquisition by TUI A.G. in 2005. Mr. Webber is a graduate of Cambridge University.

**Thomas A. Lister:** Mr. Lister has been our Chief Commercial Officer since August 2008 and, from April 2017 until the merger with Poseidon Containers in November 2018, was also our Chief Financial Officer. From 2005 until 2007, Mr. Lister was a Senior Vice President at DVB Bank. Before that, from 2004 to 2005, he worked for the German KG financier and ship owning group, Nordcapital & E.R.Schiffahrt, as Director of Business Development. From 1991 to 2002, Mr. Lister worked in a number of managerial, strategic and operational roles for liner shipping companies and their agents. Mr. Lister graduated from Durham University and holds an MBA from INSEAD.

**Anastasios Psaropoulos:** Mr. Psaropoulos became our Chief Financial Officer in November 2018. He has over 12 years of experience in finance in the shipping sector. He has served as Chief Financial Officer of Poseidon Containers and Technomar, which he joined in 2011, participating in more than 190 successful S&P transactions including distressed deals. Prior to Poseidon, he was financial controller in Dolphin Capital, an AIM listed real estate development fund. He has also worked as an external auditor with PricewaterhouseCoopers, covering shipping and oil & gas industries. Mr. Psaropoulos holds a Master in Economics with specialization in Finance and Investments, from the Athens University of Economics and Business. He has also participated in the Program for Leadership Development (PLDA) of Harvard Business School.

## **B. Compensation**

### **Compensation of Executive Officers**

For the year ended December 31, 2021, we have expensed an aggregate of \$2.34 million in compensation to our executive officers. Set forth below is a description of certain material terms of the employment agreements with each of our executive officers, which is qualified in its entirety by the respective agreements which are filed as exhibits hereto.

#### *George Giouroukos, Executive Chairman*

Mr. Giouroukos has entered into an employment contract with GSL Enterprises, our wholly-owned subsidiary, and Mr. Giouroukos serves as our Executive Chairman pursuant to the terms of an inter-company agreement between us and GSL Enterprises.

Pursuant to his employment agreement, Mr. Giouroukos receives an annual salary and is eligible to receive an annual performance-based cash bonus payment out of the profits of GSL Enterprises.

The agreement is terminable by Mr. Giouroukos if he provides not less than six months’ advance written notice to GSL Enterprises except if such termination is for “good reason”, including a “change in control” of Global Ship Lease, Inc., as such terms are defined in his employment agreement, in which case Mr. Giouroukos is able to terminate the agreement by providing not less than 14 days’ advance written notice to GSL Enterprises. GSL Enterprises is able to terminate Mr. Giouroukos’s employment agreement by providing no less than 12 months’ advance written notice to Mr. Giouroukos (subject to exceptions in the case of summary termination). If Mr. Giouroukos resigns for “good reason” or GSL Enterprises terminates his employment for any reason whatsoever other than for “cause”, Mr. Giouroukos is entitled to receive a severance payment in lieu of a salary and contractual benefits for 12 months following the termination date, together with any bonus payable in accordance with the terms of the employment agreement.

#### *Ian Webber, Chief Executive Officer*

GSLS, our wholly-owned subsidiary, has entered into an employment agreement with Mr. Webber and Mr. Webber serves as our Chief Executive Officer pursuant to the terms of an inter-company agreement between us and GSLS.

Mr. Webber receives a salary and is eligible to receive a cash bonus payment up to an annual maximum of 60% of his salary at the discretion of GSLS. He is also eligible to receive share based incentives.

The agreement will automatically terminate on September 20, 2025, except as otherwise agreed in writing. In addition, the agreement may be earlier terminated by Mr. Webber if he provides not less than six months advance written notice to GSLS, or by GSLS if it provides not less than 12 months advance written notice to him (subject to exceptions in the case of summary termination). GSLS has the right to terminate Mr. Webber at any time and in its absolute discretion by paying Mr. Webber a sum equal to his salary and contractual benefits for the relevant period of notice.

The agreement also provides that, during his employment or for a period of one year thereafter, Mr. Webber will not, among other actions, solicit or attempt to solicit certain employees or certain customers of ours (or one of our group companies) or be involved in any relevant business in competition with us (or one of our group companies).

*Anastasios Psaropoulos, Chief Financial Officer*

Mr. Psaropoulos has entered into an employment contract with GSL Enterprises, our wholly-owned subsidiary, and pursuant to the terms of an inter-company agreement between us and GSL Enterprises Mr. Psaropoulos serves as our Chief Financial Officer and Treasurer.

Pursuant to the employment agreement, Mr. Psaropoulos receives an annual salary and is eligible to receive an annual performance-based cash bonus payment out of the profits of GSL Enterprises.

The agreement is terminable by Mr. Psaropoulos if he provides not less than six months' advance written notice to GSL Enterprises except if such termination is for "good reason", including a "change in control" of Global Ship Lease, Inc., as such terms are defined in the employment agreement, in which case Mr. Psaropoulos is able to terminate the agreement by providing not less than 14 days' advance written notice to GSL Enterprises. GSL Enterprises is able to terminate Mr. Psaropoulos' employment agreement by providing no less than 12 months' advance written notice to Mr. Psaropoulos (subject to exceptions in the case of summary termination). If Mr. Psaropoulos resigns for "good reason" or GSL Enterprises terminates his employment for any reason whatsoever other than for "cause", Mr. Psaropoulos is entitled to receive a severance payment in lieu of a salary and contractual benefits for 12 months following the termination date, together with any bonus payable in accordance with the terms of the employment agreement.

*Thomas Lister, Chief Commercial Officer*

Mr. Lister entered into an employment contract with GSL Enterprises, our wholly-owned subsidiary, with effect from January 1, 2022, and pursuant to the terms of an inter-company agreement between us and GSL Enterprises, Mr. Lister serves as our Chief Commercial Officer.

Pursuant to the employment agreement, Mr. Lister receives an annual salary and is eligible to receive an annual performance-based cash bonus payment out of the profits of GSL Enterprises.

The agreement is terminable by Mr. Lister if he provides not less than six months' advance written notice to GSL Enterprises except if such termination is for "good reason", including a "change in control" of Global Ship Lease, Inc., as such terms are defined in the employment agreement, in which case Mr. Lister is able to terminate the agreement by providing not less than 14 days' advance written notice to GSL Enterprises. GSL Enterprises is able to terminate Mr. Lister's employment agreement by providing no less than 12 months' advance written notice to Mr. Lister (subject to exceptions in the case of summary termination). If Mr. Lister resigns for "good reason" or GSL Enterprises terminates his employment for any reason whatsoever other than for "cause", Mr. Lister is entitled to receive a severance payment in lieu of a salary and contractual benefits for 12 months following the termination date, together with any bonus payable in accordance with the terms of the employment agreement.

Up to December 31, 2021, Mr. Lister was employed by GSLS, our wholly-owned subsidiary, and pursuant to the terms of an inter-company agreement between us and GSLS, Mr. Lister served as our Chief Commercial Officer. Mr. Lister also previously served as our Chief Financial Officer from April 1, 2017 to November 15, 2018 until the merger with Poseidon Containers.

Mr. Lister received a salary and was eligible to receive a cash bonus payment up to an annual maximum of 40% of his salary at the discretion of GSLS. He was also eligible to receive share based incentives.

The agreement was terminated by mutual consent without any payments on December 31, 2021 when Mr. Lister entered into the new employment contract with GSL Enterprises.

**Compensation of Directors**

Our Executive Chairman is employed and remunerates as an executive by GSL Enterprises and is entitled to a net annual salary of about \$80,000 and an annual performance-based cash bonus which is anticipated to be at least \$170,000. Our other directors receive an annual fee of \$105,000. The Chairman of the audit committee receives an additional fee of \$15,000 and each member of the audit committee receives an additional \$7,500. The Chairman of the nominating and corporate governance committee and the compensation committee each receive an additional \$5,000 and each member of those committees receives an additional \$2,500. In addition, each director is reimbursed for out-of-pocket expenses in connection with attending meetings of our Board of Directors or committees.

## 2019 Omnibus Incentive Plan

On February 4, 2019, our Board of Directors adopted the Global Ship Lease, Inc. the 2019 Omnibus Incentive Plan, and on September 29, 2021, we amended and restated the plan to provide for the issuance of additional shares thereunder (the “2019 Plan”). Under the 2019 Plan, directors, officers and employees (including any prospective director, officer or employee) of us and our subsidiaries and affiliates are eligible to receive non-qualified options, stock appreciation rights, restricted stock units, dividend equivalents, cash awards, unrestricted stock and other equity-based or equity-related awards as set forth fully in the 2019 Plan. During any calendar year, each non-employee director may not be granted more than 25,000 shares of Class A common stock or cash awards in excess of \$100,000. We initially reserved a total of 1,812,500 Class A common shares, which was subsequently increased to 3,412,500 Class A common shares, for issuance under the 2019 Plan during its 10-year term. We currently have 368,780 Class A common shares available to be awarded under the 2019 Plan.

The purpose of the 2019 Plan is to provide directors, officers and employees, whose initiative and efforts are deemed to be important to the successful conduct of our business, with incentives to (a) enter into and remain in the service of our company or our subsidiaries and affiliates, (b) acquire a proprietary interest in the success of our company, (c) maximize their performance and (d) enhance the long-term performance of our company. The 2019 Plan is administered by the compensation committee of our Board of Directors or such other committee of our Board of Directors as may be designated by the board.

Under the terms of the 2019 Plan, stock options and appreciation rights granted under the 2019 Plan will have an exercise price equal to the fair market value of a common share on the date of grant, provided that in no event may the exercise price be less than the fair market value of a common share on the date of grant. Options and stock appreciation rights will be exercisable at times and under conditions as determined by the plan administrator, but in no event will they be exercisable later than 10 years from the date of grant.

The plan administrator may grant restricted stock and awards of restricted stock units subject to vesting and forfeiture provisions and other terms and conditions as determined by the administrator of the 2019 Plan. Upon the vesting of a restricted stock unit, the award recipient will be paid an amount equal to the number of restricted stock units that then vest multiplied by the fair market value of a common share on the date of vesting, which payment may be paid in the form of cash or common shares or a combination of both, as determined by the administrator of the 2019 Plan. The 2019 Plan administrator may grant dividend equivalents with respect to grants of restricted stock units.

Adjustments may be made to outstanding awards in the event of a corporate transaction or change in capitalization or other extraordinary event. In the event of a “change in control” (as defined in the 2019 Plan), unless otherwise provided by the 2019 Plan administrator in an award agreement, awards then outstanding shall become fully vested and exercisable in full.

Our Board of Directors may amend or terminate the 2019 Plan and may amend outstanding awards, provided that no such amendment or termination may be made that would materially impair the rights or materially increase any obligations, of a grantee under an outstanding award. Shareholders’ approval of 2019 Plan amendments may be required in certain circumstances if required by applicable rules of a national securities exchange or the SEC. Unless terminated earlier by our Board of Directors, the 2019 Plan will expire 10 years from the date on which the 2019 Plan was adopted by the Board of Directors.

Following the adoption of the 2019 Plan, the 2015 and 2008 Plans were terminated.

In 2019, our Board of Directors approved awards to our executive officers under the 2019 Plan, providing our executive officers with the opportunity to receive up to 1,359,375 Class A common shares in aggregate, in four tranches. In addition, On March 11, 2021, our Board of Directors approved additional awards of 61,625 of Class A common shares under 2019 Plan resulting in a total amount of awards totaling up to 1,421,000 shares.

- *Tranche A*, to vest based on time served only, over the three years commencing January 1, 2019. One third of Tranche A vested in the first quarter of 2020 and the remainder will vest in eight equal instalments over consecutive three month intervals which commenced March 31, 2020.
- *Tranche B*, vested in January 2020, as the 60 Day Volume Weighted Average Price (the “60 Day VWAP”) of the Class A common shares exceeded \$8.00.
- *Tranche C*, vested in January 2021, as the 60 Day VWAP of the Class A common shares exceeded \$11.00.
- *Tranche D*, vested in March 2021, as the 60 Day VWAP of the Class A common shares exceeded \$14.00.

Mr. Giouroukos, Mr. Webber, Mr. Psaropoulos, Mr. Lister and other employees were awarded 34%, 28%, 17%, 17% and 4% of the total number of Class A common shares, respectively, with Tranche A, B, C and D representing 25%, 15%, 25% and 35% respectively.

In July 2021, Mr. Giouroukos received 17,720 Class A common shares as a special bonus.

As at December 31, 2021, all of the above awards have vested as the criteria have been met. 931,874 shares were settled and issued and 506,846 remained to be issued. As at March 10, 2022, a further 308,095 shares had been settled and issued and 198,751 remained to be issued.

On September 29, 2021, the Compensation Committee and the Board of Directors approved an increase in the aggregate number of Class A common shares available for issuance as awards under the Plan by 1,600,000, as reflected in the adoption of the 2019 Omnibus Incentive Plan, and approved new awards to senior management, totaling 1,500,000 shares of incentive stock, in three tranches with a grant date October 1, 2021. The first tranche, representing 55% of the total, is to vest quarterly conditioned only on continued service over the four-year period which commenced October 1, 2021. Tranches two and three, each representing 22.5% of the total, will vest quarterly up to September 30, 2025, when the Company's stock price exceeds \$27.00 and \$30.00, respectively, over a 60-day period. The Board of Directors also approved stock-based awards to the seven non-executive directors under the 2019 Plan totaling 105,000 shares of incentive stock to vest in a similar manner to those awarded to senior management.

Mr. Giouroukos, Mr. Webber, Mr. Psaropoulos, Mr. Lister, other employees and the non-executive directors were awarded 37%, 22%, 15%, 15%, 4% and 7% of the total number of Class A common shares.

55,175 incentive shares vested in the year ended December 31, 2021 under the new awards. Of the total of 55,175 incentive shares which vested up to December 31, 2021, no shares were settled or issued as at December 31, 2021. As at March 10, 2022 39,188 shares had been settled and issued and 15,987 remained to be issued.

### **C. Board Practices**

Our Board of Directors is divided into three classes with one class of directors being elected in each year and each class serving a three-year term. The current term of office of the Term I class of directors consisting of Mr. Lemonnier, Mr. Mannix and Mr. Pitner, expires at the annual meeting of shareholders to be held in 2024. The current term of office of the Term II class of directors, consisting of Mr. Chalkias and Mr. Giouroukos, expires at the annual meeting of shareholders to be held in 2022. The current term of office of the Term III class of directors, consisting of Mr. Gross, Mr. van Lacum and Mr. Wils, expires at the annual meeting of shareholders to be held in 2023.

Other than our Executive Chairman, none of our directors have service contracts with us or any of our subsidiaries providing for benefits upon the termination of their employment.

For information about the period during which each director and executive officer has served in such position at our company, see "Item 6. Directors, Senior Management and Employees – A. Directors and Senior Management."

### *Director Independence*

Our Board of Directors has determined that all directors other than Mr. Lemonnier are "independent directors" as such term is defined in Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the NYSE rules. Mr. Lemonnier, a senior executive of CMA CGM, was appointed as a Director in September 2017, following his nomination by CMA CGM.

### **Board Observer Agreement**

On November 12, 2019, we entered into a Board Observer Agreement with B. Riley Financial, Inc. and B. Riley FBR which (i) amended the prior engagement letter and underwriting agreement by and between B. Riley FBR and ourselves to eliminate the right of B. Riley FBR to appoint a director to our Board of Directors; and (ii) granted a right to B. Riley Financial, Inc. to designate an observer to our Board of Directors ("Observer"), provided that B. Riley Financial, Inc. and/or its affiliates own more than 5% of the outstanding voting power of us. On March 24, 2022, B. Riley Financial, Inc. notified us that its ownership of our stock decreased and that the Observer has stepped down.

## **Board Committees**

Our Board of Directors has formed an audit committee, a compensation committee, a nominating and corporate governance committee, a conflicts committee and an environmental, social and governance committee. Our board committee charters are available on our website ([www.globalshiplease.com](http://www.globalshiplease.com)) and in print to any investor upon request. The information included on our website is not incorporated herein by reference.

### *Audit Committee*

We have established an audit committee, comprised of three members of our Board of Directors, which, as directed by our written audit committee charter, is responsible for overseeing the management's conduct of our systems of internal accounting and financial controls, reviewing our financial statements, recommending to the Board of Directors the engagement of our independent auditors, and pre-approving audit and audit-related services and fees.

The audit committee will at all times be composed exclusively of "independent directors" who, as may be required by the NYSE listing standards, are able to read and understand fundamental financial statements, including a company's balance sheet, income statement and cash flow statement. Our audit committee currently consists of Messrs. Chalkias, van Lacum and Wils, each of whom is "independent" as defined in Rule 10A-3 under the Exchange Act and the NYSE rules.

In addition, the audit committee has at least one member who has past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background that results in the individual's financial sophistication. Our Board of Directors has determined that Mr. van Lacum satisfies the NYSE's definition of financial sophistication and also qualifies as an "audit committee financial expert," as defined under Item 401 of Regulation S-K under the Exchange Act.

### *Compensation Committee*

U.S. domestic issuers are required to have a compensation committee that is comprised entirely of independent directors. Although as a foreign private issuer this rule does not apply to us, we have a compensation committee. Our compensation committee consists of Messrs. Gross, Mannix and Pitner. The compensation committee is responsible for and reports to our Board of Directors on the evaluation and compensation of executives, oversees the administration of compensation plans, reviews and determines director and executive compensation and prepares any report on executive compensation required by the rules and regulations of the SEC.

### *Nominating and Corporate Governance Committee*

U.S. issuers are required to have a nominating and corporate governance committee that is comprised entirely of independent directors. Although as a foreign private issuer this rule does not apply to us, we have a nominating and corporate governance committee. Our nominating and corporate governance committee consists of Messrs. Chalkias, Pitner and Wils. The nominating and corporate governance committee reports to our Board of Directors on and is responsible for succession planning and the appointment, development and performance evaluation of our board members and senior executives. It also assesses the adequacy and effectiveness of our corporate governance guidelines, reviewing and recommending changes to the board whenever necessary.

### *Conflicts Committee*

We have established a Conflicts Committee to review, evaluate, and approve any transaction or other matter referred or disclosed to it where a conflict of interest or potential conflict of interest exists or arises, whether real or perceived. Such matters may include transactions between us on the one hand, and Technomar, or Conchart, or any of our officers or directors or affiliates of our officers or directors, on the other hand. Our Conflicts Committee consists of Messrs. Chalkias, van Lacum, and Wils.

### *Environment, Social, and Governance ("ESG") Committee*

We have established an ESG Committee to (i) guide, support, and supervise management in developing, articulating, and continuing to evolve, our ESG strategy, (ii) evaluate and recommend ESG initiatives for adoption by us, (iii) assess ESG risks and opportunities, and (iv) promote ESG practices within our business culture and processes. Our ESG committee consists of Messrs. Chalkias, van Lacum, Wils, and Giouroukos.

## **D. Employees**

As of December 31, 2021, we had seven employees.

**E. Share Ownership**

See “Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders” for information regarding beneficial ownership by our directors and executive officers.

See “Item 6. Directors, Senior Management and Employees—B. Compensation—2019 Omnibus Incentive Plan” for information regarding our equity incentive plan.

**Item 7. Major Shareholders and Related Party Transactions**

**A. Major Shareholders**

The following table sets forth information regarding the beneficial ownership of our Class A common shares as of the date of this report by:

- each person known by us to be the beneficial owner of more than 5% of our outstanding common shares;
- each of our officers and directors; and
- all of our officers and directors as a group.

Except as otherwise indicated, each person or entity named in the table below has sole voting and investment power with respect to all of our Class A common shares, shown as beneficially owned, subject to applicable community property laws. As of the date of this report, an aggregate of 36,911,392 Class A common shares were issued and outstanding.

The Class A common shares each have one vote and vote together as a single class except that any amendment to the articles of incorporation, including those made pursuant to the terms of any merger, consolidation or similar transaction, that would increase or decrease the aggregate number of authorized common shares of a class, increase or decrease the par value of common shares of a class, or alter or change the powers, preferences or rights of the class of common shares so as to affect them adversely, must be approved by the holders of not less than a majority of the votes entitled to be cast by the holders of such class of common shares then outstanding, voting separately as a class.

Name of Beneficial Owner	Class A Common Shares Beneficially Owned	Approximate Percentage of Outstanding Class A Common Shares <sup>(1)</sup>
<b>5% Shareholders:</b>		
CMA CGM S.A. <sup>(2)</sup>	3,051,587	8.3 %
Punch & Associates Investment Management, Inc. <sup>(3)</sup>	2,331,394	6.3%
George Giouroukos <sup>(4)</sup>	2,254,387	6.1 %
<b>Other Directors and Executive Officers:</b>		
Michael Gross	50,000	0.1 %
Alain Wils	1,312	0.0 %
Menno van Lacum	13,794	0.0 %
Ian Webber	192,606	0.5 %
Thomas Lister	33,801	0.1 %
Anastasios Psaropoulos	185,810	0.5 %
All directors and executive officers as a group (7 individuals) <sup>(5)</sup>	2,731,710	7.4 %

(1) Calculated based on 36,911,392 Class A common shares outstanding as of the date of this report.

(2) This information is derived from a Schedule 13D/A filed with the SEC on October 15, 2019. CMA CGM S.A. is controlled by Merit Corporation S.A.L., which may be deemed to exercise voting and investment power over all securities of Global Ship Lease, Inc. held by CMA CGM S.A. and thus may be deemed to beneficially own such securities.

(3) This information is derived from a Schedule 13G filed with the SEC on February 14, 2022.

(4) Mr. Giouroukos, who serves as our Executive Chairman, owns and controls Shipping Participations Inc., which is the record holder of 2,234,020 Class A common shares. As a result, Mr. Giouroukos may be deemed to beneficially own the shares held by Shipping Participations Inc.

(5) The number of shares of Class A common shares beneficially owned by a person and the percentage ownership of that person, includes Class A common shares under stock-based awards held by that person that are exercisable, vested or convertible as of March 21, 2022 or that will become exercisable, vested or convertible within 60 days after March 21, 2022 and which are described above under the heading “Item 6. Directors, Senior Management and Employees-B. Compensation-2019 Omnibus Incentive Plan”.

As of February 28, 2022, we had 12 registered shareholders of record, two of which were located in the United States holding an aggregate of 33,716,887 of our Class A common shares, representing 91.6% of our outstanding common shares. However, one of the U.S. shareholders of record is Cede & Co., a nominee of The Depository Trust Company, which held 33,714,573 of our Class A common shares as of February 28, 2022. We believe that the shares held by Cede & Co. include common shares beneficially owned by both holders in the United States and non-U.S. beneficial owners.

We are not aware of any arrangements the operation of which may at a subsequent date result in our change of control.

## **B. Related Party Transactions**

### **Registration Rights Agreement**

At the time of the Marathon Merger, we entered into a registration rights agreement with CMA CGM, Marathon Investors, LLC, Marathon Founders, LLC and the other initial shareholders of Marathon common stock (including Michael S. Gross), pursuant to which we agreed to register for resale on a registration statement under the Securities Act of 1933, as amended, and applicable state securities laws, the common shares issued to such shareholders pursuant to the Marathon Merger or upon exercise of warrants (the “Marathon Registration Rights Agreement”).

On October 29, 2018, we entered into an Amended and Restated Registration Rights Agreement (the “Amended and Restated Registration Rights Agreement”), which amended and restated the Marathon Registration Rights Agreement, with KEP VI, KIA VIII, CMA CGM, Management Investor Co., Anmani Consulting Inc., Marathon Founders, LLC, Michael S. Gross and Maas Capital Investments B.V. with respect to all Class A common shares and Series C Preferred Shares held by such shareholders on the closing date of the Poseidon Transaction, including any Class A common shares issued on conversion of the Series C Preferred Shares (the “Registrable Securities”). The Amended and Restated Registration Rights Agreement became effective on the closing of the Poseidon Transaction. Pursuant to the Amended and Restated Registration Rights Agreement, we filed with the SEC a shelf registration statement to register the offer and resale of all of the Registrable Securities. The Amended and Restated Registration Rights Agreement also provides certain piggyback and demand registration rights to the holders of Registrable Securities and contains customary indemnification and other provisions. Based on information provided to us by Kelso, KEP VI and KIA VIII no longer hold Registrable Securities.

### **Letter Agreement**

On October 29, 2018, we entered into a Letter Agreement with affiliates of Kelso, CMA CGM, Marathon Founders, LLC and Michael S. Gross. The Letter Agreement became effective on the closing of the Poseidon Transaction.

Pursuant to the Letter Agreement, (a) for so long as CMA CGM holds at least 5% of our voting power, CMA CGM has the right to designate (and Kelso has the obligation to vote in favor of) an individual nominee to serve on our Board of Directors (and such nominee will also have a right to serve on the Audit Committee of the Board of Directors), (b) for so long as CMA CGM holds at least 10% of our voting power, CMA CGM has the right to designate (and Kelso has the obligation to vote in favor of) two individuals to serve on the Board of Directors and (c) CMA CGM designated Philippe Lemonnier and Alain Wils as the two individuals to serve on the Board of Directors.

The Letter Agreement also contains certain participation and tag-along rights. For example, each of Kelso and CMA CGM has the right to purchase a pro rata portion of any new issuance of securities by us (other than certain exempt issuances) for so long as it holds at least 10% of our voting power. Additionally, each of CMA CGM, Marathon Founders, LLC and Mr. Gross have the right to transfer Class A common shares pro rata alongside Kelso in any transfer or series of related transfers by Kelso to a third party that would result in the third party acquiring more than 30% of our voting power (with the exception of certain exempt transfers).

The Letter Agreement also provides that, for so long as CMA CGM holds at least 5% of our voting power, we may not make any material change in the nature of our business without the unanimous consent of the Board of Directors.

### **Non-Compete Agreement**

On October 29, 2018, we entered into a Non-Compete Agreement with Mr. George Giouroukos and Conchart reflecting, among others, the provisions described below. The Non-Compete Agreement became effective on the closing of the Poseidon Transaction.

**Restricted Business**

For so long as Mr. Giouroukos is our Executive Chairman, Mr. Giouroukos and any entity which he controls will agree not to acquire, own or operate containerships. However, under certain exceptions, Mr. Giouroukos, and any entity which he controls, may compete with us, which could affect our business. Specifically, Mr. Giouroukos, and any entity which he controls, will not be prevented from:

- (1) acquiring, owning, operating or chartering vessels other than containerships;
- (2) acquiring or owning one or more containerships if we decide not to exercise our right of first refusal to acquire such containership, in accordance with the terms of the Non-Compete Agreement described below under “Right of First Refusal”;
- (3) Acquiring, owning, operating or chartering one or more containerships as part of the acquisition of a controlling interest in a business or package of assets that owns, operates or charters such containerships; provided, however, that Mr. Giouroukos, and any entity which he controls must offer to sell such containership(s) to us at their fair market value plus any additional tax or other similar costs that Mr. Giouroukos, and any entity which he controls, incurs in connection with the acquisition and the transfer of such containership to us separate from the acquired business, if a majority of the value of the business or the package of assets acquired is attributable to containerships;
- (4) providing vessel management services relating to containerships, or other vessel types, including technical and commercial management, warehouse transactions for financial institutions and pool management;
- (5) Acquiring, owning, operating or chartering any containership that Mr. Giouroukos, and any entity which he controls, owned or operated or had a contractual arrangement with respect to as of the closing date of the Plan of Merger by and among Poseidon Containers Holdings LLC, K&T Marine LLC, us and other parties;
- (6) transferring to Mr. Giouroukos or any entity which he controls, title to a vessel that Mr. Giouroukos or such entity that he controls or any third party is entitled to acquire, own and operate under the Non-Compete Agreement, pursuant to or in connection with the termination of a financing arrangement, including by way of a sale and leaseback or similar transaction, which is accounted for under United States generally accepted accounting principles as a financial lease; and
- (7) acquiring, owning, operating or chartering any containership that is subject to an offer to purchase as described in paragraphs (2) and (3) above, in each case pending the offer of such containership to us and our determination whether to purchase the containership and, if so, pending the closing of such purchase.

Further to the above, notwithstanding this agreement, Mr. Giouroukos, and any entity which he controls, may claim business opportunities that would benefit us, and this could have an adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends.

**Right of First Refusal**

Mr. Giouroukos, and any entity he controls, will also agree to grant us a right of first refusal to acquire any containership, after Mr. Giouroukos, or an entity controlled by him, enters into an agreement that sets forth terms upon which he or it would acquire such containership. Mr. Giouroukos, or such entity controlled by him, shall notify us within 30 days of any agreement that he, or his controlled entity, has entered into to purchase a containership and will provide a period of seven calendar days in respect of a single vessel transaction, or a period of 14 calendar days in respect of a multi-vessel transaction, from the date that he delivers such notice to us of said opportunity, within which to decide whether or not to accept the opportunity and nominate a subsidiary of ours to become the purchaser of such containership, before Mr. Giouroukos, or any entity he controls, will accept the opportunity or offer it to any of his other affiliates or entities controlled by him. The opportunity offered to us will be on no less favorable terms than those offered to Mr. Giouroukos, or entity controlled by him. The approval of our conflicts committee which is comprised of independent directors will be required to accept or reject this offer.

Upon a change of control of us, these rights of first refusal will terminate immediately. In addition, at such time that Mr. Giouroukos ceases to serve as our Executive Chairman, these rights of first refusal as applicable to Mr. Giouroukos will terminate immediately.

**Right of First Offer on Containerships**

Mr. Giouroukos will also agree to grant a right of first offer to us for any containership he, or any entity controlled by him, owns or acquires, upon any proposed sale, transfer, or other disposition.

Prior to entering into any transaction regarding any containership's disposition with a non-affiliated third party, Mr. Giouroukos, or such entity controlled by him, will deliver a written notice to us setting forth the material terms and conditions of the proposed transaction. During the 14-day period after the delivery of such notice, and at our election we (through our conflicts committee) and Mr. Giouroukos, or such entity controlled by him, will negotiate in good faith to reach an agreement on the transaction, which shall be approved by our conflicts committee which is comprised of independent directors. If we do not reach an agreement within such 14-day period, Mr. Giouroukos, or such entity controlled by him, as the case may be, will be able within the next 180 calendar days to sell, transfer, dispose or re-contract the containership to a third party (or to agree in writing to undertake such transaction with a third party) on terms generally no less favorable than those offered pursuant to the written notice.

Upon a change of control of us, these rights of first offer will terminate immediately. In addition, at such time that Mr. Giouroukos ceases to serve as our Executive Chairman, these rights of first offer as applicable to Mr. Giouroukos will terminate immediately.

### **Chartering Opportunities**

If Conchart, or any entity it controls, acquires knowledge of a potential opportunity to enter into a potential charter with or without profit sharing for a particular containership that it believes in good faith would be suitable for our vessels, which we refer to as a "Potential Charter Opportunity," then Conchart, or such entity that it controls, would be obliged to offer such Potential Charter Opportunity to us and, for a period of up to two business days, we shall have the right to elect to pursue such Potential Charter Opportunity for ourselves or allow Conchart to direct such Potential Charter Opportunity to itself or another person or entity. In determining suitability of a Potential Charter Opportunity, Conchart shall take into consideration certain factors, such as the availability, suitability and positioning of the relevant vessel, the potential charterer's demands for the vessel's specifications and costs. In the event we do not elect to accept the Potential Charter Opportunity, Conchart shall be free to pursue such Potential Charter Opportunity or direct it to another person or entity for a period of 15 calendar days on the same terms and conditions as presented to us.

### **Ship Management Agreements**

As of December 31, 2021, Technomar provided day-to-day technical ship management services for all but six vessels in the Borealis Fleet. Another third party provides management on these six vessels as well as on the remaining six vessels in the Borealis Fleet ships from the time of their delivery in July 2021 until a change of management to Technomar in September 2021. Mr. George Giouroukos, our Executive Chairman, is the Founder, Managing Director, and majority beneficial owner of Technomar. Technomar's services being provided under technical ship management agreements include crewing, purchasing stores, lubricating oils and spare parts, paying wages, pensions and insurance for the crew, and organizing other vessel operating necessities, including the arrangement and management of drydocking. We pay Technomar a daily management fee of EUR 700 (EURO 715 from January 1, 2022) per vessel, to be paid in U.S. Dollars at an agreed rate of exchange, which, in addition to covering the technical ship management services being provided, includes administrative support services, including accounting and financial reporting, treasury management services and legal services also being provided pursuant to the technical ship management agreements. The technical ship management agreements with Technomar for the vessels that serve as collateral under our credit facilities are for a minimum duration equal to the duration of such respective credit facilities. The technical ship management agreements may be terminated by either party by giving not less than six months' prior written notice with termination to be effective no sooner than the expiry of the minimum term. If the technical ship management agreements are terminated on at least six months prior written notice, a termination fee equal to 50% of the annual management fee is payable to Technomar if the technical ship management agreements are terminated by the managers and a termination fee equal to two times the annual fee is payable to Technomar if the technical ship management agreements are terminated by the owners. Our other ship technical ship management agreements may generally be terminated by either party on two months prior written notice following their minimum duration. The Technomar technical ship management agreements may also be terminated (i) by one party on the change of control in the other party, (ii) automatically on the insolvency of a party, (iii) by one party upon the breach by the other party of the technical ship management agreement, and (iv) upon the sale or total loss of a vessel; except where the owner is terminating the technical ship management agreements for cause, a termination fee is payable to Technomar and will range from 25% of the annual management fee to two times the annual management fee, depending on the reason for the termination.

The management fees paid by us to Technomar for the year ended December 31, 2021 amounted to \$15.3 million. The management fees paid by us to Technomar for the year ended December 31, 2020 amounted to \$12.6 million. For the year ended December 31, 2019 management fees paid by us to Technomar and CMA Ships amounted to \$9.2 million and \$0.8 million, respectively.

We have also entered into Supervision Agreements with Technomar with respect to our Third-Party Managed Vessels. Please see "Item 4. Information on the Company—B. Business Overview—Management of Our Fleet" for additional information on the Supervision Agreements.

Conchart provides commercial management services to us on all of our vessels pursuant to commercial management agreements. Mr. George Giouroukos, our Executive Chairman, is the sole beneficial owner of Conchart. Under the commercial management agreements, Conchart is responsible for (i) marketing of our vessels, (ii) seeking and negotiating employment of our vessels, (iii) advising us on market developments, and on the development of new rules and regulations with respect to trading and cargo restrictions, (iv) assisting in the calculation of hires, and the collection of any sums related to the operation of vessels, (v) communicating with agents, and (vi), negotiating memoranda of agreement for the sale of the vessels. We have agreed to pay Conchart a commission of 1.25% on all monies earned under each charter fixture, and we have agreed to pay Conchart a 1.00% commission on any sale and purchase transaction. No commission is payable on any charter of a vessel in the GSL Fleet to CMA CGM in place as of November 15, 2018, if applicable. However, commission is payable to the managers for any extension of such charters after March 31, 2021. The commercial management agreements with Conchart for the vessels provided as security under our credit facilities have a minimum term equal to the duration of their respective credit facilities. The commercial management agreements may be terminated by either party by giving not less than six months' prior written notice with termination to be effective no sooner than the expiry of the minimum term. If the commercial management agreements are terminated on at least six months prior written notice, a termination fee equal to six times the average monthly commission paid by us to Conchart (or which accrued) in the prior six month period is payable to Conchart if the commercial management agreements are terminated by the managers and a termination fee equal to twelve times the average monthly commission paid by us to Conchart (or which accrued) in the prior twelve month period is payable to Conchart if the commercial management agreements are terminated by the owners. The Conchart commercial management agreements may also be terminated (i) by one party on the change of control in the other party, (ii) automatically on the insolvency of a party, (iii) by one party upon the breach by the other party of the commercial management agreement, and (iv) upon the sale or total loss of a vessel; except where the owner is terminating the commercial management agreements for cause, a termination fee is payable to Conchart and will range from three times the average monthly commission paid by us to Conchart (or which accrued) in the prior three month period to twelve times the average monthly commission paid by us to Conchart (or which accrued) in the prior twelve month period, depending on the reason for the termination.

The fees paid by us to Conchart for the year ended December 31, 2021 amounted to \$3.6 million. For the year ended December 31, 2020, fees paid to Conchart amounted to \$2.4 million.

Until January 20, 2021, 16 vessels which we provided as security to the 2022 Notes and Citi Credit facility were commercially managed by GSLS which had entered into a Commercial Advisory Services and Exclusive Brokerage Services Agreement ("EBSA") with Conchart, whereby Conchart was appointed to provide commercial advisory and exclusive brokerage services to GSLS on those vessels on substantially the same terms as described above.

By mutual consent, the EBSA was terminated without penalty on the repayment of the 2022 Notes on January 20, 2021 and the relevant 16 vessels became subject to commercial management agreements directly with Conchart.

For additional information on our related party transactions, please see the notes to our consolidated financial statements included herein.

#### **Kelso Letter Agreement**

In September 2019, we entered into an agreement with Kelso, whereby Kelso agreed to convert all of its outstanding Series C Preferred Shares into Class A common shares upon the repayment in full of our 2022 Notes, which occurred in January 2021.

Please see Note 14, *Related Party Transactions*, to our consolidated financial statements for additional information about our related party transactions.

#### **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.

## Legal Proceedings

We have not been involved in any legal proceedings that may have, or have had a significant effect on our business, financial position, results of operations or liquidity, and we are not aware of any proceedings that are pending or threatened that may have a material adverse effect on our business, financial position, results of operations or liquidity. From time to time, we may be subject to legal proceedings and claims in the ordinary course of business, principally personal injury and property casualty claims associated with operating containerhips. We expect that these claims would be covered by insurance, subject to customary deductibles. Claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources.

## Dividend Policy

On January 12, 2021, we announced that our Board of Directors had initiated a dividend policy under which we intended to pay shareholders a regular quarterly cash dividend of \$0.12 per Class A common share with effect from the first quarter of 2021. We paid dividends of \$0.25 per Class A common share for the first, second, third and fourth quarter of 2021 and we announced on November 22, 2021 that from first quarter of 2022 the dividend will increase by 50% to \$0.375 per Class A common share per quarter.

Dividends, if any, will be based on available cash flow, rather than net income, after all relevant cash expenditures, including cash interest expense on borrowings that finance operating assets, cash income taxes and after an allowance for the cash cost of future drydockings but not including deductions for non-cash items including depreciation and amortization and changes in the fair values of financial instruments, if any.

The declaration and payment of any dividend is always subject at all times to the discretion of our Board of Directors which reviews our dividend policy quarterly, taking into consideration capital structure, growth opportunities, industry fundamentals, asset value trends and financial performance including cash flow, restrictions under our current and future agreements governing our indebtedness, including our credit facilities, the provisions of Marshall Islands law affecting the payment of distributions to shareholders, required capital and drydocking expenditures, reserves established by our Board of Directors, increased or unanticipated expenses, additional borrowings or future issuances of securities and other factors, many of which will be beyond our control.

There were 4,359,190 Depositary Shares outstanding at December 31, 2021, each of which represents 1/100<sup>th</sup> of one share of our Series B Preferred Shares. Dividends on the Series B Preferred Shares are payable at 8.75% per annum in arrears on a quarterly basis, when and if declared by the Board of Directors. Following the issuance of the Series B Preferred Shares, no dividend may be declared or paid or set apart for payment on our common shares and other junior securities, unless full cumulative dividends have been or contemporaneously are being paid or declared and set aside for payment on all outstanding Series B Preferred Shares, subject to certain exceptions. See “Item 10. Additional Information—B. Memorandum and Articles of Association.” Dividends have been declared as scheduled with respect to our Series B Preferred Shares.

Our ability to pay dividends is also limited by the amount of cash we can generate from operations following the payment of fees and expenses and the establishment of any reserves as well as additional factors unrelated to our profitability. We are a holding company, and we will depend on the ability of our subsidiaries to distribute funds to us in order to satisfy our financial obligations and to pay dividend payments. Further, our Board of Directors may elect to not distribute any dividends or may significantly reduce the dividends. As a result, the amount of dividends actually paid, if any, may vary from the amount previously paid and such variations may be material. See “Item 3. Key Information—D. Risk Factors” for a discussion of the risks associated with our ability to pay dividends.

Marshall Islands law generally prohibits the payment of dividends other than from surplus (retained earnings and the excess of consideration received for the sale of shares above the par value of the shares) or while a company is insolvent or would be rendered insolvent by the payment of such a dividend.

We believe that, under current U.S. federal income tax law, some portion of the distributions you receive from us will constitute dividends and, if you are an individual that is a citizen or resident of the United States and that meets certain holding period and other requirements, such dividends will be treated as “qualified dividend income” subject to tax at preferential rates. See “Item. 10. Additional Information—E. Taxation—Tax Consequences of Holding Class A common shares — Taxation of distributions paid on Class A common shares” for information regarding the eligibility requirements for “qualified dividend income.”

## B. Significant Changes

None.

**Item 9. The Offer and Listing.**

**A. Offer and Listing Details**

Please see “Item 9. Offer and the Listing—C. Markets”.

**B. Plan of Distribution**

Not applicable

**C. Markets**

On August 15, 2008, our Class A common shares began trading on the NYSE under the symbol “GSL”. On August 20, 2014, our Depositary Shares, each of which represents a 1/100th interest in a share of our Series B Preferred Shares, began trading on the NYSE under the symbol “GSL-B”. On November 19, 2019, our 2024 Notes began trading on the NYSE under the symbol “GSLD”.

**D. Selling Shareholders**

Not applicable

**E. Dilution**

Not applicable

**F. Expenses of the Issue**

Not applicable

**Item 10. Additional Information**

**A. Share Capital**

Not applicable.

**B. Memorandum and Articles of Association**

Our Amended and Restated Articles of Incorporation have previously been filed as Exhibit 3.1 to Amendment No. 1 to our Registration Statement on Form 8-A (File No. 001-34153) filed with the SEC on March 26, 2019 and are hereby incorporated by reference into this Annual Report. Articles of Amendment to the Amended and Restated Articles of Incorporation have previously been filed as Exhibit 3.3 to our Report on Form 6-K, filed with the SEC on March 25, 2019 and are hereby incorporated by reference into this Annual Report. Our Third Amended and Restated Bylaws have previously been filed as Exhibit 99.1 to our Report on Form 6-K filed with the SEC on March 23, 2020 and are hereby incorporated by reference into this Annual Report.

The necessary actions required to change the rights of shareholders and the conditions governing the manner in which annual general meetings and special meetings of shareholders are convoked are described in our Amended and Restated Articles of Incorporation, as amended, and Third Amended and Restated Bylaws and are hereby incorporated by reference into this Annual Report.

The rights, preferences and restrictions attaching to each class of shares of our capital stock are described in the sections “Description of Capital Shares” and “Description of Preferred Shares” of the Amendment No. 1 to our registration statement on Form F-3 (File No. 333-197518) filed with the SEC on July 28, 2014 and hereby incorporated by reference into this Annual Report. The rights, preferences and restrictions attaching to our Depositary Shares and Series B Preferred Shares are described in the sections “Description of Preferred Shares” and “Description of Depositary Shares” of our registration statement on Form F-3 (File No. 333-235305) filed with the SEC on November 27, 2019 and incorporated by reference into this Annual Report. There have been no changes since that date, other than the issuance of Series B Preferred Shares and Depositary Shares pursuant to our Depositary Shares ATM Program, as described below.

On August 20, 2014, we issued 1,400,000 Depositary Shares, each of which represents 1/100th of one share of our Series B Preferred Shares. A further 42,756 Depositary Shares were issued during the year ended December 31, 2019 under our Depositary Shares ATM Program, 839,442 Depositary Shares were issued during the year ended December 31, 2020 under the program and a further 2,076,992 Depositary Shares have been issued during the year ended December 31, 2021. Each Series B Preferred Share has the right to receive the liquidation preference of \$2,500.00 per share (equivalent to \$25.00 per depositary share) plus an amount equal to all accumulated and unpaid dividends thereon to the date of payment, whether or not declared. Dividends are payable at 8.75% per annum in arrears on a quarterly basis, when and if declared by the Board of Directors. Following the issuance of our Series B Preferred Shares, no dividend may be declared or paid or set apart for payment on our common stock and each other class or series of capital stock established after the original issue date of the Series B Preferred Shares that is not expressly made senior to or on parity with the Series B Preferred Shares as to the payment of dividends and amounts payable upon liquidation, dissolution or winding up, whether voluntary or involuntary (“Junior Securities”) (other than a dividend payable solely in Junior Securities), unless full cumulative dividends have been or contemporaneously are being paid or declared and set aside for payment on all outstanding Series B Preferred Shares and any securities that rank *pari passu* with the Series B Preferred Shares through the most recent respective dividend payment dates. Holders of the Series B Preferred Shares generally have no voting rights, except in limited circumstances. The Series B Preferred Shares may be redeemed at any time, at our discretion, in whole or in part, at a redemption price of \$2,500.00 per share (equivalent to \$25.00 per depositary share). The rights, preferences and restrictions attaching to the Series B Preferred Shares are described in the sections “Description of Preferred Shares” and “Description of Depositary Shares” of our registration statement on Form F-3 (File No. 333-235305) filed with the SEC on November 27, 2019 and incorporated by reference into this Annual Report. There have been no changes since that date with the exception of the issuance of further Series B Preferred Shares in connection with our Depositary Shares ATM Program. The rights, preferences and restrictions attaching to the Series B Preferred Shares are further qualified by (i) the Certificate of Designations of Global Ship Lease, Inc., filed with the Registrar or Deputy Registrar of Corporations of the Republic of the Marshall Islands and effective August 19, 2014, (ii) the Certificate of Amendment to the Certificate of Designations of Global Ship Lease, Inc., filed with the Registrar or Deputy Registrar of Corporations of the Republic of the Marshall Islands and effective December 9, 2019 and (iii) the Deposit Agreement, dated as of August 20, 2014, by and among Global Ship Lease, Inc., Computershare Inc. and Computershare Trust Company, N.A., as applicable, as depositary, registrar and transfer agent, and the holders from time to time of the depositary receipts described therein (each of (i) and (iii) being incorporated by reference to Exhibits 3.1 and 4.1, respectively, of Global Ship Lease, Inc.’s Report on Form 6-K filed on August 20, 2014 and (ii) being incorporated by reference to Exhibit 3.1 of Global Ship Lease Inc.’s Report on Form 6-K filed on December 10, 2019), each of which is hereby incorporated by reference into this Annual Report. There have been no changes since the respective dates.

On November 15, 2018, we issued 250,000 Series C Preferred Shares of par value \$0.01 per share. The Series C Preferred Shares were converted to an aggregate of 12,955,188 Class A common shares on January 20, 2021.

We are not aware of any limitations on the rights to own securities, including the rights of non-resident or foreign shareholders to hold or exercise voting rights on the securities, imposed by the laws of the Republic of the Marshall Islands or by our Articles of Incorporation or Bylaws.

#### **Registration Rights Agreements**

In connection with registered public offering of our Class A common shares that closed on October 1, 2019, or the October 2019 Offering, we have entered into a registration rights agreement with certain affiliates of B. Riley FBR, Inc., or the B. Riley Affiliates, the underwriter in the October 2019 Offering, pursuant to which we agreed to register any shares of our Class A common stock held by the B. Riley Affiliates following the completion of the October 2019 Offering to the extent such shares constitute “restricted” or “control” securities under applicable rules and regulations of the Commission, or the B. Riley Registration Rights Agreement. The B. Riley Registration Rights Agreement provides the B. Riley Affiliates with certain piggyback and demand registration rights, and contains customary indemnification and other provisions.

We also have a registration rights agreement with certain of our shareholders that was amended and restated in October 2018 upon closing of the Poseidon Transaction. For a description of the Amended and Restated Registration Rights Agreement, please see “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions.”

#### **C. Material Contracts**

We refer you to “Item 4. Information on the Company—B. Business Overview,” “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Liquidity, Working Capital and Dividends—Indebtedness,” “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions” for a discussion of the contracts that we consider to be both material and outside the ordinary course of business during the two-year period immediately preceding the date of this Annual Report. Certain of these material agreements that are to be performed in whole or in part after the date of this annual report are attached as exhibits to this Annual Report.

Other than as discussed in this Annual Report, we have no material contracts, other than contracts entered into in the ordinary course of business, to which we are a party.

#### **D. Exchange Controls**

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

#### **E. Taxation**

The following represents the opinion of our United States and Marshall Islands tax counsel, Seward & Kissel LLP, and is a summary of the material U.S. federal income tax and Marshall Islands tax consequences of the ownership and disposition of our Class A common shares and Series B Preferred Shares.

This section is based on current provisions of the Code, current and proposed Treasury regulations promulgated thereunder, and administrative and judicial decisions as of the date hereof, all of which are subject to change or differing interpretation, possibly on a retroactive basis. Changes in these authorities may cause the tax consequences of Class A common share ownership to vary substantially from the consequences described below.

This section does not purport to be a comprehensive description of all of the tax considerations that may be relevant to us or each investor. This section does not address all aspects of U.S. federal income taxation that may be relevant to any particular investor based on such investor's individual circumstances. In particular, this section considers only investors that will own Class A common shares as capital assets and does not address the potential application of the alternative minimum tax or the U.S. federal income tax consequences to investors that are subject to special treatment, including:

- broker-dealers;
- insurance companies;
- taxpayers who have elected mark-to-market accounting;
- tax-exempt organizations;
- regulated investment companies;
- real estate investment trusts;
- financial institutions or "financial services entities";
- taxpayers who hold Class A common shares as part of a straddle, hedge, conversion transaction or other integrated transaction;
- taxpayers required to recognize income for U.S. federal income tax purposes no later than when such income is reported on an "applicable financial statement";
- taxpayers that are subject to the "base-erosion and anti-avoidance" tax;
- taxpayers that own 10% or more, directly or constructively, of our common shares;
- certain expatriates or former long-term residents of the United States; and
- U.S. holders (as defined herein) whose functional currency is not the U.S. dollar.

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.

The following does not address any aspect of U.S. federal gift or estate tax laws, or state or local tax laws. Additionally, the section does not consider the tax treatment of partnerships or other pass-through entities or persons who hold our Class A common shares through such entities. Shareholders should consult their tax advisors regarding the specific tax consequences to them of the acquisition, holding or disposition of our Class A common shares, in light of their particular circumstances.

#### **Taxation of Global Ship Lease**

##### *Taxation of operating income*

Unless exempt from U.S. federal income taxation under the rules described below in "The Section 883 exemption," a foreign corporation that earns only transportation income is generally subject to U.S. federal income taxation under one of two alternative tax regimes: (1) the 4% gross basis tax or (2) the net basis tax and branch profits tax.

*The 4% gross basis tax*

For foreign corporations not engaged in a U.S. trade or business, the United States imposes a 4% U.S. federal income tax (without allowance of any deductions) on the corporation's U.S. source gross transportation income. For this purpose, transportation income includes income from the use, hiring or leasing of a vessel, or the performance of services directly related to the use of a vessel (and thus includes time charter and bareboat charter income). The U.S. source portion of transportation income includes 50% of the income attributable to voyages that begin or end (but not both) in the United States. Generally, no amount of the income from voyages that begin and end outside the United States is treated as U.S. source, and consequently none of the transportation income attributable to such voyages is subject to this 4% tax. Although the entire amount of transportation income from voyages that begin and end in the United States would be U.S. source, we do not expect to have any transportation income from voyages that begin and end in the United States.

*The net basis tax and branch profits tax*

We do not expect to engage in any activities in the United States or otherwise have a fixed place of business in the United States. Nonetheless, if this situation were to change or were we to be treated as engaged in a U.S. trade or business, all or a portion of our taxable income, including gains from the sale of vessels, could be treated as effectively connected with the conduct of this U.S. trade or business, or effectively connected income. Any effectively connected income would be subject to U.S. federal corporate income tax, currently imposed at a rate of 21%. In addition, an additional 30% branch profits tax would be imposed on us at such time as our after-tax effectively connected income is viewed as having been repatriated to our offshore office. The 4% gross basis tax described above is inapplicable to income that is treated as effectively connected income.

*The Section 883 exemption*

The 4% gross basis tax described above is inapplicable to U.S. source transportation income that qualifies for exemption under Section 883 of the Code. To qualify for the Section 883 exemption, a foreign corporation must, among other things:

- be organized in a jurisdiction outside the United States that grants an equivalent exemption from tax to corporations organized in the United States, which we call an Equivalent Exemption;
- satisfy one of the following three ownership tests (discussed in more detail below): (1) the more than 50% ownership test, or 50% Ownership Test, (2) the controlled foreign corporation test, or CFC Test or (3) the "Publicly Traded Test"; and
- meet certain substantiation, reporting and other requirements (that include the filing of U.S. income tax returns).

We are organized under the laws of the Marshall Islands. Each of the vessels in the fleet is owned by a separate wholly owned subsidiary organized either in the Marshall Islands, Liberia, Cyprus or Hong Kong. The U.S. Treasury Department recognizes the Marshall Islands, Liberia, Cyprus and Hong Kong as jurisdictions that grant an Equivalent Exemption; therefore, we should meet the first requirement for the Section 883 exemption. Additionally, we intend to comply with the substantiation, reporting and other requirements that are applicable under Section 883 of the Code. As a result, qualification for the Section 883 exemption will turn primarily on our ability to satisfy the second requirement enumerated above.

*(1) The 50% Ownership Test*

In order to satisfy the 50% Ownership Test, a non-U.S. corporation must be able to substantiate that more than 50% of the value of its stock is owned, directly or indirectly, by "qualified shareholders." For this purpose, qualified shareholders include: (1) individuals who are residents (as defined in the regulations promulgated under Section 883 of the Code, or Section 883 Regulations) of countries, other than the United States, that grant an Equivalent Exemption, (2) non-U.S. corporations that meet the Publicly Traded Test of the Section 883 Regulations and are organized in countries that grant an Equivalent Exemption, or (3) certain foreign governments, non-profit organizations, and certain beneficiaries of foreign pension funds. A corporation claiming the Section 883 exemption based on the 50% Ownership Test must obtain all the facts necessary to satisfy the IRS that the 50% Ownership Test has been satisfied (as detailed in the Section 883 Regulations). Given the widely held nature of our Class A common shares, we do not currently anticipate circumstances under which we would be able to satisfy the 50% Ownership Test.

*(2) The CFC Test*

The CFC Test requires that the non-U.S. corporation be treated as a controlled foreign corporation, or CFC, for U.S. federal income tax purposes. We believe that we are not a CFC but cannot predict whether we will become a CFC, and satisfaction of the CFC definitional test is outside of our control.

*(3) The Publicly Traded Test*

The Publicly Traded Test requires that one or more classes of equity representing more than 50% of the voting power and value in a non-U.S. corporation be “primarily and regularly traded” on an established securities market either in the United States or in a foreign country that grants an Equivalent Exemption.

The Section 883 Regulations provide, in pertinent part, that stock of a non-U.S. corporation will be considered to be “primarily traded” on an established securities market in a given country if the number of shares of each class of stock that are traded during any taxable year on all established securities markets in that country exceeds the number of shares in each such class that are traded during that year on established securities markets in any other single country. Our Class A common shares are listed on the NYSE and are not listed on any other securities exchange. Therefore, our Class A common shares should be treated as primarily traded on an established securities market in the United States.

The Section 883 Regulations also generally provide that stock will be considered to be “regularly traded” on an established securities market if one or more classes of stock in the corporation representing in the aggregate more than 50% of the total combined voting power and value of all classes of stock of the corporation are listed on an established securities market during the taxable year. During 2021, the Class A common shares represented more than 50% of the total combined voting power and value of all classes of our stock. However, even if a class of shares is so listed, it is not treated as regularly traded under the Section 883 Regulations unless (1) trades are made in the shares on the established securities market, other than in minimal quantities, on at least 60 days during the taxable year (or 1/6 of the days in a short taxable year); and (2) the aggregate number of shares traded on the established securities market during the taxable year is at least 10% of the average number of outstanding shares of that class during that year (as appropriately adjusted in the case of a short taxable year). Even if these trading frequency and trading volume tests are not satisfied with respect to the Class A common shares, however, the Section 883 Regulations provide that such tests will be deemed satisfied if the Class A common shares are regularly quoted by dealers making a market in such Class A common shares. While we anticipate that these trading frequency and trading volume tests will be satisfied each year, satisfaction of these requirements is outside of our control and, hence, no assurances can be provided that we will satisfy the Publicly Traded Test each year. However, the Class A common shares may not represent more than half of the voting power or value of all classes of our stock.

In addition, even if the “primarily and regularly traded” tests described above are satisfied, a class of stock will not be treated as primarily and regularly traded on an established securities market if, during more than half the number of days during the taxable year, one or more shareholders holding, directly or indirectly, at least 5% of the vote and value of that class of stock, or 5% Shareholders, own, in the aggregate, 50% or more of the vote and value of that class of stock. This is referred to as the 5% Override Rule. In performing the analysis, we are entitled to rely on current Schedule 13D and 13G filings with the SEC to identify our 5% Shareholders, without having to make any independent investigation to determine the identity of the 5% Shareholder. In the event the 5% Override Rule is triggered, the Section 883 Regulations provide that the 5% Override Rule will nevertheless not apply if the company can establish that among the closely-held group of 5% Shareholders, sufficient shares are owned by 5% Shareholders that are considered to be “qualified shareholders,” as defined above, to preclude non-qualified 5% Shareholders in the closely-held group from owning 50% or more of the total value of the relevant class of stock held by 5% Shareholders for more than half the number of days during the taxable year.

Based on information that we have as to our shareholders and other matters, we believed that we qualified for the Section 883 exemption for 2009 through 2018 under the Publicly Traded Test. We do not believe that we were able to satisfy the “publicly-traded” test for 2019 and, consequently, we were not exempt from U.S. federal income taxation on our U.S. source gross transportation income. Based on information that we have as to our shareholders and other matters, we believed that we qualified for the Section 883 exemption for 2020 and 2021. Whether we may satisfy the “publicly-traded” test for 2022 and future taxable years depends on factors that are outside of our control, and we cannot provide any assurances that we will or will not satisfy the “publicly-traded” test to claim exemption from U.S. taxation for 2022 or future taxable years.

If we were not to qualify for the Section 883 exemption in any year, the U.S. income taxes that become payable could have a negative effect on our business, and could result in decreased earnings available for distribution to our shareholders. However, under our charter agreements, the charterers have agreed to provide reimbursement for any such taxes.

*United States taxation of gain on sale of vessels*

If we qualify for the Section 883 exemption, then gain from the sale of any vessel may be exempt from tax under Section 883. Even if such gain is not exempt from tax under Section 883, we will not be subject to U.S. federal income taxation with respect to such gain, assuming that we are not, and have never been, engaged in a U.S. trade or business. Under certain circumstances, if we are so engaged, gain on sale of vessels could be subject to U.S. federal income tax.

## **Tax Consequences of Holding Class A common shares**

### *U.S. holders*

For purposes of this discussion, a U.S. holder is a beneficial owner of our Class A common shares that owns (actually or constructively) less than 10% of our equity and that is:

- an individual who is a citizen or resident of the United States (as determined for U.S. federal income tax purposes);
- a corporation (or other entity taxed as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if (i) a court within the United States is able to exercise primary supervision 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) it has in effect a valid election to be treated as a U.S. person.

### *Taxation of distributions paid on Class A common shares*

When we make a distribution with respect to our Class A common shares, subject to the discussions of the passive foreign investment company, or PFIC rules below, a U.S. holder will be required to include in gross income as foreign source dividend income the amount of the distribution to the extent paid out of our current or accumulated earnings and profits as determined for U.S. federal income tax purposes. Distributions in excess of such earnings and profits will be applied against and will reduce the U.S. holder's tax basis in the Class A common shares and, to the extent in excess of such basis, will be treated as gain from the sale or exchange of the Class A common shares.

Subject to the discussions of the PFIC rules below, in the case of a U.S. holder that is a corporation, dividends that we pay will generally be taxable at the regular corporate rate of 21% and generally will not qualify for a dividends-received deduction available for dividends received from U.S. corporations. In the case of certain non-corporate U.S. holders, dividends that we pay generally will be treated as "qualified dividend income" subject to tax at preferential rates, provided that the Class A common shares are listed on an established securities market in the United States (such as the NYSE), the U.S. holder meets certain holding period and other requirements and we are not a PFIC in the taxable year in which the dividends are paid or in the immediately preceding taxable year.

Special rules may apply to any "extraordinary dividend" paid by us. An extraordinary dividend is, generally, a dividend with respect to a share if the amount of the dividend is equal to or in excess of 10 percent of a shareholder's adjusted basis (or fair market value in certain circumstances) in such share. In addition, extraordinary dividends include dividends received within a one-year period that, in the aggregate, equal or exceed 20% of a U.S. holder's tax basis (or fair market value). If we pay an "extraordinary dividend" on our Class A common shares that is treated as "qualified dividend income," then any loss derived by certain non-corporate U.S. holders 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.

### *Taxation of the disposition of Class A common shares*

Subject to the discussions of the PFIC rules below, upon the sale, exchange or other disposition of Class A common shares, a U.S. holder will recognize capital gain or loss in an amount equal to the difference between the amount realized on the disposition and such U.S. holder's tax basis in our Class A common shares. The U.S. holder's initial tax basis in its Class A common shares generally will be the U.S. holder's purchase price for the Class A common shares and that tax basis will be reduced (but not below zero) by the amount of any distributions on the units that are treated as non-taxable returns of capital, as discussed above under '*Taxation of distributions paid on Class A common shares*'.

Subject to the discussions of the PFIC rules below, capital gain from the sale, exchange or other disposition of Class A common shares held more than one year is long-term capital gain, and is eligible for a reduced rate of taxation for individuals. Gain recognized by a U.S. holder on a sale, exchange or other disposition of Class A common shares generally will be treated as U.S. source income. A loss recognized by a U.S. holder on the sale, exchange or other disposition of Class A common shares generally will be allocated to U.S. source income. The deductibility of a capital loss recognized on the sale, exchange or other disposition of Class A common shares may be subject to limitations, and U.S. holders may want to consult their own tax advisors regarding their ability to deduct any such capital loss in light of their particular circumstances.

*3.8% tax on net investment income*

A U.S. holder that is an individual, estate, or, in certain cases, a trust, will generally be subject to a 3.8% tax on the lesser of (1) the U.S. holder's net investment income (or undistributed net investment income in the case of an estate or trust) for the taxable year and (2) the excess of the U.S. holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals is between \$125,000 and \$250,000). A U.S. holder's net investment income will generally include distributions made by us that constitute dividends and gain upon a sale, exchange or other disposition of our Class A common shares. This tax is in addition to any income taxes due on such investment income.

If you are a U.S. holder that is an individual, estate or trust, you are encouraged to consult your tax advisors regarding the applicability of the 3.8% tax on net investment income to the ownership of our Class A common shares.

*Consequences of possible passive foreign investment company classification*

A non-U.S. entity treated as a corporation for U.S. federal income tax purposes will be a PFIC in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to a "look through" rule, either: (1) 75% or more of its gross income is "passive" income or (2) 50% or more of the average value of its assets is attributable to assets that produce passive income or are held for the production of passive income. For purposes of these tests, "passive income" includes dividends, interest and gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business; income derived from the performance of services does not, however, constitute "passive income." The determination of whether a corporation is a PFIC is made annually. If a corporation is a PFIC in any taxable year that a person holds stock in the corporation (and was not a qualified electing fund with respect to such year, as discussed below), the stock held by such person will be treated as stock in a PFIC for all future years (absent an election which, if made, may require the electing person to pay taxes in the year of the election).

Based on the projected composition of our income and valuation of our assets, we do not expect that we will constitute a PFIC with respect to the current or any future taxable year, although there can be no assurance in this regard. Our expectation is based principally on the position that, for purposes of determining whether we are a PFIC, the majority, if not all, of the gross income we derive from our chartering activities should constitute services income rather than rental income.

In this regard, we have been advised by our tax advisor that the income from our chartering activities is, more likely than not, services income. There is, however, no direct legal authority under the PFIC rules addressing our current and projected future operations or supporting our position. Accordingly, no assurance can be given that the IRS will not assert that we are a PFIC with respect to any taxable year, nor that a court would not uphold any such assertion and we have not obtained advice from our tax advisor on whether we are a PFIC.

If we were to be classified as a PFIC in any year, each U.S. holder of our Class A common shares that does not make a timely qualified electing fund or mark-to-market election (as discussed below) will be subject (in that year and all subsequent years) to special rules with respect to: (1) any "excess distribution" (generally defined as any distribution received by a U.S. holder in a taxable year that is greater than 125% of the average annual distributions received by the U.S. holder in the three preceding taxable years or, if shorter, the U.S. holder's holding period for the Class A common shares), and (2) any gain realized upon the sale or other disposition of the Class A common shares. Under these rules:

- the excess distribution or gain will be allocated ratably over the U.S. holder's holding period for our Class A common shares;
- the amount allocated to the current taxable year and any year prior to the first year in which we were a PFIC will be taxed as ordinary income in the current year; and
- the amount allocated to each of the other taxable years in the U.S. holder's holding period for our Class A common shares will be subject to U.S. federal income tax at the highest rate in effect for the applicable class of taxpayer for that year, and an interest charge will be added as though the amount of the taxes computed with respect to these other taxable years were overdue.

In addition, each U.S. holder of our Class A common shares will generally be required to file an IRS Form 8621 if such U.S. holder holds its shares in any year in which we were classified as a PFIC.

In order to avoid the application of the PFIC rules discussed above with respect to excess distributions and realized gains, U.S. holders of our Class A common shares may make a qualified electing fund, or a QEF, election provided in Section 1295 of the Code. In lieu of the PFIC rules discussed above, a U.S. holder that makes a valid QEF election will, in very general terms, be required to include its pro rata share of our ordinary income and net capital gains, unreduced by any prior year losses, in income for each taxable year (as ordinary income and long-term capital gain, respectively) and to pay tax thereon, even if the amount of that income is not the same as the distributions paid on the Class A common shares during the year. If we later distribute the income or gain on which the U.S. holder has already paid taxes under the QEF rules, the amounts so distributed will not again be subject to tax in the hands of the U.S. holder. A U.S. holder's tax basis in any Class A common shares as to which a QEF election has been validly made will be increased by the amount included in such U.S. holder's income as a result of the QEF election and decreased by the amount of nontaxable distributions received by the U.S. holder. On the disposition of a common share, a U.S. holder making the QEF election generally will recognize capital gain or loss equal to the difference, if any, between the amount realized upon such disposition and its adjusted tax basis in the common share. In general, a QEF election should be made on or before the due date for filing a U.S. holder's federal income tax return for the first taxable year for which we are a PFIC or, if later, the first taxable year for which the U.S. holder held common stock. In this regard, a QEF election is effective only if certain required information is made available by the PFIC. Subsequent to the date that we first determine that we are a PFIC, we will use commercially reasonable efforts to provide any U.S. holder of Class A common shares, upon request, with the information necessary for such U.S. holder to make the QEF election. If we do not believe that we are a PFIC for a particular year but it is ultimately determined that we were a PFIC, it may not be possible for a holder to make a QEF election for such year.

In addition to the QEF election, Section 1296 of the Code permits U.S. persons to make a "mark-to-market" election with respect to marketable stock in a PFIC. If a U.S. holder of our Class A common shares makes a mark-to-market election, such U.S. holder generally would, in each taxable year that we are a PFIC: (1) include as ordinary income the excess, if any, of the fair market value of the Class A common shares at the end of the taxable year over such U.S. holder's adjusted tax basis in the Class A common shares, and (2) be permitted an ordinary loss in respect of the excess, if any, of such U.S. holder's adjusted tax basis in the Class A common shares over their fair market value 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 (with the U.S. holder's basis in the Class A common shares being increased and decreased, respectively, by the amount of such ordinary income or ordinary loss). If a U.S. holder makes an effective mark-to-market election, any gain such U.S. holder recognizes upon the sale or other disposition of our Class A common shares in a year that we are a PFIC will be treated as ordinary income and any loss will be treated as ordinary loss, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. The consequences of this election are generally less favorable than those of a QEF election for U.S. holders that are sensitive to the distinction between ordinary income and capital gain, although this is not necessarily the case. U.S. holders should consult their tax advisors as to the consequences to them of making a mark-to-market or QEF election, as well as other U.S. federal income tax consequences of holding stock in a PFIC in light of their particular circumstances.

As previously indicated, if we were to be classified as a PFIC for a taxable year in which we pay a dividend or the immediately preceding taxable year, dividends paid by us would not constitute "qualified dividend income" and, hence, would not be eligible for the preferential rates of U.S. federal income tax that apply to certain non-corporate U.S. holders.

If we are classified as a PFIC for any taxable year during which a U.S. holder holds our Class A common shares and any of our non-U.S. subsidiaries is also classified as a PFIC, such U.S. holder will be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of the PFIC rules. U.S. holders are urged to consult their tax advisors about the application of the PFIC rules to any of our subsidiaries.

#### *Non-U.S. holders*

For purposes of this discussion, a non-U.S. holder is a beneficial owner of our Class A common shares that is neither a U.S. holder nor a partnership (or any other entity taxed as a partnership for U.S. federal income tax purposes).

A non-U.S. holder will generally not be subject to U.S. federal income tax on dividends paid in respect of the Class A common shares or on gains recognized in connection with the sale or other disposition of the Class A common shares, provided, in each case, that such dividends or gains are not effectively connected with the non-U.S. holder's conduct of a U.S. trade or business. 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 Class A common shares if they are present in the U.S. for 183 days or more during the taxable year in which those Class A common shares are disposed and meet certain other requirements.

Dividends or gains that are effectively connected with a non-U.S. holder's conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, are attributable to a U.S. permanent establishment) are subject to U.S. federal income tax on a net income basis in the same manner as if the non-U.S. holder were a U.S. holder, and may be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

### **Information Reporting and Back-up Withholding**

U.S. holders generally are subject to information reporting requirements with respect to dividends paid on Class A common shares, and on the proceeds from the sale, exchange or disposition of Class A common shares. In addition, a holder may be subject to back-up withholding (currently at 24%) on dividends paid on Class A common shares, and on the proceeds from the sale, exchange or other disposition of Class A common shares, unless the holder provides certain identifying information, such as a duly executed IRS Form W-9, W-8BEN or W-8BEN-E, or otherwise establishes an exemption. Back-up withholding is not an additional tax and the amount of any back-up withholding will be allowable as a credit against a holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that certain required information is timely furnished to the IRS.

### **Tax Consequences of Holding 8.75% Series B Cumulative Redeemable Perpetual Preferred Shares**

Our Series B Preferred Shares are treated as equity rather than debt for U.S. federal income tax purposes. Similar considerations apply as those described above in "—Tax Consequences of Holding Class A common shares." Holders of Series B Preferred Shares should consult their tax advisors regarding the specific tax consequences to them of the acquisition, holding or disposition of our Series B Preferred Shares, in light of their particular circumstances.

Special rules may apply to any "extraordinary dividend" paid by us to U.S. holders of Series B Preferred Shares. Dividends paid by us in respect of stock which is preferred as to dividends will be treated as an "extraordinary dividend" if the issue price of such stock exceeds its liquidation rights or its stated redemption price. If we pay an "extraordinary dividend" on our Series B Preferred Shares that is treated as "qualified dividend income," then any loss derived by certain non-corporate U.S. holders 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. U.S. holders of Series B Preferred Shares are urged to consult their tax advisors about the potential treatment of dividends as "extraordinary dividends" for U.S. federal income tax purposes.

### **Marshall Islands Taxation**

In the opinion of our Marshall Islands tax counsel, Seward & Kissel LLP, because we do not (and do not expect in the future that we will) conduct business or operations in the Republic of The Marshall Islands, we are not subject to income, capital gains, profits or other taxation under current Marshall Islands law. Distributions on our Class A common shares or on our Series B Preferred Shares will not be subject to Marshall Islands withholding tax.

### **Other Taxation**

We may be subject to taxation in certain non-U.S. jurisdictions because we are either organized, or conduct business or operations, in such jurisdictions. We intend that our business and the business of our subsidiaries will be conducted and operated in a manner that minimizes taxes imposed upon 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.

#### **F. Dividends and Paying Agents**

Not applicable.

#### **G. Statements by Experts**

Not applicable.

#### **H. Documents on Display**

We filed reports and other information with the SEC. These materials, including this annual report and the accompanying exhibits, are available from [www.sec.gov](http://www.sec.gov). Shareholders may also request a copy of our filings by writing to us at the following address: c/o Global Ship Lease Services Limited, 25 Wilton Road, London SW1V 1LW, United Kingdom or telephoning us at +44 (0) 20 3998 0063.

#### **I. Subsidiaries**

Not applicable.

**Item 11. Quantitative and Qualitative Disclosures About Market Risk**

*Interest Rate Risk*

We are exposed to the impact of interest rate changes primarily through our floating-rate borrowings under our credit facilities. Significant increases in interest rates could adversely affect our results of operations and our ability to service our own debt.

*Sensitivity Analysis*

In December 2021 and February 2022, we entered into interest rate cap agreements with respect to an aggregate of \$992.0 million of our floating rate debt, effective through the fourth quarter of 2026, for a USD one-month LIBOR cap of 0.75%. For additional information, please see “Item 4. Information on the Company—A. History and Development of the Company—Other Recent Developments.”

Our analysis of the potential effects of variations in market interest rates is based on a sensitivity analysis, which models the effects of potential market interest rate changes on our financial condition and results of operations. The following sensitivity analysis may have limited use as a benchmark and should not be viewed as a forecast as it does not include a variety of other potential factors that could affect our business as a result of changes in interest rates.

Based on the outstanding balance at December 31, 2021 of our floating rate credit facilities of \$941.9 million and ignoring amortization thereon and cash on hand, a hypothetical increase in LIBOR up to 0.75% following the interest rate cap agreements we entered into, would have the impact of reducing our annual net income, before income taxes, by approximately \$4.9 million.

*Foreign Currency Exchange Risk*

The shipping industry’s functional currency is the U.S. dollar. All of our revenues and the majority of our operating costs are in U.S. dollars. In the future, we do not expect to be exposed to any significant extent to the impact of changes in foreign currency exchange rates. Consequently, we do not presently intend to enter into derivative instruments to hedge the foreign currency translation of assets or liabilities or foreign currency transactions or to use financial instruments for trading or other speculative purposes.

*Inflation*

With the exception of rising costs associated with the employment of international crews for our vessels, the impact of global oil prices on the cost of lubricating oil and other global commodity prices such as steel which is used in drydocking and other repairs we do not believe that inflation has had, or is likely in the foreseeable future to have, a significant impact on vessel operating expenses, drydocking expenses and general and administrative expenses. For the duration of the global expense agreement, under certain predefined circumstances, we will be able to recover a portion of our vessel operating costs above a pre-determined threshold.

**Item 12. Description of Securities Other than Equity Securities**

Not applicable.

**PART II**

**Item 13. Defaults, Dividend Arrearages and Delinquencies**

None.

**Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds**

None.

**Item 15. Controls and Procedures**

**Disclosure Controls and Procedures**

As required by Rules 13a-15 and 15d-15 under the Exchange Act, management has evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report.

Disclosure controls and procedures refer to controls and other procedures designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the SEC. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding our required disclosure. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management was required to apply its judgment in evaluating and implementing possible controls and procedures.

Based on the foregoing, our Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2021, the end of the period covered by this report, our disclosure controls and procedures were effective at the reasonable assurance level.

#### **Management's Annual Report on Internal Control Over Financial Reporting**

Management acknowledges its responsibility for establishing and maintaining adequate internal controls over financial reporting. Internal control over financial reporting refers to a process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer and effected by our Board of Directors, management and other personnel, 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 and includes those policies and procedures that:

- relate to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and members of our Board of Directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our financial statements.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process, and it is possible to design into the process safeguards to reduce, though not eliminate, this risk. 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.

Management evaluated the effectiveness of our internal control over financial reporting as of December 31, 2021 using the framework established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the foregoing, management has concluded that internal control over financial reporting was effective as of December 31, 2021.

#### **Changes in Internal Control over Financial Reporting**

In accordance with Rule 13a-15(d), management has evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, whether any changes in our internal control over financial reporting that occurred during our last fiscal year have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

During the period covered by this Annual Report on Form 20-F, there have been no changes in our internal control over financial reporting that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

#### **Attestation Report of the Registered Public Accounting Firm**

PricewaterhouseCoopers S.A, which has audited the consolidated financial statements of the Company for the year ended December 31, 2021, has also audited the effectiveness of the Company's internal control over financial reporting as stated in their audit report which is incorporated into Item 18 of this Form 20-F from page F-2 hereof.

**Item 16A. Audit Committee Financial Expert**

The Board has determined that our director and chairman of the audit committee, Mr. van Lacum, qualifies as an audit committee financial expert and is independent under applicable NYSE and SEC standards.

**Item 16B. Code of Ethics**

We have adopted a Code of Business Conduct and Ethics that applies to our directors, officers and employees. This document is available in the Corporate Governance section of our website ([www.globalshiplease.com](http://www.globalshiplease.com)). The information included on our website is not incorporate herein by reference. We also intend to disclose on our website any waivers to or amendments of our Code of Business Conduct and Ethics for the benefit of our executive officers that we may be required to disclose under applicable rules.

**Item 16C. Principal Accountant Fees and Services**

Our principal accountant for 2021 and 2020 was PricewaterhouseCoopers S.A., independent registered public accounting firm.

**Fees Incurred by Global Ship Lease for PricewaterhouseCoopers S.A.'s Services**

The fees for services rendered by the principal accountant in 2021 and 2020 were as follows:

	2021	2020
Audit Fees	\$ 569,833	\$ 492,398
Audit related fees	286,873	51,568
Tax Fees	67,191	132,158
<b>Total</b>	<b>\$ 923,897</b>	<b>\$ 676,124</b>

**Audit Fees**

Audit fees represent professional services rendered for the audit of our consolidated annual financial statements, the quarterly reviews and services provided by our principal accountant in connection with statutory and regulatory filings or engagements.

**Audit-Related Fees**

Audit-related fees consist of assurance and related services rendered by the principal accountant related to the performance of the audit or review of our consolidated financial statements or other filings which have not been reported under Audit Fees above.

**Tax Fees**

Tax fees for 2021 and 2020 are primarily for tax compliance and consultation services.

The audit committee has the authority to pre-approve 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 has pre-approved all non-audit services, subject to a detailed pre-approval policy and procedure established by them.

**Item 16D. Exemptions from the Listing Standards for Audit Committees**

None.

**Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

None.

**Item 16F. Change in Registrant's Certifying Accountant**

None.

**Item 16G. Corporate Governance**

As a foreign private issuer, we are exempt from certain corporate governance rules that apply to domestic companies under NYSE listing standards. Even though we are not required to do so, we follow certain corporate governance practices applicable to domestic companies under NYSE listing standards, such as:

- we have a compensation committee that consists of four directors, all of whom satisfy NYSE standards for independence;
- we have a nominating and corporate governance committee that consists of three directors, all of whom satisfy NYSE standards for independence; and
- we hold annual meetings of shareholders under the Business Corporations Act of the Republic of the Marshall Islands, similar to NYSE requirements.

The significant differences between our corporate governance practices and the NYSE standards are set forth below.

***Shareholder Approval of Equity Compensation Plans***

The NYSE requires listed companies to obtain prior shareholder approval to adopt or materially revise any equity compensation plan. As permitted under Marshall Islands law and our amended and restated bylaws, we do not need prior shareholder approval to adopt or revise equity compensation plans, including our equity incentive plan.

***Share Issuances***

In lieu of obtaining shareholder approval prior to the issuance of designated securities, we will comply with provisions of the Marshall Islands Business Corporations Act, which allows the Board of Directors to approve share issuances. However, pursuant to 313.00 of Section 3 of the NYSE Listed Company Manual, the NYSE will accept any action or issuance relating to the voting rights structure of a non-U.S. company that is in compliance with the NYSE's requirements for domestic companies or that is not prohibited by the company's home country law. We are not subject to such restrictions under our home country, Marshall Islands, law.

**Item 16H. Mine Safety Disclosure**

Not applicable.

**Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable.

**PART III**

**Item 17. Financial Statements**

Not applicable.

**Item 18. Financial Statements**

The following financial statements, together with the report of PricewaterhouseCoopers S.A. thereon, beginning on page F-1, are filed as part of this Annual Report:

GLOBAL SHIP LEASE, INC.

	Page
<a href="#">Report of Independent Registered Public Accounting Firm – PricewaterhouseCoopers S.A.</a>	<a href="#">F-2 – F-3</a>
<a href="#">Consolidated Balance Sheets as at December 31, 2021 and 2020</a>	<a href="#">F-4</a>
<a href="#">Consolidated Statements of Income for the years ended December 31, 2021, 2020 and 2019</a>	<a href="#">F-5</a>
<a href="#">Consolidated Statements of Comprehensive Income for the years ended December 31, 2021, 2020 and 2019</a>	<a href="#">F-6</a>
<a href="#">Consolidated Statements of Cash Flows for the years ended December 31, 2021, 2020 and 2019</a>	<a href="#">F-7</a>
<a href="#">Consolidated Statements of Shareholders' Equity for the years ended December 31, 2021, 2020 and 2019</a>	<a href="#">F-8</a>
<a href="#">Notes to the Consolidated Financial Statements</a>	<a href="#">F-9 – F41</a>

**Item 19. Exhibits**

The agreements and other documents filed as exhibits to this Annual Report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by the registrant in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

The following exhibits are filed as part of this Annual Report:

<u>Exhibit Number</u>	<u>Description</u>
<a href="#">1.1</a>	<a href="#">Amended and Restated Articles of Incorporation of GSL Holdings, Inc. (incorporated by reference to Exhibit 3.1 to Global Ship Lease, Inc.'s Registration Statement on Form 8-A (File No. 001-34153) filed with the SEC on March 26, 2019).</a>
<a href="#">1.2</a>	<a href="#">Articles of Amendment to the Amended and Restated Articles of Incorporation of Global Ship Lease, Inc. (incorporated by reference to Exhibit 3.3 to the Company's Report on Form 6-K, filed with the SEC on March 25, 2019).</a>
<a href="#">1.3</a>	<a href="#">Third Amended and Restated Bylaws of Global Ship Lease, Inc. (incorporated by reference to Exhibit 99.1 of the Company's Report on Form 6-K filed on March 23, 2020).</a>
<a href="#">1.4</a>	<a href="#">Certificate of Designation of the 8.75% Series B Cumulative Redeemable Perpetual Preferred Shares of Global Ship Lease, Inc., filed with the Registrar or Deputy Registrar of Corporations of the Republic of the Marshall Islands and effective August 19, 2014 (incorporated by reference to Exhibit 3.1 of the Company's Report on Form 6-K filed on August 20, 2014).</a>
<a href="#">1.5</a>	<a href="#">Certificate of Amendment to Certificate of Designation of the 8.75% Series B Cumulative Redeemable Perpetual Preferred Shares of Global Ship Lease, Inc., filed with the Registrar or Deputy Registrar of Corporations of the Republic of the Marshall Islands and effective December 9, 2019 (incorporated by reference to Exhibit 3.1 of the Company's Report on Form 6-K filed on December 10, 2019).</a>
<a href="#">1.6</a>	<a href="#">Certificate of Designation of the Series C Perpetual Preferred Shares of Global Ship Lease, Inc. filed with the Registrar or Deputy Registrar of Corporations of the Republic of the Marshall Islands and effective November 12, 2018 (incorporated by reference to Exhibit 1.5 of the Company's Annual Report on Form 20-F filed on March 29, 2019).</a>
<a href="#">2.1</a>	<a href="#">Form of Common Share Certificate of the Company (incorporated by reference to Exhibit 4.1 of the Company's Form 6-K (File No. 001-34153) filed on March 25, 2019).</a>

- [2.2 Deposit Agreement, dated as of August 20, 2014, by and among Global Ship Lease, Inc., Computershare Inc. and Computershare Trust Company, N.A., as applicable, as depositary, registrar and transfer agent, and the holders from time to time of the depositary receipts described therein \(incorporated by reference to Exhibit 4.1 of the Company's Report on Form 6-K filed on August 20, 2014\).](#)
- [2.3 Indenture, dated as of November 19, 2019, by and between the Company and Wilmington Savings Fund Society, FSB, as trustee \(incorporated by reference to Exhibit 4.1 of the Company's Report on Form 6-K filed on November 19, 2019\).](#)
- [2.4 First Supplemental Indenture, dated as of November 19, 2019, by and between the Company and Wilmington Savings Fund Society, FSB, as trustee \(incorporated by reference to Exhibit 4.2 to the Company's Report on Form 6-K filed on November 19, 2019\).](#)
- [2.5 Amendment No. 1 to the First Supplemental Indenture, dated as of November 19, 2019, by and between the Company and Wilmington Savings Fund Society, FSB, as trustee, entered into as of April 2, 2020 \(incorporated by reference to Exhibit 2.5 of the Company's Annual Report on Form 20-F filed on April 2, 2020\).](#)
- [2.6 Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 \(incorporated by reference to Exhibit 2.6 of the Company's Annual Report on Form 20-F filed on March 19, 2021\).](#)
- [4.1 Form of Guarantee made by Global Ship Lease, Inc. in favor of the charterer listed on Schedule I thereto \(incorporated by reference to Exhibit 10.10 of the Company's Registration Statement on Form F-1 \(File No. 333-147070\) filed on November 1, 2007\).](#)
- [4.2 Form of Guarantee made by CMA CGM S.A. for Global Ship Lease, Inc. \(incorporated by reference to Exhibit 10.11 of the Company's Registration Statement on Form F-1 \(File No. 333-147070\) filed on November 1, 2007\).](#)
- [4.3 Form of Charter Agreement entered into by a subsidiary of Global Ship Lease, Inc. and CMA CGM S.A. or one of its subsidiaries \(incorporated by reference to Exhibit A-3 to Exhibit 2.1 of Marathon Acquisition Corp.'s Current Report on Form 8-K \(File No. 001-32983\) filed on March 25, 2008\).](#)
- [4.4 Facility Agreement, dated September 19, 2019, by and among the subsidiaries of the Company listed in Part A of Schedule 1 thereto as borrowers, the Company and Poseidon Containers Holdings LLC, Hephaestus Marine LLC, Pericles Marine LLC and Zeus One Marine LLC as guarantors, the banks and financial institutions listed in Part B of Schedule 1 as lenders, Crédit Agricole Corporate and Investment Bank and ABN AMRO Bank N.A. as bookrunners and arrangers, Crédit Agricole Corporate and Investment Bank, ABN AMRO Bank N.A. and CIT Bank, N.A. as mandated lead arrangers and Crédit Agricole Corporate and Investment Bank, as facility agent and security agent \(incorporated by reference to Exhibit 10.36 of the Company's Registration Statement on Form F-1/A \(File No. 333-233198\) filed on September 24, 2019\).](#)
- [4.5 Term Loan Facility, dated May 23, 2019, by and among Global Ship Lease 30 LLC, Global Ship Lease 31 LLC and Global Ship Lease 32 LLC, as joint and several borrowers, Global Ship Lease, Inc., as parent guarantor, and Hellenic Bank Public Company Limited, as arranger, facility agent and security agent \(incorporated by reference to Exhibit 10.35 of the Company's Registration Statement on Form F-1 \(File No. 333-233198\) filed on August 9, 2019\).](#)
- [4.6 Deed of Accession, Amendment and Restatement, dated December 10, 2019, by and among Global Ship Lease 30 LLC, Global Ship Lease 31 LLC and Global Ship Lease 32 LLC, as original borrowers, Global Ship Lease 33 LLC and Global Ship Lease 34 LLC, as additional borrowers, Global Ship Lease, Inc., as parent guarantor, and Hellenic Bank Public Company Limited, as arranger, facility agent and security agent, relating to the facility agreement dated May 23, 2019 \(incorporated by reference to Exhibit 4.19 of the Company's Annual Report on Form 20-F filed on April 2, 2020\).](#)

- [4.7 Term Loan Facility, dated February 26, 2020, by and among Athena Marine LLC, Aphrodite Marine LLC and Aris Marine LLC, as joint and several borrowers, Global Ship Lease, Inc., as parent guarantor and Chailease International Financial Services Pte. Ltd., as lender. \(incorporated by reference to Exhibit 4.23 of the Company's Annual Report on Form 20-F filed on April 2, 2020\)](#)
- [4.8 \\$236.2 Million Senior Secured Loan Facility, dated January 7, 2021 \(incorporated by reference to Exhibit 4.12 of the Company's Annual Report on Form 20-F filed on March 19, 2021\)](#)
- [4.9\\* \\$51.7 Million Credit Facility, dated April 13, 2021, by and among Penelope Marine LLC as borrower, the Company and Poseidon Containers Holdings LLC, as guarantors and the banks and financial institutions listed in Part B of Schedule 1 as lenders, Crédit Agricole Corporate and Investment Bank as bookrunner and arranger, Crédit Agricole Corporate and Investment Bank, CTBC Bank Co., LTD and Bank Sinopac Co., LTD as mandated lead arrangers and Crédit Agricole Corporate and Investment Bank, as facility agent and security agent](#)
- [4.10\\* \\$64.2 Million Credit Facility, dated April 15, 2021, by and among GSL Arcadia LLC, GSL Tegea LC, GSL MYNY LLC, GSL Melita LLC, GSL Maria LLC and GSL Dorothea LLC as joint and several borrowers, the bank and financial institutions listed in Schedule 1 as lenders and Hamburg Commercial Bank AG as agent, mandated lead arranger and security trustee](#)
- [4.11\\* \\$51.7 Million Credit Facility, dated May 6, 2021, by and among Laertis Marine LLC as borrower, Poseidon Containers Holdings LLC, Odyssea Containers Holdings LLC, K&T Marine LLC and the Company as guarantors and Deutsche Bank AG Filiale Deutschlanddgeschäft as arranger, facility agent and security agent](#)
- [4.12\\* \\$140.0 Million Credit Facility, dated July 6, 2021, by and among Global Ship Lease 55 LLC, Global Ship Lease 57 LLC, Global Ship Lease 58 LLC, Global Ship Lease 59 LLC, Global Ship Lease 60 LLC, Global Ship Lease 61 LLC, Global Ship Lease 62 LLC, Global Ship Lease 63 LLC, Global Ship Lease 64 LLC, Global Ship Lease 65 LLC, Global Ship Lease 66 LLC and Global Ship Lease 67 LLC as joint and several borrowers, the Company as guarantor and the banks and financial institutions listed in Part B of Schedule 1 as lenders, Crédit Agricole Corporate and Investment Bank and Haburg Commercial Bank AG as mandated lead arrangers, Crédit Agricole Corporate and Investment Bank as facility agent and security agent](#)
- [4.13\\* \\$12.0 Million Credit Facility, dated August 27, 2021, by and among Global Ship Lease 42 LLC as borrower, the Company as guarantor and Sinopac Capital International \(HK\) Limited as lender](#)
- [4.14\\* \\$14.7 Million Sale and Leaseback Agreement, dated May 12, 2021, by and among NML Violetta Inc. as Lessor and GSL Violetta LLC as Lessee](#)
- [4.15\\* \\$54.0 Million Sale and Leaseback Agreement, dated May 20, 2021, by and among SEA 156 Leasing Co. Limited as Lessor and Telemachus Marine LLC as Lessee](#)
- [4.16\\* \\$30.0 Million Sale and Leaseback Agreement, dated August 26, 2021, by and among SEA 253 Leasing Co. Limited as Lessor and Global Ship Lease 70 LLC as Lessee](#)
- [4.17\\* \\$30.0 Million Sale and Leaseback Agreement, dated August 26, 2021, by and among SEA 254 Leasing Co. Limited as Lessor and Global Ship Lease 71 LLC as Lessee](#)
- [4.18\\* \\$30.0 Million Sale and Leaseback Agreement, dated August 26, 2021, by and among SEA 251 Leasing Co. Limited as Lessor and Global Ship Lease 68 LLC as Lessee](#)
- [4.19\\* \\$30.0 Million Sale and Leaseback Agreement, dated August 26, 2021, by and among SEA 252 Leasing Co. Limited as Lessor and Global Ship Lease 69 LLC as Lessee](#)
- [4.20 Form of Indemnification Agreement entered into between Global Ship Lease, Inc. and each of its directors and officers \(incorporated by reference to Exhibit 10.17 of the Company's Registration Statement on Form F-1 \(File No. 333-147070\) filed on November 1, 2007\).](#)

- [4.21\\* 2019 Omnibus Incentive Plan \(as amended and restated on September 29, 2021\)](#)
- [4.22 Amended and Restated Service Agreement of Ian J. Webber, dated June 1, 2018 \(incorporated by reference to Exhibit 4.34 of the Company's Form 20-F filed on March 29, 2019\).](#)
- [4.23 Deed of Amendment of Amended and Restated Service Agreement of Ian J. Webber, dated October 16, 2018 \(incorporated by reference to Exhibit 4.35 of the Company's Form 20-F filed on March 29, 2019\)](#)
- [4.24 Non-Compete Agreement, dated as of October 29, 2018, by and among Global Ship Lease, Inc., Georgios Giouroukos and Conchart Commercial, Inc. \(incorporated by reference to Exhibit 10.2 of the Company's Report on Form 6-K filed on October 30, 2018\).](#)
- [4.25 Amended and Restated Registration Rights Agreement, dated as of October 29, 2018, by and among Global Ship Lease, Inc., KEP VI \(Newco Marine\), Ltd., KIA VIII \(Newco Marine\), Ltd., CMA CGM S.A., Management Investor Co., Anmani Consulting Inc., Marathon Founders, LLC, Michael S. Gross and Maas Capital Investments B.V. \(incorporated by reference to Exhibit 10.1 of the Company's Report on Form 6-K filed on October 30, 2018\).](#)
- [4.26 Letter Agreement, dated as of October 29, 2018, by and among KIA VIII \(Newco Marine\), Ltd., KEP VI \(Newco Marine\), Ltd., Global Ship Lease, Inc., CMA CGM S.A., Marathon Founders, LLC and Michael S. Gross \(incorporated by reference to Exhibit 10.5 of the Company's Report on Form 6-K filed on October 30, 2018\).](#)
- [4.27 Agreement and Plan of Merger, dated as of October 29, 2018, by and among Poseidon Containers Holdings LLC, K&T Marine LLC, Global Ship Lease, Inc., GSL Sub One LLC, GSL Sub Two LLC and, solely for purposes of Article III, Article XI and Sections 5.2, 6.2 and 6.9 therein, KEP VI \(Newco Marine\), Ltd., KIA VIII \(Newco Marine\), Ltd., Maas Capital Investments B.V., Management Investor Co. and Anmani Consulting Inc. \(incorporated by reference to Exhibit 2.1 of the Company's Report on Form 6-K filed on October 30, 2018\).](#)
- [4.28 Form of Technical Management Agreement by and between Technomar Shipping Inc., on the one hand, and vessel-owning subsidiaries of Global Ship Lease, Inc. \(incorporated by reference to Exhibit 10.3 of the Company's Report on Form 6-K filed on October 30, 2018\).](#)
- [4.29 Form of Commercial Management Agreement by and between Conchart Commercial Inc., and vessel-owning subsidiaries of Global Ship Lease, Inc. \(incorporated by reference to Exhibit 4.44 of the Company's Form 20-F filed on March 29, 2019\).](#)

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<a href="#">4.30</a>	<a href="#">Board Observer Agreement and Amendment to Engagement Letter and Underwriting Agreement, dated November 12, 2019, by and among the Company, B. Riley FBR, Inc. and B. Riley Financial, Inc. (incorporated by reference to Exhibit 4.40 of the Company's Annual Report on Form 20-F filed on April 2, 2020)</a>
<a href="#">4.31</a>	<a href="#">Amended and Restated Employment Agreement, dated March 12, 2020, by and between GSL Enterprises Ltd. and Georgios Giouroukos (incorporated by reference to Exhibit 4.26 of the Company's Annual Report on Form 20-F filed on March 19, 2021)</a>
<a href="#">4.32</a>	<a href="#">Amended and Restated Employment Agreement, dated March 12, 2020, by and between GSL Enterprises Ltd. and Anastasios Psaropoulos (incorporated by reference to Exhibit 4.27 of the Company's Annual Report on Form 20-F filed on March 19, 2021)</a>
<a href="#">4.33*</a>	<a href="#">Amendment to the Service Agreement of Ian J. Weber, dated September 29, 2021</a>
<a href="#">4.34*</a>	<a href="#">Employment Agreement, dated January 3, 2022, by and between GSL Enterprises Ltd. and Thomas Lister</a>
<a href="#">4.35*</a>	<a href="#">Form of Supervision Agreement with Technomar Shipping Inc., as Supervision Managers</a>
<a href="#">8.1*</a>	<a href="#">List of Subsidiaries of Global Ship Lease, Inc.</a>
<a href="#">12.1*</a>	<a href="#">Rule 13a-14(a)/15d-14(a) Certification of Global Ship Lease, Inc.'s Chief Executive Officer.</a>
<a href="#">12.2*</a>	<a href="#">Rule 13a-14(a)/15d-14(a) Certification of Global Ship Lease, Inc.'s Chief Financial Officer.</a>
<a href="#">13.1*</a>	<a href="#">Global Ship Lease, Inc. Certification of the Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
<a href="#">13.2*</a>	<a href="#">Global Ship Lease, Inc. Certification of the Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
<a href="#">15.1*</a>	<a href="#">Consent of PricewaterhouseCoopers S.A.</a>
<a href="#">15.2*</a>	<a href="#">Consent of Maritime Strategies International Ltd.</a>
<a href="#">15.3*</a>	<a href="#">Consent of Seward &amp; Kissel LLP</a>
101	Interactive Data Files (formatted as Inline XBRL).
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

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\* 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.

GLOBAL SHIP LEASE, INC.

By: /s/ IAN J. WEBBER

**Ian J. Webber**  
**Chief Executive Officer**

Date: March 24, 2022

## GLOSSARY OF SHIPPING TERMS

Unless otherwise stated, references to the following terms have the following meaning as used in this Annual Report:

*Address commission.* A discount provided directly to a charterer based on a fixed percentage of the agreed upon charter rate

*Annual survey.* The inspection of a ship pursuant to international conventions, by a classification society surveyor, on behalf of the flag state, that takes place every year.

*Backhaul.* The weaker leg of a round trip voyage with less volume than the stronger headhaul leg or the return movement of a container—often empty—from a destination of unloading to a point of reloading of cargo.

*Ballast.* Weight in solid or liquid form, such as seawater, taken on a ship to increase draught, to change trim, or to improve stability or a voyage in which a ship is not laden with cargo.

*Bareboat charter.* A charter of a ship under which the ship-owner is usually paid a fixed amount of charterhire for a certain period of time during which the charterer is responsible for all ship operating expenses, including expenses for crewing, lubricating oil, insurance, maintenance and drydockings, and for all voyage expenses such as bunker fuel. A bareboat charter is also known as a “demise charter” or a “time charter by demise.”

*Bunkers.* Heavy fuel and diesel oil used to power a ship’s engines and generators.

*Capacity.* The nominal carrying capacity of the ship, measured in TEU.

*Charter.* The hire of a ship for a specified period of time or a particular voyage to carry a cargo from a loading port to a discharging port.

*Charterer.* The party that hires a ship for a period of time or for a voyage.

*Charterhire.* A sum of money paid to the ship-owner by a charterer for the use of a ship.

*Charter owner.* A company that owns containerships and charters out its ships to container shipping companies rather than operating the ships for liner services; also known as ship-owner or lessor.

*Charter rate.* The rate charged by a Charter owner normally as a daily rate for the use of its containerships by a charterer. Charter rates can be on a time charter or bareboat charter basis.

*Classification society.* An independent organization that certifies that a ship has been built and maintained according to the organization’s rules for that type of ship and complies with the applicable rules and regulations of the country of the ship’s registry and the international conventions of which that country is a member. A ship that receives its certification is referred to as being “in-class.”

*Container shipping company.* A shipping company operating liner services using owned or chartered ships with fixed port of call schedules. Also known as a carrier, liner company or an operator.

*Drydocking.* Placing the ship in a drydock in order to check and repair areas and parts below the water line. During drydockings, which are required to be carried out periodically, certain mandatory classification society inspections are carried out and relevant certifications are issued. Under Classification Society rules, drydockings for containerships are generally required once every three to five years or after an accident resulting in under-water damage.

*Freight rate.* The amount charged by container shipping companies for transporting cargo, normally as a rate per 20-foot or 40-foot container.

*Geared containerships.* Self-sustained containerships, which are able to load and discharge containers with their own on-board cranes and derricks.

*Gross tonnage.* A unit of measurement of the entire internal cubic capacity of the ship expressed in tons at 100 cubic feet to the ton.

*Headhaul.* The stronger leg of a round trip voyage with greater volume than the weaker backhaul or the outgoing goods to be delivered from a point of origin.

*Hull.* The main body of the ship without engines, buildings and cranes.

*Liner company or liner.* A container shipping company (also referred to as lines or operators).

*KG.* Kommanditgesellschaft, a closed end fund construct broadly analogous to a limited partnership. It has been employed as an investment vehicle for high net worth individuals (primarily German) in various types of assets, including shipping assets.

*IMO.* International Maritime Organization, a United Nations agency that issues international standards for shipping.

*Intermediate survey.* The inspection of a ship by a classification society surveyor that takes place 24 to 36 months after each special survey.

*Newbuilding.* A ship on order, under construction or just delivered.

*Off-hire.* The period in which a ship is not available for service under a charter and, accordingly, the charterer generally is not required to pay the hire. Off-hire periods can include days spent on repairs, drydocking and surveys, whether or not scheduled.

*Orderbook-to-fleet ratio.* The ratio of the orderbook for new vessels yet to be delivered to the existing on-the-water fleet determined on the basis of TEU capacity and expressed as a percentage.

*Scrapping.* The sale of a ship for conversion into scrap metal.

*Ship management.* The provision of shore-based ship management services related to crewing, technical and safety management and the compliance with all government, flag state, class certification and international rules and regulations.

*Shipper.* Someone who prepares goods for shipment or arranges seaborne transportation; essentially a customer of a container shipping company.

*Sister ships.* Ships of the same class and specification typically built at the same shipyard.

*Special survey.* The inspection of a ship by a classification society surveyor that takes place every five years, as part of the recertification of the ship by a classification society.

*Spot market.* The market for immediate chartering of a ship, usually for single voyages or for short periods of time, up to 12 months.

*TEU.* A 20-foot equivalent unit, the international standard measure for containers and containership capacity.

*Time charter.* A charter under which the ship-owner hires out a ship for a specified period of time. The ship-owner is responsible for providing the crew and paying vessel operating expenses while the charterer is responsible for paying the voyage expenses such as fuel and additional voyage insurance. The ship-owner is paid charterhire, which accrues on a daily basis.

*Time charter and voyage expenses.* Expenses incurred including brokerage commission and those for owner's account attributable to a ship's voyage, such as bunkers costs when the vessel is idle or offhire and expenses incurred due to a ship's voyage from a loading port to a discharging port, such as bunkers costs, port expenses, stevedoring costs, agents' fees, canal dues, extra war risk insurance and commissions.

*Utilization.* The percentage of days for which owner receives charterhire. The difference to 100% or full utilization will be offhire, both planned for, say, regulatory drydocking, and unplanned for, say, breakdown, and idle time between charters.

*Vessel operating expenses.* The costs of operating a ship, primarily consisting of crew wages and associated costs, insurance premiums, ship management fees, costs of lubricants and spare parts, and repair and maintenance costs. Vessel operating expenses exclude bunker costs, port expenses, stevedoring costs, agents' fees, canal dues, extra war risk insurance and commissions, which are included in "voyage expenses."

*Voyage expenses.* Expenses incurred due to a ship's voyage from a loading port to a discharging port, such as bunkers costs, port expenses, stevedoring costs, agents' fees, canal dues, extra war risk insurance and commissions

**Global Ship Lease, Inc.**

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## Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Global Ship Lease, Inc.

### ***Opinions on the Financial Statements and Internal Control over Financial Reporting***

We have audited the accompanying consolidated balance sheets of Global Ship Lease, Inc. and its subsidiaries (the “Company”) as of December 31, 2021 and 2020, and the related consolidated statements of income, comprehensive income, changes in shareholders’ equity and cash flows for each of the three years in the period ended December 31, 2021, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

### ***Basis for Opinions***

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 15. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting 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 audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements 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 audits 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. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

### ***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 (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.

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.

### ***Critical Audit Matters***

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters 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 accounts or disclosures to which it relates.

#### *Initial Recognition of "Intangible liabilities - charter agreements"*

As described in Notes 2 and 6 to the consolidated financial statements, as of December 31, 2021, the carrying value of the Company's intangible liabilities – charter agreements was \$55.4 million. The Company's intangible assets and liabilities consist of unfavorable lease terms on charter agreements acquired in assets acquisitions. When intangible assets or liabilities associated with the acquisition of a vessel are identified, they are recorded at fair value. Fair value is determined by reference to market data and the discounted amount of expected future cash flows. Where charter rates are higher than market charter rates, an intangible asset is recorded, based on the difference between the acquired charter rate and the market charter rate for an equivalent vessel and equivalent duration of charter party at the date the vessel is delivered. Where charter rates are less than market charter rates, an intangible liability is recorded, based on the difference between the acquired charter rate and the market charter rate for an equivalent vessel. The determination of the fair value of acquired assets and liabilities requires the Company to make significant assumptions and estimates of many variables including market charter rates (including duration), the level of utilization of its vessels and its weighted average cost-of capital ("WACC"). The estimated market charter rate (including duration) is considered a significant assumption.

The principal considerations for our determination, that performing procedures relating to Initial Recognition of "Intangible liabilities - charter agreements" is a critical audit matter, are (i) a high degree of auditor judgment and subjectivity in performing procedures relating to the fair value of "Intangible liabilities - charter agreements", due to the significant judgement by management when developing the estimate; and (ii) the significant audit effort in evaluating the significant assumptions related to the estimated market charter rates (including duration).

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's valuation of the initial recognition of "Intangible liabilities - charter agreements" and controls over the development of significant assumptions related to the estimated market charter rate (including duration). These procedures also included testing management's process for estimating the fair value of intangible liabilities - charter agreements. Testing management's process included evaluating the appropriateness of the valuation methods, testing the completeness and accuracy of data provided by management, and evaluating the reasonableness of significant assumptions related to the estimated market charter rate (including duration) for an equivalent vessel and equivalent duration of charter party at the date the vessel is delivered. Evaluating the reasonableness of the assumption related to the estimated market charter rate (including duration) involved, i) comparing the daily time charter rate assumption with other relevant market data, and ii) assessing whether the assumption was consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating the appropriateness of management's cash flow models and developing an independent estimate of the discount rate.

/s/ PricewaterhouseCoopers S.A.  
Athens, Greece  
March 24, 2022

We have served as the Company's auditor since 2018.

**Global Ship Lease, Inc.**
**Consolidated Balance Sheets**

(Expressed in thousands of U.S. dollars except share data)

	Note	As of	
		December 31, 2021	December 31, 2020
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		\$ 67,280	\$ 80,757
Time deposits		7,900	—
Restricted cash	3	24,894	825
Accounts receivable, net		3,220	2,532
Inventories	8	11,410	6,316
Prepaid expenses and other current assets	7	25,224	6,711
Derivative asset	9	533	—
Due from related parties	14	2,897	1,472
<b>Total current assets</b>		<b>\$ 143,358</b>	<b>\$ 98,613</b>
<b>NON - CURRENT ASSETS</b>			
Vessels in operation	4	\$ 1,682,816	\$ 1,140,583
Advances for vessels acquisitions and other additions	4	6,139	1,364
Deferred charges, net	5	37,629	22,951
Other non-current assets	2p	14,010	—
Derivative asset, net of current portion	9	6,694	—
Restricted cash, net of current portion	3	103,468	10,680
<b>Total non - current assets</b>		<b>1,850,756</b>	<b>1,175,578</b>
<b>TOTAL ASSETS</b>		<b>\$ 1,994,114</b>	<b>\$ 1,274,191</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	10	\$ 13,159	\$ 10,557
Accrued liabilities	11	32,249	19,127
Current portion of long - term debt	12	190,316	76,681
Current portion of deferred revenue		8,496	5,623
Due to related parties	14	543	225
<b>Total current liabilities</b>		<b>\$ 244,763</b>	<b>\$ 112,213</b>
<b>LONG - TERM LIABILITIES</b>			
Long - term debt, net of current portion and deferred financing costs	12	\$ 880,134	\$ 692,775
Intangible liabilities - charter agreements	6	55,376	4,462
Deferred revenue, net of current portion	3	101,288	—
<b>Total non - current liabilities</b>		<b>1,036,798</b>	<b>697,237</b>
<b>Total liabilities</b>		<b>\$ 1,281,561</b>	<b>\$ 809,450</b>
<b>Commitments and Contingencies</b>	15	—	—
<b>SHAREHOLDERS' EQUITY</b>			
Class A common shares - authorized 214,000,000 shares with a \$0.01 par value 36,464,109 shares issued and outstanding (2020 - 17,741,008 shares)	16	\$ 365	\$ 177
Series B Preferred Shares - authorized 44,000 shares with a \$0.01 par value 43,592 shares issued and outstanding (2020 - 22,822 shares)	16	—	—
Series C Preferred Shares - authorized 250,000 shares with a \$0.01 par value Nil shares issued and outstanding (2020 - 250,000 shares)	16	—	3
Additional paid in capital		698,463	586,355
Retained Earnings/(Accumulated deficit)		13,498	(121,794)
Accumulated other comprehensive income	9	227	—
<b>Total shareholders' equity</b>		<b>712,553</b>	<b>464,741</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 1,994,114</b>	<b>\$ 1,274,191</b>

See accompanying notes to Consolidated Financial Statements

**Global Ship Lease, Inc.**
**Consolidated Statements of Income**

(Expressed in thousands of U.S. dollars except share and per share data)

	Note	Year ended December 31,		
		2021	2020	2019
<b>OPERATING REVENUES</b>				
Time charter revenue (include related party revenues of \$144,681, \$142,826 and \$153,661 for each of the years ended December 31, 2021, 2020 and 2019, respectively)	13,14	\$ 402,524	\$ 282,272	\$ 263,035
Amortization of intangible liabilities-charter agreements (includes related party amortization of intangible liabilities-charter agreements of \$6,882, \$1,782 and \$1,771 for each of the years ended December 31, 2021, 2020 and 2019, respectively)	6	45,430	541	(1,933)
<b>Total operating revenues</b>		<b>447,954</b>	<b>282,813</b>	<b>261,102</b>
<b>OPERATING EXPENSES:</b>				
Vessel operating expenses (include related party vessels operating expenses of \$15,294, \$12,580 and \$9,880 for each of the years ended December 31, 2021, 2020 and 2019, respectively)	14	130,304	102,837	87,786
Time charter and voyages expenses (include related party time charter and voyage expenses of \$3,583, \$2,446 and \$1,845 for each of the years ended December 31, 2021, 2020 and 2019, respectively)	14	13,100	11,149	9,022
Depreciation and amortization	4,5	61,563	46,978	43,912
Impairment of vessels	4	—	8,497	—
General and administrative expenses		13,240	8,350	8,815
(Gain)/loss on sale of vessels	4	(7,770)	244	—
<b>Operating Income</b>		<b>237,517</b>	<b>104,758</b>	<b>111,567</b>
<b>NON-OPERATING INCOME/(EXPENSES)</b>				
Interest income		449	956	1,791
Interest and other finance expenses (includes \$5,764, \$2,831 and \$346 Notes premium for each of the years ended December 31, 2021, 2020 and 2019, respectively)		(69,227)	(65,354)	(74,994)
Other income, net		2,812	1,252	1,477
<b>Total non-operating expenses</b>		<b>(65,966)</b>	<b>(63,146)</b>	<b>(71,726)</b>
<b>Income before income taxes</b>		<b>171,551</b>	<b>41,612</b>	<b>39,841</b>
Income taxes		(56)	(49)	(3)
<b>Net Income</b>		<b>\$ 171,495</b>	<b>\$ 41,563</b>	<b>\$ 39,838</b>
Earnings allocated to Series B Preferred Shares		(8,263)	(3,995)	(3,081)
<b>Net Income available to Common Shareholders</b>		<b>\$ 163,232</b>	<b>\$ 37,568</b>	<b>\$ 36,757</b>
<b>Earnings per Share</b>				
Weighted average number of Class A common shares outstanding				
Basic	18	35,125,003	17,687,137	11,859,506
Diluted	18	35,508,015	17,752,525	11,906,906
Net Earnings per Class A common share				
Basic	18	4.65	1.23	1.48
Diluted	18	4.60	1.22	1.48

See accompanying notes to Consolidated Financial Statements

## Global Ship Lease, Inc.

## Consolidated Statements of Comprehensive Income

(Expressed in thousands of U.S. dollars)

	Note	Year ended December 31,		
		2021	2020	2019
<b>Net Income available to Common Shareholders</b>		<b>\$ 163,232</b>	<b>\$ 37,568</b>	<b>\$ 36,757</b>
Other comprehensive income:				
Cash Flow Hedge:				
Unrealized gain on interest rate cap	9	227	—	—
<b>Total Other Comprehensive Income</b>		<b>227</b>	<b>—</b>	<b>—</b>
<b>Total Comprehensive Income</b>		<b>\$ 163,459</b>	<b>\$ 37,568</b>	<b>\$ 36,757</b>

See accompanying notes to Consolidated Financial Statements

**Global Ship Lease, Inc.**
**Consolidated Statements of Cash Flows**

(Expressed in thousands of U.S. dollars)

	Note	Year ended December 31,		
		2021	2020	2019
<b>Cash flows from operating activities:</b>				
Net income		\$ 171,495	\$ 41,563	\$ 39,838
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>				
Depreciation and amortization		61,563	46,978	43,912
Impairment of vessels	4	—	8,497	—
(Gain)/loss on sale of vessels	4	(7,770)	244	—
Amortization of deferred financing costs	12	8,279	4,085	3,108
Amortization of original issue discount/premium on repurchase of notes		8,615	3,269	1,140
Amortization of intangible (liabilities)/assets - charter agreements	6	(45,430)	(541)	1,933
Share based compensation	17	3,510	1,998	1,717
<b>Changes in operating assets and liabilities:</b>				
(Increase)/decrease in accounts receivable and other assets		(33,211)	3,132	(1,393)
(Increase)/decrease in inventories		(5,094)	(721)	174
Increase in derivative asset	9	(7,000)	—	—
Increase/(decrease) in accounts payable and other liabilities		5,939	(2,215)	2,284
(Decrease)/increase in related parties' balances, net		(1,107)	2,504	(6,251)
Increase/(decrease) in deferred revenue	3	104,160	(4,364)	6,869
Unrealized foreign exchange loss		—	—	50
<b>Net cash provided by operating activities</b>		<b>263,949</b>	<b>104,429</b>	<b>93,381</b>
<b>Cash flows from investing activities:</b>				
Acquisition of vessels and intangibles		(463,750)	(23,060)	(72,997)
Cash paid for vessel expenditures		(4,611)	(4,089)	(9,528)
Net proceeds from sale of vessels		16,514	6,852	—
Advances for vessel acquisitions and other additions		(3,276)	(4,541)	(9,184)
Cash paid for drydockings		(19,226)	(14,756)	(7,390)
Time deposits acquired		(7,900)	—	—
Cash acquired in Poseidon Transaction, net of capitalized expenses		—	—	(826)
<b>Net cash used in investing activities</b>		<b>(482,249)</b>	<b>(39,594)</b>	<b>(99,925)</b>
<b>Cash flows from financing activities:</b>				
Proceeds from issuance of 2024 Notes		22,701	20,054	39,765
Repurchase of 2022 Notes, including premium	12	(239,183)	(91,971)	(17,623)
Proceeds from drawdown of credit facilities and sale and leaseback	12	744,506	47,000	327,500
Repayment of credit facilities and sale and leaseback	12	(115,502)	(64,311)	(63,505)
Repayment of refinanced debt		(149,632)	(44,366)	(262,810)
Deferred financing costs paid		(13,790)	(1,193)	(7,904)
Net proceeds from offering of Class A common shares, net of offering costs		67,549	(74)	50,710
Retirement of Class A common shares		(10,000)	—	—
Proceeds from offering of Series B preferred shares, net of offering costs		51,234	18,647	1,056
Class A common shares - dividend paid		(27,940)	—	—
Series B Preferred Shares - dividend paid	16	(8,263)	(3,995)	(3,081)
<b>Net cash provided by/(used in) financing activities</b>		<b>\$ 321,680</b>	<b>\$ (120,209)</b>	<b>\$ 64,108</b>
<b>Net increase/(decrease) in cash and cash equivalents and restricted cash</b>		<b>103,380</b>	<b>(55,374)</b>	<b>57,564</b>
Cash and cash equivalents and restricted cash at beginning of the year		92,262	147,636	90,072
<b>Cash and cash equivalents and restricted cash at end of the year</b>		<b>\$ 195,642</b>	<b>\$ 92,262</b>	<b>\$ 147,636</b>
<b>Supplementary Cash Flow Information:</b>				
Cash paid for interest		\$ 49,528	\$ 59,769	\$ 70,630
<b>Non-cash investing activities:</b>				
Unpaid drydocking expenses		5,799	1,321	3,676
Unpaid vessel expenditures		6,257	4,127	1,641
Unpaid advances for vessels' acquisitions and other additions		1,499	—	—
Acquisition of vessels and intangibles		96,344	—	—
<b>Non-cash financing activities:</b>				
Issuance of 2024 Notes for the acquisition of vessels		35,000	—	—
Premium on the 2024 Notes issued for the acquisition of vessels		1,680	—	—
Unpaid offering costs		—	—	200
Net unrealized gain on interest rate cap		227	—	—

See accompanying notes to Consolidated Financial Statements

**Global Ship Lease, Inc.**
**Consolidated Statements of Changes in Shareholders' Equity**

(Expressed in thousands of U.S. dollars except share data)

	Number of Common Shares at par value \$0.01	Number of Series B Preferred Shares at par value \$0.01	Number of Series C Preferred Shares at par value \$0.01	Common Shares	Series B Preferred Shares	Series C Preferred Shares	Additional paid-in capital	(Accumulated Deficit)/ Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
<b>Balance at January 1, 2019</b>	<b>9,942,950</b>	<b>14,000</b>	<b>250,000</b>	<b>\$99</b>	<b>\$—</b>	<b>\$3</b>	<b>\$512,379</b>	<b>\$(196,119)</b>	<b>\$—</b>	<b>\$316,362</b>
Issuance of Restricted Stock Units (Note 17)	—	—	—	—	—	—	1,717	—	—	1,717
Issuance of Class A common shares, net of offering costs (Notes 16 and 17)	7,613,788	—	—	76	—	—	50,634	—	—	50,710
Net Income for the year	—	—	—	—	—	—	—	39,838	—	39,838
Series B Preferred Shares dividend (Note 16)	—	—	—	—	—	—	—	(3,081)	—	(3,081)
Issuance of Series B Preferred shares, net of offering costs	—	428	—	—	—	—	856	—	—	856
<b>Balance at December 31, 2019</b>	<b>17,556,738</b>	<b>14,428</b>	<b>250,000</b>	<b>\$175</b>	<b>\$—</b>	<b>\$3</b>	<b>\$565,586</b>	<b>\$(159,362)</b>	<b>\$—</b>	<b>\$406,402</b>
Issuance of Restricted Stock Units (Note 17)	—	—	—	—	—	—	1,998	—	—	1,998
Issuance of Class A common shares, net of offering costs (Notes 16 and 17)	184,270	—	—	2	—	—	(76)	—	—	(74)
Net Income for the year	—	—	—	—	—	—	—	41,563	—	41,563
Series B Preferred Shares dividend (Note 16)	—	—	—	—	—	—	—	(3,995)	—	(3,995)
Issuance of Series B Preferred shares, net of offering costs	—	8,394	—	—	—	—	18,847	—	—	18,847
<b>Balance at December 31, 2020</b>	<b>17,741,008</b>	<b>22,822</b>	<b>250,000</b>	<b>\$177</b>	<b>\$—</b>	<b>\$3</b>	<b>\$586,355</b>	<b>\$(121,794)</b>	<b>\$—</b>	<b>\$464,741</b>
Issuance of Restricted Stock Units (Note 17)	747,604	—	—	8	—	—	3,502	—	—	3,510
Issuance of Class A common shares, net of offering costs (Notes 16 and 17)	5,541,959	—	—	55	—	—	67,494	—	—	67,549
Conversion of Series C Preferred shares to Class A common shares (Note 16)	12,955,188	—	(250,000)	130	—	(3)	(127)	—	—	—
Cancellation of Class A common shares (Note 16)	(521,650)	—	—	(5)	—	—	(9,995)	—	—	(10,000)
Other comprehensive income	—	—	—	—	—	—	—	—	227	227
Net Income for the year	—	—	—	—	—	—	—	171,495	—	171,495
Series B Preferred Shares dividend (Note 16)	—	—	—	—	—	—	—	(8,263)	—	(8,263)
Issuance of Series B Preferred shares, net of offering costs (Note 7)	—	20,770	—	—	—	—	51,234	—	—	51,234
Class A common shares dividend (Note 16)	—	—	—	—	—	—	—	(27,940)	—	(27,940)
<b>Balance at December 31, 2021</b>	<b>36,464,109</b>	<b>43,592</b>	<b>—</b>	<b>\$365</b>	<b>\$—</b>	<b>\$—</b>	<b>\$698,463</b>	<b>\$13,498</b>	<b>\$227</b>	<b>\$712,553</b>

See accompanying notes to Consolidated Financial Statements

**Notes to the Consolidated Financial Statements**

(Expressed in thousands of U.S. dollars)

**1. Description of Business**

On August 14, 2008, Global Ship Lease, Inc. (the “Company”) merged indirectly with Marathon Acquisition Corp., a company then listed on The American Stock Exchange, and with the pre-existing Global Ship Lease, Inc. GSL Holdings, Inc. was the surviving entity (the “Marathon Merger”), changed its name to Global Ship Lease, Inc. and became listed on The New York Stock Exchange (the “NYSE”).

On November 15, 2018, the Company completed a transformative transaction and acquired Poseidon Containers’ 20 containerships, one of which, the Argos, was contracted to be sold, which sale was completed in December 2018, (the “Poseidon Transaction”).

The Company’s business is to own and charter out containerships to leading liner companies. On June 30, 2021, the Company sold La Tour, a 2001 built 2,272 TEU containership. As of December 31, 2021, the Company owned 65 vessels with average age weighted by TEU capacity of 14.9 years.

The following table provides information about the 65 vessels owned as at December 31, 2021.

Company Name <sup>(1)</sup>	Country of Incorporation	Vessel Name	Capacity in TEUs <sup>(2)</sup>	Year Built	Earliest Charter Expiry Date
Global Ship Lease 54 LLC	Liberia	CMA CGM Thalassa	11,040	2008	4Q25
Laertis Marine LLC	Marshall Islands	UASC Al Khor	9,115	2015	1Q27
Penelope Marine LLC	Marshall Islands	Maira XL	9,115	2015	2Q27
Telemachus Marine LLC <sup>(3)</sup>	Marshall Islands	Anthea Y	9,115	2015	3Q23
Global Ship Lease 53 LLC	Liberia	MSC Tianjin	8,603	2005	2Q24
Global Ship Lease 52 LLC	Liberia	MSC Qingdao	8,603	2004	2Q24
Global Ship Lease 43 LLC	Liberia	GSL Ningbo	8,603	2004	1Q23
Global Ship Lease 30 Limited	Marshall Islands	GSL Eleni	7,847	2004	3Q24 <sup>(4)</sup>
Global Ship Lease 31 Limited	Marshall Islands	GSL Kalliopi	7,847	2004	4Q22 <sup>(4)</sup>
Global Ship Lease 32 Limited	Marshall Islands	GSL Grania	7,847	2004	4Q22 <sup>(4)</sup>
Alexander Marine LLC	Marshall Islands	Mary	6,927	2013	3Q23
Hector Marine LLC	Marshall Islands	Kristina	6,927	2013	2Q24
Ikaros Marine LLC	Marshall Islands	Katherine	6,927	2013	1Q24
Philippos Marine LLC	Marshall Islands	Alexandra	6,927	2013	1Q24
Aristoteles Marine LLC	Marshall Islands	Alexis	6,882	2015	1Q24
Menelaos Marine LLC	Marshall Islands	Olivia I	6,882	2015	1Q24
Global Ship Lease 35 LLC	Liberia	GSL Nicoletta	6,840	2002	3Q24
Global Ship Lease 36 LLC	Liberia	GSL Christen	6,840	2002	3Q23
Global Ship Lease 48 LLC	Liberia	CMA CGM Berlioz	6,621	2001	4Q25
Leonidas Marine LLC	Marshall Islands	Agios Dimitrios	6,572	2011	4Q23
Global Ship Lease 33 LLC	Liberia	GSL Vinia	6,080	2004	3Q24
Global Ship Lease 34 LLC	Liberia	GSL Christel Elisabeth	6,080	2004	2Q24
GSL Arcadia LLC	Liberia	GSL Arcadia	6,008	2000	2Q24 <sup>(5)</sup>
GSL Melita LLC	Liberia	GSL Melita	6,008	2001	3Q24 <sup>(5)</sup>
GSL Maria LLC	Liberia	GSL Maria	6,008	2001	4Q24 <sup>(5)</sup>
GSL Violetta LLC <sup>(3)</sup>	Liberia	GSL Violetta	6,008	2000	4Q24 <sup>(5)</sup>
GSL Tegea LLC	Liberia	GSL Tegea	5,992	2001	3Q24 <sup>(5)</sup>
GSL Dorothea LLC	Liberia	GSL Dorothea	5,992	2001	3Q24 <sup>(5)</sup>
GSL MYNY LLC	Liberia	GSL MYNY	6,008	2000	3Q24 <sup>(5)</sup>
Tasman Marine LLC	Marshall Islands	Tasman	5,936	2000	1Q22 <sup>(6)</sup>
Hudson Marine LLC	Marshall Islands	Zim Europe	5,936	2000	1Q24 <sup>(7)</sup>
Drake Marine LLC	Marshall Islands	Ian H	5,936	2000	2Q24 <sup>(7)</sup>
Global Ship Lease 68 LLC <sup>(3)</sup>	Liberia	GSL Kithira	5,470	2009	4Q24 <sup>(8)</sup>
Global Ship Lease 69 LLC <sup>(3)</sup>	Liberia	GSL Tripoli	5,470	2009	3Q24 <sup>(8)</sup>
Global Ship Lease 70 LLC <sup>(3)</sup>	Liberia	GSL Syros	5,470	2010	3Q24 <sup>(8)</sup>
Global Ship Lease 71 LLC <sup>(3)</sup>	Liberia	GSL Tinos	5,470	2010	3Q24 <sup>(8)</sup>
Hephaestus Marine LLC	Marshall Islands	Dolphin II	5,095	2007	1Q25
Zeus One Marine LLC	Marshall Islands	Orca I	5,095	2006	2Q24 <sup>(9)</sup>
Global Ship Lease 47 LLC	Liberia	GSL Château d’If	5,089	2007	4Q26
GSL Alcazar Inc.	Marshall Islands	CMA CGM Alcazar	5,089	2007	3Q26
Global Ship Lease 55 LLC	Liberia	GSL Susan	4,363	2008	3Q22
Global Ship Lease 50 LLC	Liberia	CMA CGM Jamaica	4,298	2006	3Q22
Global Ship Lease 49 LLC	Liberia	CMA CGM Sambhar	4,045	2006	3Q22
Global Ship Lease 51 LLC	Liberia	CMA CGM America	4,045	2006	3Q22
Global Ship Lease 57 LLC	Liberia	GSL Rossi	3,421	2012	1Q26
Global Ship Lease 58 LLC	Liberia	GSL Alice	3,421	2014	1Q23
Global Ship Lease 59 LLC	Liberia	GSL Melina	3,404	2013	2Q23
Global Ship Lease 60 LLC	Liberia	GSL Eleftheria	3,404	2013	3Q25
Global Ship Lease 61 LLC	Liberia	GSL Mercer	2,824	2007	4Q24
Global Ship Lease 62 LLC	Liberia	Matson Molokai	2,824	2007	2Q25
Global Ship Lease 63 LLC	Liberia	GSL Lalo	2,824	2006	4Q22
Global Ship Lease 42 LLC	Liberia	GSL Valerie	2,824	2005	1Q25
Pericles Marine LLC	Marshall Islands	Athena	2,762	2003	2Q24
Global Ship Lease 64 LLC	Liberia	GSL Elizabeth	2,741	2006	3Q22
Global Ship Lease 65 LLC	Liberia	tbr GSL Chloe <sup>(10)</sup>	2,546	2012	4Q24
Global Ship Lease 66 LLC	Liberia	GSL Maren	2,546	2014	4Q22

Aris Marine LLC	Marshall Islands	Maira	2,506	2000	1Q23
Aphrodite Marine LLC	Marshall Islands	Nikolas	2,506	2000	1Q23
Athena Marine LLC	Marshall Islands	Newyorker	2,506	2001	1Q24
Global Ship Lease 38 LLC	Liberia	Manet	2,272	2001	4Q24
Global Ship Lease 40 LLC	Liberia	Keta	2,207	2003	1Q25
Global Ship Lease 41 LLC	Liberia	Julie	2,207	2002	1Q23
Global Ship Lease 45 LLC	Liberia	Kumasi	2,207	2002	4Q21
Global Ship Lease 44 LLC	Liberia	Akiteta (ex Marie Delmas) (11)	2,207	2002	4Q24
Global Ship Lease 67 LLC	Liberia	GSL Amstel	1,118	2008	3Q23

Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

- (1) All subsidiaries are 100% owned, either directly or indirectly;
- (2) Twenty-foot Equivalent Units;
- (3) Currently, under a sale and leaseback transaction; During 2021, the Company has entered into six agreements which qualify as failed sale and leaseback transactions as the Company is required to repurchase the vessels at the end of the lease term and the Company has accounted for the six agreements as financing transactions;
- (4) *GSL Eleni* delivered 2Q2019 and is chartered for five years; *GSL Kalliopi* (delivered 4Q2019) and *GSL Grania* (delivered 3Q2019) are chartered for three years plus two successive periods of one year at the option of the charterer;
- (5) *GSL Arcadia*, *GSL Melita*, *GSL Maria*, *GSL Violetta*, *GSL Tegea*, *GSL Dorothea*, *GSL MYNY*. Thereafter, the charterer has the option to extend each charter for a further 12 months, after which they have the option to extend each charter for a second time – for a period concluding immediately prior to each respective vessel's 25th year drydocking and special survey;
- (6) *Tasman*. Thereafter, the charterer has the option to charter the vessel for a further 12 months;
- (7) *Ian H & Zim Europe*. A package agreement with the charterer, for direct charter extensions on two 5,900 TEU ships: *Ian H* from May 2021 and *Zim Europe* (formerly *Dimitris Y*) from May 2022. On April 9, 2021, *Dimiris Y* was renamed *Zim Europe*;
- (8) *GSL Kithira*, *GSL Tripoli*, *GSL Syros*, *GSL Tinos*. Thereafter, the charterer has the option to extend each charter by three years;
- (9) *Orca I*. Thereafter, the charterer has the option to extend the charter the vessel for a further 12-14 months;
- (10) "tbr" means "to be renamed";
- (11) On January 5, 2022, *Marie Delmas* was renamed *Akiteta*

**Notes to the Consolidated Financial Statements (continued)**

(Expressed in thousands of U.S. dollars)

**1. Description of Business (continued)**

In February 2021, the Company contracted to purchase seven ships of approximately 6,000 TEU each (the “Seven Vessels”) for an aggregate purchase price of \$116,000. At the time of the transaction, the Company had agreed charters for all seven ships to Maersk Line for a minimum firm period of 36 months each, followed by two one-year extensions at charterer’s option; for two vessels these new charters commenced in the fourth quarter 2021, upon completion of pre-existing short charters. Six vessels were delivered in May 2021 and the seventh vessel in July 2021.

In June 2021, the Company contracted to purchase 12 containerships from Borealis Finance LLC (the “Twelve Vessels”) for an aggregate purchase price of \$233,890. At the time of the transaction, the ships were all on charter with leading liner operators, with remaining charter durations of three to 25 months. The Twelve Vessels were delivered in July 2021.

In June 2021, the Company contracted to purchase four 5,470 TEU Panamax containerships (the “Four Vessels”) for an aggregate purchase price of \$148,000. On delivery, the ships were chartered to Maersk Line operator for a firm period of three years, followed by a three-year extension at charterer’s option. Three vessels were delivered in September 2021 and the fourth vessel in October 2021.

With these additions and following the sale of La Tour on June 30, 2021, the Company’s fleet comprises 65 containerships.

**2. Summary of Significant Accounting Policies****(a) Basis of Presentation**

The accompanying consolidated financial statements are prepared in accordance with United States Generally Accepted Accounting Principles (“U.S. GAAP”).

On March 25, 2019, the Company’s common shares began trading on a reverse-split-adjusted basis, following approval received from the Company’s shareholders at a Special Meeting held on March 20, 2019 and subsequently approval from the Company’s Board of Directors to reverse split the Company’s common shares at a ratio of one-for-eight. The Class A common shares and Class B common shares per share amounts disclosed in the consolidated financial statements and notes give effect to the reverse stock split retroactively, for all years presented.

**Adoption of new accounting standards**

In March 2020, the FASB issued ASU 2020-4, “Reference Rate Reform (Topic 848)” (“ASU 2020-4”), which provides optional guidance intended to ease the potential burden in accounting for the expected discontinuation of LIBOR as a reference rate in the financial markets. The guidance can be applied to modifications made to certain contracts to replace LIBOR with a new reference rate. The guidance, if elected, will permit entities to treat such modifications as the continuation of the original contract, without any required accounting reassessments or remeasurements. The ASU 2020-4 was effective for the Company beginning on March 12, 2020 and the Company will apply the amendments prospectively through December 31, 2022. There was no impact to the Company’s audited consolidated financial statements for the year ended December 31, 2021. Currently, the Company has various contracts that reference LIBOR and is assessing how this standard may be applied to specific contract modifications.

## Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

**2. Summary of Significant Accounting Policies (continued)****(a) Basis of Presentation (continued)****COVID-19 Pandemic**

On March 11, 2020, the World Health Organization declared the novel coronavirus (“COVID-19”) outbreak a pandemic. Since the beginning of calendar year 2020, the outbreak of COVID-19 pandemic has resulted in the implementation of numerous actions taken by governments and governmental agencies in an attempt to mitigate the spread of the virus, including, among others, business closures, quarantines, travel restrictions, and physical distancing requirements. These actions have caused substantial disruptions in the global economy and the shipping industry, as well as significant volatility in the financial markets, the severity and duration of which remains uncertain.

While the Company cannot predict the long-term economic impact of the COVID-19 pandemic, it will continue to actively monitor the situation and may take further actions altering the Company’s business operations that it determines are in the best interests of its employees, customers, partners, suppliers, and stakeholders, or as required by authorities in the jurisdictions where the Company operates. As a result, many of the Company’s estimates and assumptions required increased judgment and carry a higher degree of variability and volatility. The ultimate effects that any such alterations or modifications may have on the Company’s business are not clear, including any potential negative effects on its business operations and financial results.

**(b) Principles of Consolidation**

The accompanying consolidated financial statements include the financial statements of the Company and its wholly owned subsidiaries; the Company has no other interests. All significant intercompany balances and transactions have been eliminated in the Company’s consolidated financial statements.

**(c) Use of Estimates**

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates under different assumptions and/or conditions.

**(d) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Deposits held at call with banks with original maturities of more than three months are included under caption “Time deposits”.

**(e) Restricted cash**

Restricted cash consists of retention accounts which are restricted in use and held in order to service debt and interest payments. In addition, restricted cash consists of pledged cash maintained with lenders and amounts built-up for future drydockings. Also includes restricted cash received in advance from charterers for future charter service.

**(f) Insurance claims**

Insurance claims consist of claims submitted and/or claims in the process of compilation or submission. They are recorded on an accrual basis and represent the claimable expenses, net of applicable deductibles, incurred through December 31 of each reported period, which are probable to be recovered from insurers. Any outstanding costs to complete the claims are included in accrued liabilities. The classification of insurance claims into current and non-current assets is based on management’s expectation as to the collection dates.

## Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

**2. Summary of Significant Accounting Policies (continued)****(g) Inventories**

Inventories consist of bunkers, lubricants, stores and provisions. Inventories are stated at the lower of cost or net realizable value as determined using the first-in, first-out method.

**(h) Accounts receivable, net**

The Company carries its accounts receivable at cost less, if appropriate, an allowance for doubtful accounts, based on a periodic review of accounts receivable, taking into account past write-offs, collections and current credit conditions. The Company does not generally charge interest on past-due accounts. Allowances for doubtful accounts amount to \$nil as of December 31, 2021 (2020: \$nil).

**(i) Vessels in operation**

Vessels are generally recorded at their historical cost, which consists of the acquisition price and any material expenses incurred upon acquisition, adjusted for the fair value of intangible assets or liabilities associated with above or below market charters attached to the vessels at acquisition. See Intangible Assets and Liabilities at note 2(k) below. Vessels acquired in a corporate transaction accounted for as an asset acquisition are stated at the acquisition price, which consists of consideration paid, plus transaction costs, considering pro rata allocation based on vessels fair value at the acquisition date. Vessels acquired in a corporate transaction accounted for as a business combination are recorded at fair value. Vessels acquired as part of the Marathon Merger in 2008 were accounted for under ASC 805, which required that the vessels be recorded at fair value, less the negative goodwill arising as a result of the accounting for the merger.

Subsequent expenditures for major improvements and upgrades are capitalized, provided they appreciably extend the life, increase the earnings capacity or improve the efficiency or safety of the vessels.

Borrowing costs incurred during the construction of vessels or as part of the prefinancing of the acquisition of vessels are capitalized. There was no capitalized interest for the years ended December 31, 2021 and 2020.

Vessels are stated less accumulated depreciation and impairment, if applicable. Vessels are depreciated to their estimated residual value using the straight-line method over their estimated useful lives which are reviewed on an ongoing basis to ensure they reflect current technology, service potential and vessel structure. The useful lives are estimated to be 30 years from original delivery by the shipyard.

Management estimates the residual values of the Company's container vessels based on a scrap value cost of steel times the weight of the vessel noted in lightweight tons (LWT). Residual values are periodically reviewed and revised to recognize changes in conditions, new regulations or other reasons. Revision of residual values affect the depreciable amount of the vessels and affects depreciation expense in the period of the revision and future periods. Management estimated the residual values of its vessels based on scrap rate of \$400 per LWT.

For any vessel group which is impaired, the impairment charge is recorded against the cost of the vessel and the accumulated depreciation as at the date of impairment is removed from the accounts.

The cost and related accumulated depreciation of assets retired or sold are removed from the accounts at the time of sale or retirement and any gain or loss is included in the Consolidated Statements of Income.

## Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

**2.Summary of Significant Accounting Policies (continued)****(j) Deferred charges, net**

Drydocking costs are reported in the Consolidated Balance Sheets within "Deferred charges, net", and include planned major maintenance and overhaul activities for ongoing certification. The Company follows the deferral method of accounting for drydocking costs, whereby actual costs incurred are deferred and amortized on a straight-line basis over the period until the next scheduled drydocking, which is generally five years. Any remaining unamortized balance from the previous drydocking is written-off.

The amortization period reflects the estimated useful economic life of the deferred charge, which is the period between each drydocking. Costs incurred during the drydocking relating to routine repairs and maintenance are expensed. The unamortized portion of drydocking costs for vessels sold is included as part of the carrying amount of the vessel in determining the gain or (loss) on sale of the vessel.

**(k) Intangible assets and liabilities – charter agreements**

The Company's intangible assets and liabilities consist of unfavorable lease terms on charter agreements acquired in assets acquisitions. When intangible assets or liabilities associated with the acquisition of a vessel are identified, they are recorded at fair value. Fair value is determined by reference to market data and the discounted amount of expected future cash flows. Where charter rates are higher than market charter rates, an intangible asset is recorded, based on the difference between the acquired charter rate and the market charter rate for an equivalent vessel and equivalent duration of charter party at the date the vessel is delivered. Where charter rates are less than market charter rates, an intangible liability is recorded, based on the difference between the acquired charter rate and the market charter rate for an equivalent vessel. The determination of the fair value of acquired assets and liabilities requires the Company to make significant assumptions and estimates of many variables including market charter rates (including duration), the level of utilization of its vessels and its weighted average cost-of capital ("WACC"). The estimated market charter rate (including duration) is considered a significant assumption. The use of different assumptions could result in a material change in the fair value of these items, which could have a material impact on the Company's financial position and results of operations. The amortizable value of favorable and unfavorable leases is amortized over the remaining life of the relevant lease term and the amortization expense or income respectively is included under the caption "Amortization of intangible liabilities -charter agreements" in the Consolidated Statements of Income. For any vessel group which is impaired, the impairment charge is recorded against the cost of the vessel and the accumulated depreciation as at the date of impairment is removed from the accounts.

**(l) Impairment of Long-lived assets**

Tangible fixed assets, such as vessels, that are held and used or to be disposed of by the Company are reviewed for impairment when events or changes in circumstances indicate that their carrying amounts may not be recoverable. In these circumstances, the Company performs step one of the impairment test by comparing the undiscounted projected net operating cash flows for each vessel group to its carrying value. A vessel group comprises the vessel, the unamortized portion of deferred drydocking related to the vessel and the related carrying value of the intangible asset or liability (if any) with respect to the time charter attached to the vessel at its purchase. If the undiscounted projected net operating cash flows of the vessel group are less than its carrying amount, management proceeds to step two of the impairment assessment by comparing the vessel group's carrying amount to its fair value, including any applicable charter, and an impairment loss is recorded equal to the difference between the vessel group's carrying value and fair value. Fair value is determined with the assistance from valuations obtained from third party independent ship brokers.

The Company uses a number of assumptions in projecting its undiscounted net operating cash flows analysis including, among others, (i) revenue assumptions for charter rates on expiry of existing charters, which are based on forecast charter rates, where relevant, in the four years from the date of the impairment test and a reversion to the historical mean of time charter rates for each vessel thereafter (ii) off-hire days, which are based on actual off-hire statistics for the Company's fleet (iii) operating costs, based on current levels escalated over time based on long term trends (iv) dry docking frequency, duration and cost (v) estimated useful life, which is assessed as a total of 30 years from original delivery by the shipyard and (vi) scrap values.

## Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

**2. Summary of Significant Accounting Policies (continued)****(l) Impairment of Long-lived assets (continued)**

Revenue assumptions are based on contracted charter rates up to the end of the existing contract of each vessel, and thereafter, estimated time charter rates for the remaining life of the vessel. The estimated time charter rate used for non-contracted revenue days of each vessel is considered a significant assumption. Recognizing that the container shipping industry is cyclical and subject to significant volatility based on factors beyond the Company's control, management believes that using forecast charter rates in the four years from the date of the impairment assessment and a reversion to the historical mean of time charter rates thereafter, represents a reasonable benchmark for the estimated time charter rates for the non-contracted revenue days, and takes into account the volatility and cyclicity of the market.

Two 1999-built, 2,200 TEU feeder ships, GSL Matisse and Utrillo, were sold on July 3, 2020 and July 20, 2020, respectively. As of June 30, 2020, the vessels were immediately available for sale and qualified as assets held for sale. As of March 31, 2020, the Company had an expectation that the vessels would be sold before the end of their previously estimated useful life, and as a result performed an impairment test of the specific asset group. An impairment charge of \$7,585 was recognized for the three months ended March 31, 2020 and an additional impairment charge of \$912 had been recognized in the three months ended June 30, 2020.

The Company has evaluated the impact of current economic situation on the recoverability of all its other vessel groups and has determined that there were no events or changes in circumstances which indicated that their carrying amounts may not be recoverable. Accordingly, there was no triggering event and no impairment test was performed for the year ended December 31, 2021.

Through 2020 whilst charter rates in the spot market and asset values saw improvements, taking into account the seasonal as well as cyclical nature of the container shipping industry, the recovery was not considered to have been sufficiently sustained not to undertake a review for impairment for vessel groups where the carrying value as at December 31, 2020 might not be recoverable.

As a result, step one of the impairment assessment of each of the vessel groups was performed as at December 31, 2020. As the undiscounted projected net operating cash flows of each of the vessel groups exceeded the carrying amount, step two of the impairment test was not required and there were no impairment charges as of December 31, 2020.

The assessment performed for 2019 resulted in no impairment charges.

**(m) Deferred financing costs**

Costs incurred in connection with obtaining long-term debt and in obtaining amendments to existing facilities are recorded as deferred financing costs and are amortized to interest expense using the effective interest method 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. Debt issuance costs, other than any up-front arrangement fee for revolving credit facilities, related to a recognized debt liability are presented as a direct deduction from the carrying amount of that debt.

**(n) Preferred shares**

The Series B Preferred Shares were originally issued in August 2014 and have been included within Equity in the Consolidated Balance Sheets since their initial issue in August 2014 and increased in 2019, 2020 and 2021 with the introduction of ATM program, and the dividends are presented as a reduction of Retained Earnings or addition to Accumulated Deficit in the Consolidated Statements of Changes in Shareholders' Equity as their nature is similar to that of an equity instrument rather than a liability. Holders of these redeemable perpetual preferred shares, which may only be redeemed at the discretion of the Company, are entitled to receive a dividend equal to 8.75% on the original issue price, should such dividend be declared, and rank senior to the common shares with respect to dividend rights and rights upon liquidation, dissolution or winding up of the Company.

## Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

## 2. Summary of Significant Accounting Policies (continued)

**(n) Preferred shares (continued)**

The 250,000 Series C Perpetual Convertible Preferred Shares (the "Series C Preferred Shares") have been included within Equity in the Consolidated Balance Sheets, from their issue on November 15, 2018. The Series C Preferred Shares were convertible in certain circumstances to Class A common shares and they were entitled to a dividend only should such a dividend be declared on the Class A common shares. On January 20, 2021, upon the redemption in full of the 9.875% First Priority Secured Notes due 2022 (the "2022 Notes"), Series C Preferred shares converted to Class A common shares see note 16.

**(o) Other comprehensive income**

Other comprehensive income, which is reported in the Consolidated Statements of Changes in Shareholders' Equity, consists of net income and other gains and losses affecting equity that, under U.S. GAAP, are excluded from net income. Under ASU 2011-05, an entity reporting comprehensive income in a single continuous financial statement shall present its components in two sections, net income and other comprehensive income. For year ended December 31, 2021, the Company recorded an unrealized gain on the interest rate caps of \$227, reported as a component of other comprehensive income and presented in the Consolidated Statements of Comprehensive Income (see note 9).

**(p) Revenue recognition and related expense**

The Company charters out its vessels on time charters which involves placing a vessel at a charterer's disposal for a specified period of time during which the charterer uses the vessel in return for the payment of a specified daily hire rate. Such charters are accounted for as operating leases and therefore revenue is recognized on a straight-line basis as the average revenues over the rental periods of such charter agreements, as service is performed. Cash received in excess of earned revenue is recorded as deferred revenue. If a time charter contains one or more consecutive option periods, then subject to the options being exercisable solely by the Company, the time charter revenue will be recognized on a straight-line basis over the total remaining life of the time charter, including any options which are more likely than not to be exercised. If a time charter is modified, including the agreement of a direct continuation at a different rate, the time charter revenue will be recognized on a straight-line basis over the total remaining life of the time charter from the date of modification. During the year ended December 31, 2021, an amount of \$16,174 has been recorded in time charter-revenues for such modifications. Any difference between the charter rate invoiced and the time charter revenue recognized is classified as, or released from, deferred revenue. As of December 31, 2021, current and non-current portion from straight line, amounting to \$2,866 (\$nil as for December 31, 2020) and \$14,010 (\$nil as for December 31, 2020), respectively, are presented in the Consolidated Balance Sheets in the line item "Prepaid expenses and other current assets" and "Other non-current assets", respectively.

Revenues are recorded net of address commissions, which represent a discount provided directly to the charterer based on a fixed percentage of the agreed upon charter rate. Charter revenue received in advance which relates to the period after a balance sheet date is recorded as deferred revenue within current liabilities until the respective charter services are rendered.

Under time charter arrangements the Company, as owner, is responsible for all the operating expenses of the vessels, such as crew costs, insurance, repairs and maintenance, and such costs are expensed as incurred and are included in vessel operating expenses.

Commission paid to brokers to facilitate the agreement of a new charter are included in time charter and voyage expenses as are certain expenses related to a voyage, such as the costs of bunker fuel consumed when a vessel is off-hire or idle.

**Leases:** In cases of lease agreements where the Company acts as the lessee, the Company recognizes an operating lease asset and a corresponding lease liability on the Consolidated Balance Sheets. Following initial recognition and with regards to subsequent measurement the Company remeasures lease liability and right of use asset at each reporting date.

Leases where the Company acts as the lessor are classified as either operating or sales-type / direct financing leases.

## Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

**2.Summary of Significant Accounting Policies (continued)****(p) Revenue recognition and related expense (continued)**

In cases of lease agreements where the Company acts as the lessor under an operating lease, the Company keeps the underlying asset on the Consolidated Balance Sheets and continues to depreciate the assets over its useful life. In cases of lease agreements where the Company acts as the lessor under a sales-type / direct financing lease, the Company derecognizes the underlying asset and records a net investment in the lease. The Company acts as a lessor under operating leases in connection with all of its charter out – bareboat-out arrangements.

In cases of sale and leaseback transactions, if the transfer of the asset to the lessor does not qualify as a sale, then the transaction constitutes a failed sale and leaseback and is accounted for as a financial liability. For a sale to have occurred, the control of the asset would need to be transferred to the lessor, and the lessor would need to obtain substantially all the benefits from the use of the asset. During 2021, the Company has entered into six agreements which qualify as failed sale and leaseback transactions as the Company is required to repurchase the vessels at the end of the lease term and the Company has accounted for the six agreements as financing transactions.

The Company elected the practical expedient which allows the Company to treat the lease and non-lease components as a single lease component for the leases where the timing and pattern of transfer for the nonlease component and the associated lease component to the lessees are the same and the lease component, if accounted for separately, would be classified as an operating lease. The combined component is therefore accounted for as an operating lease under ASC 842, as the lease components are the predominant characteristics.

**(q) Foreign currency transactions**

The Company's functional currency is the U.S. dollar as substantially all revenues and a majority of expenditures are denominated in U.S. dollars. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet dates. Expenses paid in foreign currencies are recorded at the rate of exchange at the transaction date. Exchange gains and losses are included in the determination of net Income/(Loss).

**(r) Share based compensation**

The Company has awarded incentive stock units to its management and Directors as part of their compensation.

Using the graded vesting method of expensing the incentive stock unit grants, the weighted average fair value of the stock units is recognized as compensation costs in the Consolidated Statements of Income over the vesting period. The fair value of the incentive stock units for this purpose is calculated by multiplying the number of stock units by the fair value of the shares at the grant date. The Company has not factored any anticipated forfeiture into these calculations based on the limited number of participants.

**(s) Income taxes**

The Company and its Marshall Island subsidiaries are exempt from taxation in the Marshall Islands. The Company's vessels are liable for tax based on the tonnage of the vessel, under the regulations applicable to the country of incorporation of the vessel owning company, which is included within vessels' operating expenses.

The Cyprus and Hong Kong subsidiaries are also liable for income tax on any interest income earned from non-shipping activity.

The Company has one subsidiary in the United Kingdom, where the principal rate of corporate income tax for 2021 is 19% (2020: 19% and 2019:19%).

The Company recognizes uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based solely on the technical merits of the position.

## Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

**2.Summary of Significant Accounting Policies (continued)****(t) Dividends**

Dividends are recorded in the period in which they are declared by the Company's Board of Directors. Dividends to be paid are presented in the Consolidated Balance Sheets in the line item "Accrued Liabilities".

**(u) Earnings per share**

Basic earnings per common share are based on income available to common shareholders divided by the weighted average number of common shares outstanding during the period, excluding unvested restricted stock units. Diluted income per common share are calculated by applying the treasury stock method. All unvested restricted stock units that have a dilutive effect are included in the calculation. The basic and diluted earnings per share for the period are presented for each category of participating common shares under the two-class method.

**(v) Risks Associated with Concentration**

The Company is exposed to certain concentration risks that may adversely affect the Company's financial position in the near term:

- (i) The Company derives its revenue from liner companies which are exposed to the cyclical nature of the container shipping industry.
- (ii) There is a minimum concentration of credit risk with respect to cash and cash equivalents at December 31, 2021, to the extent that substantially all of the amounts are deposited with ten banks (2020: eight banks). The Company believes this risk is remote as the banks are high credit quality financial institutions.

**(w) Segment Reporting**

The Company reports financial information and evaluates its operations by charter revenues and not by the length of ship employment for its customers. The Company does not use discrete financial information to evaluate operating results for each type of charter. Management does not identify expenses, profitability or other financial information by charter type. As a result, management reviews operating results solely by revenue per day and operating results of the fleet and thus the Company has determined that it operates under one reportable segment.

**(x) Fair Value Measurement and Financial Instruments**

Financial instruments carried on the Consolidated Balance Sheets include cash and cash equivalents, time deposits, restricted cash, trade receivables and payables, other receivables and other liabilities and long-term debt. The particular recognition methods applicable to each class of financial instrument are disclosed in the applicable significant policy description of each item or included below as applicable.

**Fair value measurement:** Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between market participants at the measurement date. The hierarchy is broken down into three levels based on the observability of inputs as follows:

**Level 1** — Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

**Level 2** — Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

**Level 3** — Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

## Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

## 2. Summary of Significant Accounting Policies (continued)

## (x) Fair Value Measurement and Financial Instruments (continued)

During 2020, two of the Company's vessel groups with a total aggregate carrying amount of \$15,585 were written down to their fair value resulting in a non-cash impairment charge of \$8,497 which was allocated to the respective vessels' carrying values. Total impairment charge of \$8,497 was included in the Consolidated Statements of Income for the year ended December 31, 2020. The estimated fair value, measured on a non-recurring basis, of the Company's relevant three vessel groups that are held and used is calculated with the assistance of valuation obtained by third party independent ship brokers. Therefore, the Company has categorized the fair value of these vessels as Level II in the fair value hierarchy.

In December 2021, the Company purchased interest rate caps with an aggregate notional amount of \$484.1 million, which amortizes over time as the Company's outstanding debt balances decline. The objective of the hedges is to reduce the variability of cash flows associated with the forecasted interest rates relating to its variable rate borrowings. When derivatives are used, the Company is exposed to credit loss in the event of non-performance by the counterparties; however, non-performance is not anticipated. ASC 815, *Derivatives and Hedging*, requires companies to recognize all derivative instruments as either assets or liabilities at fair value in the balance sheet. The fair values of the interest rate derivatives are based on quoted market prices for similar instruments from commercial banks (based on significant observable inputs - Level 2 inputs). As of December 31, 2021 and 2020, the Company recorded on the Consolidated Balance Sheets a derivative asset of \$7,227 and \$nil, respectively, relating to cumulative basis adjustments for fair value hedges (see note 9).

**Financial Risk Management:** The Company activities expose it to a variety of financial risks including fluctuations in, time charter rates, credit and interest rates risk. Risk management is carried out under policies approved by executive management. Guidelines are established for overall risk management, as well as specific areas of operations.

**Credit risk:** The Company closely monitors its credit exposure to customers and counter-parties for credit risk. The Company has entered into commercial management agreement with Conchart Commercial Inc. ("Conchart"), pursuant to which Conchart has agreed to provide commercial management services to the Company, including the negotiation, on behalf of the Company, of vessel employment contracts (see note 14). Conchart has policies in place to ensure that it trades with customers and counterparties with an appropriate credit history.

Financial instruments that potentially subject the Company to concentrations of credit risk are accounts receivable, cash and cash equivalents and time deposits. The Company does not believe its exposure to credit risk is likely to have a material adverse effect on its financial position, results of operations or cash flows.

**Liquidity Risk:** Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company monitors cash balances appropriately to meet working capital needs.

**Foreign Exchange Risk:** Foreign currency transactions are translated into the measurement currency rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the Consolidated Statements of Income.

## (y) Derivative instruments

The Company is exposed to interest rate risk relating to its variable rate borrowings. In December 2021, the Company purchased interest rate caps with an aggregate notional amount of \$484.1 million, which amount reduces over time as the Company's outstanding debt balances amortize. The objective of the hedges is to reduce the variability of cash flows associated with the interest relating to its variable rate borrowings.

## Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

**2.Summary of Significant Accounting Policies (continued)****(y) Derivative instruments (continued)**

At the inception of the transaction, the Company documents the relationship between hedging instruments and hedged items, as well as its risk management objective and the strategy for undertaking various hedging transactions. The Company also documents its assessment, both at the hedge inception and on an ongoing basis, of whether the derivative financial instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

This Transaction is designated as a cash flow hedge, and under ASU 2017-12, cash flow hedge accounting allows all changes in fair value to be recorded through Other Comprehensive Income once hedge effectiveness has been established. Under ASC 815-30-35-38, amounts in accumulated other comprehensive income shall be reclassified into earnings in the same period or periods during which the hedged forecasted transaction affects earnings (i.e., each quarter) and shall be presented in the same income statement line item as the earnings effect of the hedged item in accordance with paragraph 815-20-45-1A.

The Company receives payments on the interest rate caps for any period that the one-month USD LIBOR rate is beyond the strike rate, which is 0.75%. The termination date of the interest rate cap agreements is November 30, 2026. The premium paid to purchase option was \$7,000, which was paid out of cash on trade settlement date, December 22, 2021. The premium paid related to this derivative was classified in the Consolidated Statements of Cash Flows as operating activities in the line item "Derivative asset". The premium shall be amortized into earnings "on a systematic and rational basis over the period in which the hedged transaction affects earnings" (ASC 815-30-35-41A); that is, the Company will expense the premium over the life of the interest rate cap in accordance with the "caplet method," as described in Derivatives Implementation Group (DIG) Issue G20. DIG Issue G20 dictates that the cost of the interest rate cap is recognized on earnings over time, based on the value of each periodic caplet. The cost per period will change as the caplet for that period changes in value. Given that the interest rate cap is forward-starting, expensing of the premium will not begin until the effective start date of the interest rate cap, in order to match potential cap revenue with the cap expenses in the period in which they are incurred.

There were no interest rate caps in place before 2021. The amounts included in accumulated other comprehensive income (see Note 9) will be reclassified to interest expense should the hedge no longer be considered effective. No amount of ineffectiveness was included in net income for the year ended December 31, 2021. The Company will continue to assess the effectiveness of the hedge on an ongoing basis.

**(z) Recently issued accounting standards**

The Company does not believe that any recently issued, but not yet effective, accounting pronouncements would have a material impact on its consolidated financial statements.

**Notes to the Consolidated Financial Statements (continued)**

(Expressed in thousands of U.S. dollars)

**3. Restricted Cash**

Restricted cash as of December 31, 2021 and 2020 consisted of the following:

	December 31, 2021	December 31, 2020
Retention accounts	\$ 11,276	\$ 525
Restricted bank deposits/Drydock reserves	13,618	—
Cash collateral	—	300
<b>Total Current Restricted Cash</b>	<b>\$ 24,894</b>	<b>\$ 825</b>
Cash collateral(*)	\$ 100,000	\$ 6,953
Guarantee deposits	20	20
Restricted bank deposits/Drydock reserves	2,948	3,207
Cash in custody	500	500
<b>Total Non - Current Restricted Cash</b>	<b>103,468</b>	<b>10,680</b>
<b>Total Current and Non - Current Restricted Cash</b>	<b>\$ 128,362</b>	<b>\$ 11,505</b>

(\*) Advances from charterers.

**4. Vessels in Operation**

Vessels in Operation as of December 31, 2021 and 2020 consisted of the following:

	Vessel Gross Cost, as adjusted for impairment charges	Accumulated Depreciation	Net Book Value
<b>As of January 1, 2020</b>	<b>\$ 1,306,936</b>	<b>\$ (151,350)</b>	<b>\$ 1,155,586</b>
Additions	41,710	—	41,710
Disposals	(7,058)	—	(7,058)
Depreciation	—	(41,158)	(41,158)
Impairment loss	(43,803)	35,306	(8,497)
<b>As of December 31, 2020</b>	<b>\$ 1,297,785</b>	<b>\$ (157,202)</b>	<b>\$ 1,140,583</b>
Additions	603,514	—	603,514
Disposals	(23,167)	14,445	(8,722)
Depreciation	—	(52,559)	(52,559)
<b>As of December 31, 2021</b>	<b>\$ 1,878,132</b>	<b>\$ (195,316)</b>	<b>\$ 1,682,816</b>

**2021 Vessels acquisitions**

In September and October 2021, the Company took delivery of the Four Vessels as per below:

Name	Capacity in TEUs	Year Built	Purchase Price	Delivery date
GSL Tripoli	5,470	2009	37,000	September 1, 2021
GSL Tinos	5,470	2010	37,500	September 9, 2021
GSL Syros	5,470	2010	37,500	September 13, 2021
GSL Kithira	5,470	2009	36,000	October 13, 2021

The charters of the Four vessels resulted in an intangible liability of \$17,100 that was recognized and will be amortized over the remaining useful life of the charters.

## Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

**4. Vessels in Operation (continued)****2021 Vessels acquisitions (continued)**

In July 2021, the Company took delivery of the Twelve Vessels as per below:

Name	Capacity in TEUs	Year Built	Purchase Price	Delivery Date
GSL Susan	4,363	2008	20,740	July 29, 2021
GSL Rossi	3,421	2012	21,580	July 29, 2021
GSL Alice	3,421	2014	23,150	July 29, 2021
GSL Melina	3,404	2013	23,990	July 29, 2021
GSL Eleftheria	3,404	2013	26,870	July 29, 2021
GSL Mercer	2,824	2007	20,750	July 29, 2021
GSL Lalo	2,824	2006	13,320	July 29, 2021
Matson Molokai	2,824	2007	16,430	July 15, 2021
GSL Elizabeth	2,741	2006	13,910	July 28, 2021
tbr GSL Chloe	2,546	2012	22,320	July 29, 2021
GSL Maren	2,546	2014	23,270	July 29, 2021
GSL Amstel	1,118	2008	7,560	July 29, 2021

The charters of the Twelve vessels resulted in an intangible liability of \$76,193 that was recognized and will be amortized over the remaining useful life of the charters.

In April, May and July 2021, the Company took delivery of the Seven Vessels as per below:

Name	Capacity in TEUs	Year Built	Purchase Price	Delivery Date
GSL MYNY	6,008	2000	17,600	July 28, 2021
GSL Melita	6,008	2001	15,500	May 25, 2021
GSL Violetta(*)	6,008	2000	17,300	April 28, 2021
GSL Maria(*)	6,008	2001	16,600	April 28, 2021
GSL Arcadia	6,008	2000	18,000	April 26, 2021
GSL Dorothea	5,992	2001	15,500	April 26, 2021
GSL Tegea	5,992	2001	15,500	May 17, 2021

(\*) The charters of these vessels resulted in an intangible liability of \$3,051 that was recognized and will be amortized over the remaining useful life of the charters.

**2021 Sale of Vessel**

On June 30, 2021, the Company sold La Tour for net proceeds of \$16,514, and the vessel was released as collateral under the Company's \$236,200 senior secured loan facility with Hayfin Capital Management, LLP (the "New Hayfin Credit Facility"). The net gain from the sale of vessel was \$7,770.

**2020 Vessels acquisitions**

On February 21, 2020, the Company took delivery of a 2002-built, 6,840 TEU containership, GSL Nicoletta for a purchase price of \$12,660.

On January 29, 2020, the Company took delivery of a 2002-built, 6,840 TEU containership, GSL Christen for a purchase price of \$13,000.

## Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

**4. Vessels in Operation (continued)****2020 Sale of Vessels**

On July 20, 2020, the Company sold Utrillo for net proceeds of \$3,411, and the vessel was released as collateral under the Company's 2022 Notes and Citi Credit Facility.

On July 3, 2020, the Company sold GSL Matisse for net proceeds of \$3,441, and the vessel was released as collateral under the Company's 2022 Notes and Citi Credit Facility.

**Impairment**

The Company has evaluated the impact of current economic situation on the recoverability of all its other vessel groups and has determined that there were no events or changes in circumstances which indicated that their carrying amounts may not be recoverable. Accordingly, there was no triggering event and no impairment test was performed during the year ended December 31, 2021.

During the three months ended March 31, 2020, the Company determined that the vessels Utrillo and GSL Matisse should be divested. As at March 31, 2020, the vessels were not immediately available for sale and therefore did not qualify as "assets held for sale". As of March 31, 2020, the Company had an expectation that the vessels would each be sold before the end of their estimated useful life, and as a result an impairment test of each of the specific asset groups was performed, recognizing an impairment loss of \$7,585. As of June 30, 2020, the Company concluded that all the criteria required by the relevant accounting standard, ASC 360 for the classification of the vessels GSL Matisse and Utrillo as "held for sale" were met. The difference between the estimated fair value less cost to sell both vessels and their carrying value (including the unamortized balance of dry-docking cost of \$38), amounting to \$912, was recognized during the three months ended June 30, 2020 under the line item "Impairment of vessels". An impairment loss of \$8,497 has been recognized under the line item "Impairment of vessels" in the Consolidated Statements of Income for the year ended December 31, 2020.

Whilst charter rates in the spot market and asset values saw overall improvements through 2020, taking into account the seasonal as well as cyclical nature of the container shipping industry, the recovery was not considered to have been sufficiently sustained not to undertake a review for impairment for vessel groups where the carrying value as at December 31, 2020 might not be recoverable. As a result, step one of the impairment assessment of each of the vessel groups was performed, by comparing the undiscounted projected net operating cash flows for each vessel group to the carrying value of the vessel group. The Company's assessment performed as at December 31, 2020 resulted in no additional impairment charges.

The total impairment loss recognized for the years ended December 31, 2021, 2020 and 2019 amounted to \$nil, \$8,497 and \$nil respectively.

**Collateral**

As of December 31, 2021, vessels were pledged as collateral under the Company's loan facilities. No vessels were unencumbered as of December 31, 2021.

**Advances for vessel acquisitions and other additions**

As of December 31, 2021, and December 31, 2020, there were no advances for vessel acquisitions, as all vessels had been delivered as at these dates. As of December 31, 2021, and December 31, 2020, the Company had other vessel additions mainly for ballast water treatments totaling \$6,139 and \$1,364, respectively.

**Notes to the Consolidated Financial Statements (continued)**

(Expressed in thousands of U.S. dollars)

**5. Deferred charges, net**

Deferred charges, net as of December 31, 2021 and 2020 consisted of the following:

	<b>Dry - docking Costs</b>
<b>As of January 1, 2020</b>	<b>\$ 16,408</b>
Additions	12,401
Amortization	(5,820)
Write – off	(38)
<b>As of December 31, 2020</b>	<b>\$ 22,951</b>
Additions	23,704
Amortization	(9,004)
Write – off	(22)
<b>As of December 31, 2021</b>	<b>\$ 37,629</b>

The Company follows the deferral method of accounting for dry-docking costs in accordance with accounting for planned major maintenance activities, whereby actual costs incurred are deferred and amortized on a straight-line basis over the period until the next scheduled dry-docking, which is generally five years. Any remaining unamortized balance from the previous dry-docking are written-off.

**6. Intangible Liabilities/Assets – Charter Agreements**

Intangible Liabilities – Charter Agreements as of December 31, 2021 and 2020 consisted of the following:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Opening balance	\$ 4,462	\$ 6,470
Additions	96,344	—
Amortization	(45,430)	(2,008)
<b>Total</b>	<b>\$ 55,376</b>	<b>\$ 4,462</b>

Intangible liabilities are related to (i) acquisition of the Seven, the Twelve and the Four Vessels, and (ii) management’s estimate of the fair value of below-market charters on August 14, 2008, the date of the Marathon Merger (see note 1). These intangible liabilities are being amortized over the remaining life of the relevant lease terms and the amortization income is included under the caption “Amortization of intangible liabilities-charter agreements” in the Consolidated Statements of Income.

Amortization income of intangible liabilities-charter agreements for each of the years ended December 31, 2021 and 2020 was \$45,430 and \$541 (\$2,008 amortization income of intangible liabilities-charter agreements net of \$1,467 amortization expense of intangible assets-charter agreements), including related party amortization of intangible liabilities-charter agreements of \$6,882 and \$1,782 for each of the years ended December 31, 2021 and 2020, respectively).

Intangible Assets – Charter Agreements as of December 31, 2021 and 2020 consisted of the following:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Opening balance	\$ —	\$ 1,467
Amortization	—	(1,467)
<b>Total</b>	<b>\$ —</b>	<b>\$ —</b>

## Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

**6. Intangible Liabilities/Assets – Charter Agreements (continued)**

Intangible assets were derived from the management's estimate of the fair value of above-market charters. These intangible assets, were being amortized over the remaining term of the relevant charter, giving rise to a reduction in time charter revenue. The unamortized balance of the intangible assets recognized following the Poseidon Transaction (Note 1) as of December 31, 2019, was fully amortized during the second quarter of 2020.

The aggregate amortization of the intangible liabilities in each of the 12-month periods up to December 31, 2025 is estimated to be as follows:

	<b>Amount</b>
December 31, 2022	\$ 41,158
December 31, 2023	8,556
December 31, 2024	5,113
December 31, 2025	549
	<b>\$ 55,376</b>

The weighted average useful lives are 1.61 years for the remaining intangible liabilities-charter agreements terms.

**7. Prepaid Expenses and Other Current Assets**

Prepaid Expenses and Other Current Assets as at December 31, 2021 and December 31, 2020 consisted of the following:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Insurance and other claims	\$ 6,265	\$ 762
Advances to suppliers and other assets	7,963	2,329
Prepaid insurances	2,657	584
Other <sup>(1)</sup>	8,339	3,036
<b>Total</b>	<b>\$ 25,224</b>	<b>\$ 6,711</b>

(1) Includes current portion of straight-line, scrubber equipment and installation claim.

**8. Inventories**

Inventories as at December 31, 2021 and December 31, 2020 consisted of the following:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Bunkers	\$ 1,187	\$ 521
Lubricants	8,462	4,223
Stores	1,358	1,291
Victualling	403	281
<b>Total</b>	<b>\$ 11,410</b>	<b>\$ 6,316</b>

## Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

**9. Derivative Asset**

In December 2021, the Company purchased interest rate caps with an aggregate notional amount of \$484.1 million, which amount reduces over time as the Company's outstanding debt balances amortize. The objective of the hedges is to reduce the variability of cash flows associated with the interest relating to its variable rate borrowings. The Company receives payments on the caps for any period that the one-month USD LIBOR rate is above beyond the strike rate, which is 0.75%. The termination date of the interest rate cap agreements is November 30, 2026. The premium paid to purchase the interest caps was \$7,000, which was paid out of cash on December 22, 2021. The premium is being amortized over the life of the interest rate cap by using the caplet method.

	December 31, 2021	December 31, 2020
<b>Opening balance</b>	\$ —	\$ —
Interest rate cap premium	7,000	—
Unrealized gain on interest rate cap	227	—
<b>Closing balance</b>	<b>\$ 7,227</b>	<b>\$ —</b>
Less: Current portion of derivative asset	(533)	—
<b>Non-current portion of derivative asset</b>	<b>\$ 6,694</b>	<b>\$ —</b>

The amounts included in accumulated other comprehensive income will be reclassified to interest expense should the hedge no longer be considered effective. No amount of ineffectiveness was included in net income for the year ended December 31, 2021. The Company will continue to assess the effectiveness of the hedge on an ongoing basis.

**10. Accounts Payable**

Accounts payable as of December 31, 2021 and 2020 consisted of the following:

	December 31, 2021	December 31, 2020
Suppliers, repairers	\$ 6,339	\$ 8,774
Insurers, agents and brokers	355	406
Payables to charterers	1,566	650
Other creditors	4,899	727
<b>Total</b>	<b>\$ 13,159</b>	<b>\$ 10,557</b>

**11. Accrued Liabilities**

Accrued liabilities as of December 31, 2021 and 2020 consisted of the following:

	December 31, 2021	December 31, 2020
Accrued expenses	\$ 28,557	\$ 15,133
Accrued interest	3,692	3,994
<b>Total</b>	<b>\$ 32,249</b>	<b>\$ 19,127</b>

## Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

**12. Long-Term Debt**

Long-term debt as of December 31, 2021 and 2020 consisted of the following:

<b>Facilities</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Sinopac Credit Facility (a)	\$ 11,580	\$ —
HCOB, CACIB, ESUN, CTBC, Taishin Credit Facility (b)	132,000	—
Deutsche Credit Facility (c)	49,345	—
HCOB Credit Facility (d)	56,844	—
CACIB, Bank Sinopac, CTBC Credit Facility (e)	49,150	—
New Hayfin Credit Facility (f)	204,129	—
Chailease Credit Facility (g)	5,568	7,596
2024 Notes (h)	117,520	59,819
Syndicated Senior Secured Credit Facility (CACIB, ABN, First-Citizens & Trust Company, Siemens, CTBC, Bank Sinopac, Palatine) (i)	213,200	238,000
Blue Ocean Junior Credit Facility (i, j)	26,205	38,500
Hellenic Bank Credit Facility (k)	41,700	49,700
Deutsche, First-Citizens & Trust Company, HCOB, Entrust, Blue Ocean Credit Facility (l)	—	149,055
Hayfin Credit Facility (m)	—	5,833
	<b>\$ 907,241</b>	<b>\$ 548,503</b>
2022 Notes (n)	233,436	322,723
Less redemptions and repurchases (n)	(233,436)	(89,287)
<b>2022 Notes (n)</b>	<b>\$ —</b>	<b>\$ 233,436</b>
<b>Total credit facilities</b>	<b>\$ 907,241</b>	<b>\$ 781,939</b>
Sale and Leaseback Agreement CMBFL – \$120,000 (o)	115,238	—
Sale and Leaseback Agreement CMBFL – \$54,000 (p)	49,950	—
Sale and Leaseback Agreement – Neptune \$14,735 (q)	13,147	—
<b>Total Sale and Leaseback Agreements</b>	<b>\$ 178,335</b>	<b>\$ —</b>
<b>Total borrowings</b>	<b>\$ 1,085,576</b>	<b>\$ 781,939</b>
Less: Current portion of 2022 Notes (n)	—	(26,240)
Less: Current portion of long-term debt	(153,641)	(50,441)
Less: Current portion of Sale and Leaseback Agreements (o,p,q)	(36,675)	—
Less: Original issue discount of 2022 Notes (n)	—	(1,133)
Plus/(Less): Original issue premium/(discount) of 2024 Notes (h)	1,588	(147)
Less: Deferred financing costs (s)	(16,714)	(11,203)
<b>Non-current portion of Long-Term Debt</b>	<b>\$ 880,134</b>	<b>\$ 692,775</b>

Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

**12. Long-Term Debt (continued)**

**a) \$12.0 Million Sinopac Capital International Credit Facility**

On August 27, 2021, the Company via its subsidiary Global Ship Lease 42 LLC entered into a secured credit facility for an amount of \$12,000 with Sinopac Capital International (HK) Limited (“Sinopac Credit Facility”), partially used to fully refinance the Hayfin Credit Facility. The full amount was drawn down in September 2021 and the credit facility has a maturity in September 2026.

The new Facility is repayable in 20 equal consecutive quarterly instalments of \$420 with a final balloon of \$3,600 payable together with the final instalment.

This facility bears interest at LIBOR plus a margin of 3.25% per annum payable quarterly in arrears.

As of December 31, 2021, the outstanding balance of this facility was \$11,580.

**b) \$140.0 Million HCOB, CACIB, ESUN, CTBC, Taishin Credit Facility**

On July 6, 2021, the Company entered into a facility with Credit Agricole Corporate and Investment Bank (“CACIB”), Hamburg Commercial Bank AG (“HCOB”), E.Sun Commercial Bank, Ltd (“ESUN”), CTBC Bank Co. Ltd. (“CTBC”) and Taishin International Bank (“Taishin”) for a total of \$140,000 to finance the acquisition of the Twelve Vessels. The full amount was drawdown in July 2021 and the credit facility has a maturity in July 2026.

The Facility is repayable in 6 equal consecutive quarterly instalments of \$8,000, 8 equal consecutive quarterly instalments of \$5,400 and 6 equal consecutive quarterly instalments of \$2,200 with a final balloon of \$35,600 payable together with the final instalment.

This facility bears interest at LIBOR plus a margin of 3.25% per annum payable quarterly in arrears.

As of December 31, 2021, the outstanding balance of this facility was \$132,000.

**c) \$51.7 Million Deutsche Bank AG Credit Facility**

On May 6, 2021, the Company via its subsidiary Laertis Marine LLC entered into a secured facility for an amount of \$51,670 with Deutsche Bank AG in order to refinance one of the three previous tranches of the \$180,500 Deutsche, CIT, HCOB, Entrust, Blue Ocean Credit Facility, that had a maturity date on June 30, 2022, of an amount \$48,527.

The new Facility is repayable in 20 equal consecutive quarterly instalments of \$1,162.45 with a final balloon of \$28,421 payable together with the final instalment.

This facility bears interest at LIBOR plus a margin of 3.25% per annum payable quarterly in arrears.

As of December 31, 2021, the outstanding balance of this facility was \$49,345.

**d) \$64.2 Million Hamburg Commercial Bank AG Credit Facility**

On April 15, 2021, the Company entered into a Senior Secured term loan facility with Hamburg Commercial Bank AG “the HCOB facility” for an amount of up to \$64,200 in order to finance the acquisition of six out of the Seven Vessels.

Tranche A, E and F amounting to \$32,100 were drawn down in April 2021 and have a maturity date in April 2025, Tranche B and D amounting to \$21,400 were drawn down in May 2021 and have a maturity date in May 2025, and Tranche C amounting to \$10,700 was drawn down in July 2021 and has a maturity date in July 2025.

Each Tranche of the Facility is repayable in 16 equal consecutive quarterly instalments of \$668.75.

This facility bears interest at LIBOR plus a margin of 3.50% per annum payable quarterly in arrears.

As of December 31, 2021, the outstanding balance of this facility was \$56,844.

## Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

**12. Long-Term Debt (continued)****e) \$51.7 Million CACIB, Bank Sinopac, CTBC Credit Facility**

On April 13, 2021, the Company via its subsidiary Penelope Marine LLC entered into a secured facility for an amount of \$51,700 in order to refinance one of the three previous tranches of the \$180,500 Deutsche, CIT, HCOB, Entrust, Blue Ocean Credit Facility, that had a maturity date on June 30, 2022, of an amount \$48,648. The secured credit facility has a maturity in April 2026.

The Lenders are Credit Agricole Corporate and Investment Bank (“CACIB”), Bank Sinopac Co. Ltd. (“Bank Sinopac”) and CTBC Bank Co. Ltd. (“CTBC”).

The Facility is repayable in 20 equal consecutive quarterly instalments of \$1,275 with a final balloon of \$26,200 payable together with the final instalment.

This facility bears interest at LIBOR plus a margin of 2.75% per annum payable quarterly in arrears.

As of December 31, 2021, the outstanding balance of this facility was \$49,150.

**f) \$236.2 Million Senior secured loan facility with Hayfin Capital Management, LLP**

On January 7, 2021, the Company entered into the New Hayfin Credit Facility amounting to \$236,200, and on January 19, 2021, the Company drew down the full amount under this facility. The proceeds from the New Hayfin Credit Facility, along with cash on hand, were used to optionally redeem in full the outstanding 2022 Notes on January 20, 2021, see note 12n below. The New Hayfin Credit Facility matures in January 2026 and bears interest at a rate of LIBOR plus a margin of 7.00% per annum. It is repayable in twenty quarterly instalments of \$6,560, along with a balloon payment at maturity. The New Hayfin Credit Facility is secured by, among other things, first priority ship mortgages over 21 of the Company’s vessels, assignments of earnings and insurances of the mortgaged vessels, pledges over certain bank accounts, as well as share pledges over the equity interests of each mortgaged vessel-owning subsidiary. On June 30, 2021, due to the sale of La Tour, the Company additionally repaid \$5,831, and the vessel was released as collateral under the Company’s New Hayfin Credit Facility.

As of December 31, 2021, the outstanding balance of this facility was \$204,129.

**g) \$9.0 Million Chailease Credit Facility**

On February 26, 2020, the Company via its subsidiaries, Athena Marine LLC, Aphrodite Marine LLC and Aris Marine LLC entered into a secured term facility agreement with Chailease International Financial Services Pte., Ltd. for an amount of \$9,000. The Chailease Bank Facility was used for the refinance of DVB Credit Facility.

The Facility is repayable in 36 consecutive monthly instalments \$156 and 24 monthly instalments of \$86 with a final balloon of \$1,314 payable together with the final instalment.

This facility bears interest at LIBOR plus a margin of 4.20% per annum.

As of December 31, 2021, the outstanding balance of this facility was \$5,568.

**h) 8.00% Senior Unsecured Notes due 2024**

On November 19, 2019, the Company completed the sale of \$27,500 aggregate principal amount of its 8.00% Senior Unsecured Notes (the “2024 Notes”) which mature on December 31, 2024. On November 27, 2019, the Company sold an additional \$4,125 of 2024 Notes, pursuant the underwriter’s option to purchase such additional 2024 Notes. Interest on the 2024 Notes is payable on the last day of February, May, August and November of each year commencing on February 29, 2020.

The Company has the option to redeem the 2024 Notes for cash, in whole or in part, at any time (i) on or after December 31, 2021 and prior to December 31, 2022, at a price equal to 102% of the principal amount, (ii) on or after December 31, 2022 and prior to December 31, 2023, at a price equal to 101% of the principal amount and (iii) on or after December 31, 2023 and prior to maturity, at a price equal to 100% of the principal amount.

## Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

**12. Long-Term Debt (continued)****h) 8.00% Senior Unsecured Notes due 2024 (continued)**

On November 27, 2019, the Company entered into an “At Market Issuance Sales Agreement” with B. Riley FBR, Inc. (the “Agent”) under which and in accordance with the Company’s instructions, the Agent may offer and sell from time to time newly issued 2024 Notes.

As of December 31, 2021, the outstanding aggregate principal amount of the 2024 notes was \$117,520 including an amount of \$85,895 that comprise of newly issued 2024 notes under the At Market Issuance Sales Agreement. The outstanding balance, including the unamortized balance of the original issue premium/(discount), was \$119,108. In July 2021, the Company agreed to purchase the Twelve Vessels for an aggregate purchase price of \$233,890, part of which was financed by the issuance of \$35,000 of existing 2024 Notes to the sellers. The remaining purchase price was financed by cash on hand and a new syndicated credit facility for a total of \$140,000 (see note 12b).

**i) \$268.0 Million Syndicated Senior Secured Credit Facility (CACIB, ABN, First-Citizens & Trust Company, Siemens, CTBC, Bank Sinopac, Palatine)**

On September 19, 2019, the Company entered into a Syndicated Senior Secured Credit Facility in order to refinance existing credit facilities that had a maturity date in December 2020, of an amount \$224,310.

The Senior Syndicated Secured Credit Facility was agreed to be borrowed in two tranches. The Lenders are Credit Agricole Corporate and Investment Bank (“CACIB”), ABN Amro Bank N.V. (“ABN”), First-Citizens & Trust Company, Siemens Financial Services, Inc (“Siemens”), CTBC Bank Co. Ltd. (“CTBC”), Bank Sinopac Ltd. (“Bank Sinopac”) and Banque Palatine (“Palatine”).

Tranche A amounting to \$230,000 was drawn down in full on September 24, 2019 and is scheduled to be repaid in 20 consecutive quarterly instalments of \$5,200 starting from December 12, 2019 and a balloon payment of \$126,000 payable on September 24, 2024.

Tranche B amounts to \$38,000 was drawn down in full on February 10, 2020 and is scheduled to be repaid in 20 consecutive quarterly instalments of \$1,000 and a balloon payment of \$18,000 payable in the termination date on the fifth anniversary from the utilization date of Tranche A, which falls in September 24, 2024.

The interest rate is LIBOR plus a margin of 3.00% and is payable at each quarter end date.

As of December 31, 2021, the outstanding balance of this facility was \$213,200.

In January 2022, the Company also agreed a new senior secured debt facility to refinance its outstanding Syndicated Senior Secured Credit Facility, which extended the maturity date from September 2024 to December 2026, amended certain covenants in the Company’s favor at an unchanged rate of LIBOR + 3.00% (see note 19).

**j) \$38.5 Million Blue Ocean Junior Credit Facility**

On September 19, 2019, the Company entered into a refinancing agreement with Blue Ocean Income Fund LP, Blue Ocean Onshore Fund LP, and Blue Ocean Investments SPC Blue, holders of the outstanding debt of \$38,500 relevant to the previous Blue Ocean Credit Facility in order to refinance that existing facility with the only substantive change being to extend maturity at the same date with the Syndicated Senior Secured Credit Facility (see note 12i).

The Company fully drew down the facility on September 23, 2019 and it is scheduled to be repaid in a single instalment on the termination date which falls on September 24, 2024. This facility bears interest at 10.00% per annum.

During the year ended December 31, 2021, the Company using a portion of the net proceeds from the at-the-market issuance programs prepaid an amount of \$12,295 plus a prepayment fee of \$1,618. Following also this prepayment, as of December 31, 2021, the outstanding balance of this facility was \$26,205.

On January 19, 2022, the Company using a portion of the net proceeds from the new facility agreement entered on December 31, 2021 fully prepaid the amount \$26,205 plus a prepayment fee of \$3,968 (see note 19).

## Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

**12. Long-Term Debt (continued)****k) \$59.0 Million Hellenic Bank Credit Facility**

On May 23, 2019, the Company via its subsidiaries, Global Ship Lease 30, 31 and 32 entered into a facility agreement with Hellenic Bank for an amount up to \$37,000. The Hellenic Bank Facility is to be borrowed in tranches and is to be used in connection with the acquisition of the vessels GSL Eleni, GSL Grania and GSL Kalliopi.

An initial tranche of \$13,000 was drawn on May 24, 2019, in connection with the acquisition of the GSL Eleni. The Facility is repayable in 20 equal quarterly instalments of \$450 each with a final balloon of \$4,000 payable together with the final instalment.

A second tranche of \$12,000 was drawn on September 4, 2019, in connection with the acquisition of GSL Grania. The Facility is repayable in 20 equal quarterly instalments of \$400 each with a final balloon of \$4,000 payable together with the final instalment.

The third tranche of \$12,000 was drawn on October 3, 2019, in connection with the acquisition of GSL Kalliopi. The Facility is repayable in 20 equal quarterly instalments of \$400 each with a final balloon of \$4,000 payable together with the final instalment.

On December 10, 2019, the Company via its subsidiaries Global Ship Lease 33 and 34 entered into an amended and restated loan agreement with Hellenic Bank for an additional facility of amount \$22,000 that is to be borrowed in two tranches and to be used in connection with the acquisition of the vessels GSL Vinia and GSL Christel Elisabeth.

Both tranches were drawn on December 10, 2019 and are each repayable in 20 equal quarterly instalments of \$375 each with a final balloon of \$3,500 payable together with the final instalment.

This facility bears interest at LIBOR plus a margin of 3.90% per annum.

As of December 31, 2021, the outstanding balance of this facility was \$41,700.

**l) \$180.5 Million Deutsche, First-Citizens & Trust Company, HCOB, Entrust, Blue Ocean Credit Facility**

In connection with the Poseidon Transaction, the Company assumed debt from the three vessel owning companies of UASC Al Khor, Maira XL and Anthea Y on the date of completion of the transaction of \$180,500 with Deutsche Bank AG. The agreement was dated November 9, 2018, with initial drawdown amount of \$180,500 and final maturity of June 30, 2022.

On December 31, 2018, the Company entered a deed of amendment and restatement with the bank. Based on this restatement there was a re-tranche of the existing facility such that it was split into a senior facility in an amount of \$141,900 ("Senior Facility") and a junior facility in an amount of \$38,600 ("Junior Facility"). The Lenders of the Senior Facility are Hamburg Commercial Bank AG ("HCOB"), Deutsche Bank AG First-Citizens & Trust Company and the Lenders of the Junior Facility are Blue Ocean GP LLC, Blue Ocean Income Fund LP, Blue Ocean Onshore Fund LP, Entrustpermal ICAV, Blue Ocean Investments SPC one and Blue Ocean Investments SPC for three. The final maturity of both Facilities (Senior and Junior) was June 30, 2022. In addition to the repayment schedule a cash sweep mechanism based on a DSCR ratio of 1.10:1 (DSCR ratio is the ratio of Cash Flow to the Cash Flow Debt Service) applied pro rata against the Senior Facility and the Junior Facility.

**Senior Facility**

The Senior Facility was comprised of three Tranches. Tranche A related to Al Khor and was repayable in 14 instalments of \$868, and a final instalment of \$35,148. Tranche B related to Anthea Y and was repayable in 14 instalments of \$863 and a final instalment of \$35,218. Tranche C related to Maira XL and was repayable in 14 instalments of \$858 and a final instalment of \$35,288.

The Senior Facility bore interest at LIBOR plus 3.00% payable quarterly in arrears.

On April 13, 2021, and May 6, 2021, the Company entered into two new secured credit facilities amounting to \$51,700 and \$51,670, respectively, to refinance two of the three existing tranches of the \$180,500 Deutsche, CIT, HCOB, Entrust, Blue Ocean Credit Facility, that had a maturity date on June 30, 2022 (see note 12e and 12c). On May 20, 2021, the Company entered into a \$54,000 sale and leaseback agreement (see note 12p) with unrelated third party to refinance the outstanding balance of the third tranche of the \$180,500 Deutsche, CIT, HCOB, Entrust, Blue Ocean Credit Facility, that had a maturity date on June 30, 2022.

As of December 31, 2021, the outstanding balance of the Senior Facility was fully repaid.

## Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

**12. Long-Term Debt (continued)****l) \$180.5 Million Deutsche, First-Citizens & Trust Company, HCOB, Entrust, Blue Ocean Credit Facility (continued)****Junior Facility**

The Junior Facility was comprised of three Tranches. Tranche A related to Al Khor and was repayable in 14 instalments of \$236 and a final instalment of \$9,563. Tranche B related to Anthea Y and was repayable in 14 instalments of \$235 and a final instalment of \$9,577. Tranche C related to Maira XL and was repayable in 14 instalments of \$233 and a final instalment of \$9,604.

The Junior Facility bore interest at LIBOR plus 10.00% payable quarterly in arrears.

Following the refinancing that took place in April and May 2021, as described above, as of December 31, 2021, the outstanding balance of the Junior Facility was fully repaid.

**m) \$65.0 Million Hayfin Credit Facility**

On September 7, 2018, the Company and certain subsidiaries entered into a facility agreement with Hayfin Services LLP (the "Lenders") which provided for a secured term loan facility of up to \$65,000. The Hayfin Credit Facility was to be borrowed in tranches and was to be used in connection with the acquisition of vessels as specified in the Hayfin Credit Facility or as otherwise agreed with the Lenders. Hayfin Credit Facility, which is non-amortizing, was available for drawing until May 10, 2019 and has a final maturity date of July 16, 2022. The interest rate was LIBOR plus a margin of 5.5% and is payable at each quarter end date. A commitment fee of 2.0% per annum was due on the undrawn commitments until May 10, 2019 when the availability period was terminated. Any debt drawn under the Hayfin Credit Facility will be secured by first priority vessel mortgage on the acquired vessel (the "Facility Mortgaged Vessel") and by assignments of earnings and insurances, pledges over certain bank accounts, as well as share pledges over each subsidiary owning a Facility Mortgaged Vessel. In addition, the Hayfin Credit Facility is fully and unconditionally guaranteed, jointly and severally, by the Company, GSL Holdings, Inc. and Facility Mortgaged vessel owning subsidiaries. An initial tranche of \$8,125 was drawn on September 10, 2018 in connection with the acquisition of the GSL Valerie.

On August 27, 2021, the Company entered into a new secured credit facility amounting to \$12,000 to refinance the existing Hayfin Credit Facility, that had a maturity date in July 2022 (see note 12a). Following the refinancing that took place in August 2021, as described above, as of December 31, 2021, the outstanding balance of Hayfin Credit Facility was nil.

**n) 9.875% First Priority Secured Notes due 2022**

On October 31, 2017, the Company completed the sale of \$360,000 in aggregate principal amount of its 9.875% First Priority Secured Notes (the "2022 Notes") which mature on November 15, 2022. Proceeds after the deduction of the original issue discount, but before expenses, amounted to \$356,400. The original issue discount was being amortized on an effective interest rate basis over the life of the 2022 Notes. The 2022 Notes were fully redeemed in January 2021.

Interest on the 2022 Notes was payable semi-annually on May 15 and November 15 of each year, commencing on May 15, 2018. As at December 31, 2020 the 2022 Notes were secured by first priority vessel mortgages on the 16 vessels that were owned by the Company prior to the consummation of the Poseidon Transaction and by assignments of earnings and insurances, pledges over certain bank accounts, as well as share pledges over each subsidiary owning a vessel securing the 2022 Notes. In addition, the 2022 Notes were fully and unconditionally guaranteed, jointly and severally, by the Company's 16 vessel owning subsidiaries as of December 31, 2020 and Global Ship Lease Services Limited.

On February 10, 2020, the Company completed an optional redemption of \$46,000 aggregate principal amount of its 2022 Notes at a redemption price of \$48,271 (representing 104.938% of the aggregate principal amount) plus accrued and unpaid interest. During the year ended December 31, 2020, the Company purchased \$15,287 of aggregate principal amount of 2022 Notes in the open market at a weighted average price of 98.98% of the aggregate principal amount.

On January 20, 2021, the Company optionally redeemed, in full, \$233,436 aggregate principal amount of 2022 Notes, representing the entire outstanding amount under the 2022 Notes, using the proceeds the Company received from the New Hayfin Credit Facility, see note 12f above, and cash on hand, at a redemption price of \$239,200 (representing 102.469% of the aggregate principal amount of notes redeemed) plus accrued and unpaid interest. Total loss on extinguishment of the bonds was \$10,642 and is recorded within the Consolidated Statements of Income as interest expense.

## Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

**12. Long-Term Debt (continued)****o) \$120.0 Million Sale and Leaseback agreements – CMBFL Four Vessels**

On August 26, 2021, the Company via its subsidiaries Global Ship Lease 68 LLC, Global Ship Lease 69 LLC, Global Ship Lease 70 LLC and Global Ship Lease 71 LLC, entered into four \$30,000 sale and leaseback agreements with CMB Financial Leasing Co. Ltd. (“CMBFL”) to finance the acquisition of the Four Vessels. As at September 30, 2021, the Company had drawdown a total of \$90,000. The drawdown for the fourth vessel, amounting to \$30,000, took place on October 13, 2021 together with the delivery of this vessel. The Company has a purchase obligation to acquire the Four Vessels at the end of their lease terms and under ASC 842-40, the transaction has been accounted for as a failed sale. In accordance with ASC 842-40, the Company did not derecognize the respective vessels from its balance sheet and accounted for the amounts received under the sale and leaseback agreement as financial liabilities.

Each sale and leaseback agreement will be repayable in 12 equal consecutive quarterly instalments of \$1,587.5 and 12 equal consecutive quarterly instalments of \$329.2 with a repurchase obligation of \$7,000 on the final repayment date.

The sale and leaseback agreements for the three vessels mature in September 2027 and for the fourth vessel in October 2027 and bear interest at LIBOR plus a margin of 3.25% per annum payable quarterly in arrears.

As of December 31, 2021, the outstanding balance of these sale and lease back agreements was \$115,238.

**p) \$54.0 Million Sale and Leaseback agreement – CMBFL**

On May 20, 2021, the Company via its subsidiary Telemachus Marine LLC entered into a \$54,000 sale and leaseback agreement with CMB Financial Leasing Co. Ltd. (“CMBFL”) to refinance one of the three previous tranches of the \$180,500 Deutsche, CIT, HCOB, Entrust, Blue Ocean Credit Facility, that had a maturity date on June 30, 2022, of an amount \$46,624. The Company has a purchase obligation to acquire the vessel at the end of the lease term and under ASC 842-40, the transaction has been accounted for as a failed sale. In accordance with ASC 842-40, the Company did not derecognize the respective vessel from its balance sheet and accounted for the amount received under the sale and leaseback agreement as a financial liability.

The sale and leaseback agreement will be repayable in eight equal consecutive quarterly instalments of \$2,025 each and 20 equal consecutive quarterly instalments of \$891 with a repurchase obligation of \$19,980 on the final repayment date.

The sale and leaseback agreement matures in May 2028 and bears interest at LIBOR plus a margin of 3.25% per annum payable quarterly in arrears.

In May 2021, on the actual delivery date of the vessel, the Company drew \$54,000, which represented vessel purchase price \$75,000 less advanced hire of \$21,000, which advanced hire neither bore any interest nor was refundable and was set off against payment of the purchase price payable to the Company by the unrelated third party under this agreement.

As of December 31, 2021, the outstanding balance of this sale and leaseback agreement was \$49,950.

**q) \$14.7 Million Sale and Leaseback agreement – Neptune Maritime Leasing**

On May 12, 2021, the Company via its subsidiary GSL Violetta LLC entered into a \$14,735 sale and leaseback agreement with Neptune Maritime Leasing (“Neptune”) to finance the acquisition of GSL Violetta delivered in April 2021. The Company has a purchase obligation to acquire the vessel at the end of the lease term and under ASC 842-40, the transaction has been accounted for as a failed sale. In accordance with ASC 842-40, the Company did not derecognize the respective vessel from its balance sheet and accounted for the amount received under the sale and leaseback agreement as a financial liability. In May 2021, the Company drew \$14,735 under this agreement.

The sale and leaseback agreement will be repayable in 15 equal consecutive quarterly instalments of \$793.87 each and four equal consecutive quarterly instalments of \$469.12 with a repurchase obligation of \$950 on the last repayment date.

The sale and leaseback agreement matures in February 2026 and bears interest at LIBOR plus a margin of 4.64% per annum payable quarterly in arrears.

As of December 31, 2021, the outstanding balance of this sale and leaseback agreement was \$13,147.

**Notes to the Consolidated Financial Statements (continued)**

(Expressed in thousands of U.S. dollars)

**12. Long-Term Debt (continued)**
**r) Repayment Schedule**

Maturities of long-term debt for the years subsequent to December 31, 2021 are as follows:

Payment due by year ended	Amount
December 31, 2022	190,316
December 31, 2023	153,572
December 31, 2024	274,940
December 31, 2025	92,968
December 31, 2026	316,175
December 31, 2027 and thereafter	57,605
	<u>\$ 1,085,576</u>

**s) Deferred Financing Costs**

	December 31, 2021	December 31, 2020
Opening balance	\$ 11,203	\$ 14,095
Expenditure in the period	13,790	1,193
Amortization included within interest expense	(8,279)	(4,085)
<b>Closing balance</b>	<u>\$ 16,714</u>	<u>\$ 11,203</u>

During 2021, total costs amounting \$434 were incurred in connection with the “At Market Issuance Sales Agreement” of 2024 Notes (see note 12h). In addition, total costs amounting \$4,049 were incurred in connection with the New Hayfin Credit Facility (see note 12f), \$777 in connection with the Deutsche Credit Facility (see note 12c), \$1,386 in connection with the HCOB Credit Facility (see note 12d), \$191 in connection with the Neptune sale and leaseback agreement (see note 12q), \$984 in connection with the CACIB, Bank Sinopac, CTBC Credit Facility (see note 12e), \$945 in connection with the CMBFL sale and lease back agreement (see note 12p), \$252 in connection with the Sinopac Credit Facility (see note 12a), \$2,852 in connection with the HCOB, CACIB Credit Facility (see note 12b) for financing the acquisition of the Twelve Vessels and \$1,920 in connection with the Sale and Leaseback agreements with CMBFL for the Four Vessels (see note 12o) that were drawn down during the year ended December 31, 2021.

During 2020, total costs amounting \$776 were incurred in connection with the “At Market Issuance Sales Agreement” of 2024 Notes (see note 12h). In addition, total costs amounting \$67 were incurred in connection with the Syndicated Senior Secured Credit Facility (see note 12i), costs amounting \$320 in connection with the Chailease Credit Facility (see note 12g) and costs amounting \$30 in connection with the two Tranches of Hellenic Bank Credit Facility that were drawn down during the year ended December 31, 2020 (see note 12k).

**(t) Debt covenants-securities**

Amounts drawn under the facilities listed above are secured by first priority mortgages on certain of the Company’s vessels and other collateral. The credit facilities contain a number of restrictive covenants that limit the Company from, among other things: incurring or guaranteeing indebtedness; charging, pledging or encumbering the vessels; and changing the flag, class, management or ownership of the vessel owning entities. The credit facilities also require the vessels to comply with the ISM Code and ISPS Code and to maintain valid safety management certificates and documents of compliance at all times. Additionally, specific credit facilities require compliance with a number of financial covenants including asset cover ratios and minimum liquidity and corporate guarantor requirements. Among other events, it will be an event of default under the credit facilities if the financial covenants are not complied with, or remedied.

As of December 31, 2021, and December 31, 2020, the Company was in compliance with its debt covenants.

## Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

**13. Time charter revenue**

Operating revenue from significant customers (constituting more than 10% of total time charter revenue) was as follows:

Charterer	Year Ended December 31,		
	2021	2020	2019
CMA CGM	33.83%	50.60%	57.18%
COSCO	5.96%	6.85%	10.88%
MAERSK	22.81%	14.13%	—
MSC	7.54%	12.86%	—

**14. Related Party Transactions**

CMA CGM is presented as a related party due to the fact that as of December 31, 2021 and December 31, 2020, it was a shareholder, owning Class A common shares representing 8.4% and 11.13% of voting rights, respectively, in the Company. Amounts due to and from CMA CGM companies are shown within amounts due to or from related parties in the Consolidated Balance Sheets.

**Time Charter Agreements**

A number of the Company's time charter arrangements are with CMA CGM, representing 33.8% of gross revenues in the year ended December 31, 2021. Under these time charters, hire is payable in advance and the daily rate is fixed for the duration of the charter. Revenues generated from charters to CMA CGM are disclosed separately in the Consolidated Statements of Income. The outstanding receivables due from CMA CGM are presented in the Consolidated Balance Sheets under "Due from related parties" totaling \$1,202 and \$1,278 as of December 31, 2021 and December 31, 2020, respectively. Any outstanding fees due to CMA CGM are presented in the Consolidated Balance Sheets under "Due to related parties" totaling to \$502 and \$nil as of December 31, 2021 and 2020, respectively.

**Ship Management Agreements**

Technomar Shipping Inc. ("Technomar") is presented as a related party, as the Company's Executive Chairman is a significant shareholder. The Company has currently a number of ship management agreements with Technomar under which the ship manager is responsible for all day-to-day ship management, including crewing, purchasing stores, lubricating oils and spare parts, paying wages, pensions and insurance for the crew, and organizing other ship operating necessities, including the arrangement and management of dry-docking. As of December 31, 2021, and 2020, Technomar provides all day-to-day technical ship management services for all but Twelve Vessels which were delivered in July 2021. Another third party provided such management on the 12 ships, from the time of their delivery in July 2021 upon change of management for six of them in September 2021. During September 2021, management for six out of the 12 vessels was transferred to Technomar as well, and the remaining six vessels were continued to be outsourced for day-to-day technical management to a third party manager for the provision of crew, lubricating oils and routine maintenance. The management fees charged to the Company by third party managers for the year ended December 31, 2021, amounted to \$834 (year ended December 31, 2020: \$0) and are shown in vessel operating expenses in the Consolidated Statements of Income. Technomar continues to supervise management for the six outsourced vessels.

The management fees charged to the Company by Technomar and CMA Ships for the year ended December 31, 2021, amounted to \$15,294 and \$nil, respectively (2020: Technomar-\$12,580 and CMA Ships-\$nil and 2019: Technomar-\$9,160 and CMA Ships-\$720) and are shown in vessel operating expenses-related parties in the Consolidated Statements of Income. As of December 31, 2021, no outstanding fees are presented due to Technomar (December 31, 2020: \$nil). Additionally, as of December 31, 2021, outstanding receivables due from Technomar and CMA Ships totaling to \$1,785 and \$10 respectively are presented under "Due from related parties" (December 31, 2020: Technomar: \$184 and CMA Ships: \$10).

## Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

**14. Related Party Transactions (continued)****Ship Management Agreements (continued)**

Conchart Commercial Inc. ("Conchart") provides commercial management services to the Company and is presented as a related party, as the Company's Executive Chairman is the sole beneficial owner. Under the management agreements, Conchart, is responsible for (i) marketing of the Company's vessels, (ii) seeking and negotiating employment of the Company's vessels, (iii) advise the Company on market developments, developments of new rules and regulations, (iv) assisting in calculation of hires, freights, demurrage and/or dispatch monies and collection any sums related to the operation of vessels, (v) communicating with agents, and (vi) negotiating sale and purchase transactions. For the 19 vessels that the Company acquired as a result of the Poseidon Transaction, excluding the Argos, the agreements were effective from the date of the completion of the Poseidon Transaction; for the 19 vessels that were owned by the Company prior to the consummation of the Poseidon Transaction till refinance of 2022 Notes which took place on January 2021, an EBSA agreement was in place that was terminated and replaced with commercial management agreements also same agreements applied to all vessels delivered up to December 31, 2021; for all new acquired vessels during 2019 and going forward, the agreements were effective upon acquisition.

The fees charged to the Company by Conchart for the year ended December 31, 2021 amounted to \$3,583 (2020: \$2,446 and 2019: \$1,845) and are disclosed within time charter and voyage expenses-related parties in the Consolidated Statements of Income.

Any outstanding fees due to Conchart are presented in the Consolidated Balance Sheets under "Due to related parties" totaling to \$41 and \$225 as of December 31, 2021 and 2020, respectively.

**15. Commitments and Contingencies****Charter Hire Receivable**

The Company has entered time charters for its vessels. The charter hire is fixed for the duration of the charter. The minimum contracted future charter hire receivable, net of address commissions, not allowing for any unscheduled off-hire, assuming expiry at earliest possible dates and assuming options callable by the Company included in the charters are not exercised, for the 65 vessels as at December 31, 2021 is as follows:

	<b>Amount</b>
December 31, 2022	\$ 573,189
December 31, 2023	503,819
December 31, 2024	341,800
December 31, 2025	129,092
Thereafter	78,439
<b>Total minimum lease revenue, net of address commissions</b>	<b>\$ 1,626,339</b>

## Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

**16. Share Capital****Common shares**

As of December 31, 2021, the Company has one class of Class A common shares. On October 1, 2019, the Company closed a public offering of 7,613,788 Class A common shares, at an offering price of \$7.25 per share, for gross proceeds of \$55,200. This included the exercise in full by the underwriter of its option to purchase additional shares. The net proceeds, after underwriting discounts and commissions and expenses, amounted to \$50,710 and are to be used for general corporate purposes, including the acquisition of containerships or the prepayment of debt.

On March 25, 2019, the Company effected a one-for-eight reverse stock split of the Company's issued Class A common shares (see note 1). The reverse stock split ratio and the implementation and timing of the reverse stock split were determined by the Company's Board of Directors, following approval of shareholders at a Special Meeting on March 20, 2019. The reverse stock split did not change the authorized number of shares or par value of the Company's common shares. As part of the completion of the Poseidon Transaction, the outstanding shares of Class B common shares converted to Class A common shares on a one-for-one basis on January 2, 2019 and were also retrospectively adjusted for the one-for-eight reverse stock split.

Restricted stock units or incentive stock units have been granted periodically to the Directors and management, under the Company's Equity Incentive Plans, as part of their compensation arrangements (see note 17). In April 2020, 184,270 shares were issued under grants made under the Equity Incentive Plan. During 2021, 747,604 Class A common shares were issued under the 2019 Plan.

On January 11, 2021, the Board of Directors approved the initiation of a quarterly cash dividend of \$0.12 per Class A Common Share, with effect from the first quarter of 2021.

On January 20, 2021, upon the redemption in full of the 2022 Notes, KEP VI (Newco Marine) Ltd. and KIA VIII (Newco Marine) Ltd. (together, "Kelso"), both affiliates of Kelso & Company, a U.S. private equity firm, exercised their right to convert an aggregate of 250,000 Series C Perpetual Convertible Preferred Shares, representing all such shares outstanding, into Class A common shares of the Company, resulting in issuance of an aggregate of 12,955,188 Class A common shares to Kelso.

On January 26, 2021, the Company completed its underwritten public offering of 5,400,000 Class A common shares, at a public offering price of \$13.00 per share, for gross proceeds to the Company of approximately \$70,200, prior to deducting underwriting discounts, commissions and other offering expenses. The Company intended to use the net proceeds of the offering for funding the expansion of the Company's fleet, general corporate purposes, and working capital. On February 17, 2021, the Company issued an additional 141,959 Class A common shares in connection with the underwriters' partial exercise of their option to purchase additional shares (together, the "January 2021 Equity Offering"). The net proceeds the Company received in the January 2021 Equity Offering, after underwriting discounts and commissions and expenses, were approximately \$67,758. On September 1, 2021, the Company purchased 521,650 shares and retired them, reducing its issued and outstanding shares. As at December 31, 2021, the Company had 36,464,109 Class A common shares outstanding.

On April 13, 2021, Kelso and Maas Capital Investments B.V. sold an aggregate of 5,175,000 Class A common shares which they held in an underwritten public offering at \$12.50 per share (including 675,000 Class A common shares that were sold pursuant to the underwriters' exercise, in full, of their option to purchase additional shares). The Company did not receive any proceeds from this sale of Class A Common Shares.

On May 10, 2021, the Company declared a dividend of \$0.25 per Class A common share from the earnings of the first quarter 2021, paid on June 3 to common shareholders of record as of May 24, 2021, amounting to \$9,347.

On August 5, 2021, the Company declared a dividend of \$0.25 per Class A common share from the earnings of the second quarter 2021, paid on September 3 to common shareholders of record as of August 23, 2021, amounting to \$9,358.

## Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

**16. Share Capital (continued)****Common shares (continued)**

On November 2, 2021, the Company declared a dividend of \$0.25 per Class A common share from the earnings of the third quarter 2021 paid on December 2 to common shareholders of record as of November 22, 2021, amounting to \$9,235.

**Preferred shares**

On December 10, 2019, the Company entered into At Market Issuance Sales Agreement with B. Riley FBR under which the Company may, from time to time, issue additional depository shares, each of which represents 1/100th of one share of the Company's Series B Preferred Shares (the "Depository Share ATM Program"). Pursuant to the Depository Share ATM Program, in 2019, the Company issued 42,756 depository shares (representing an interest in 428 Series B Preferred Shares) for net proceeds of \$856, and during year ended December 31, 2020, the Company issued 839,442 depository shares (representing an interest in 8,394 Series B Preferred Shares) for net proceeds of \$18,847. During the year ended December 31, 2021, the Company issued 2,076,992 depository shares (representing an interest in 20,770 Series B Preferred Shares) for net proceeds of approximately \$51,234. As of December 31, 2021, the Company had 43,592 Series B Preferred Shares outstanding.

On August 20, 2014, the Company issued 1,400,000 Series B Preferred Shares. The net proceeds from the offering were \$33,497. Dividends are payable at 8.75% per annum in arrears on a quarterly basis. At any time after August 20, 2019 (or within 180 days after the occurrence of a fundamental change), the Series B Preferred Shares may be redeemed, at the discretion of the Company, in whole or in part, at a redemption price of \$2,500.00 per share (equivalent to \$25.00 per depository share).

These shares are classified as Equity in the Consolidated Balance Sheets. The dividends payable on the Series B Preferred Shares are presented as a reduction of Retained Earnings in the Consolidated Statements of Changes in Shareholders' Equity, when and if declared by the Board of Directors. An initial dividend was declared on September 22, 2014 for the third quarter 2014. Subsequent dividends have been declared for all quarters.

**17. Share-Based Compensation**

On February 4, 2019, the 2019 Plan was adopted. The 2019 Plan is administered by the Compensation Committee of the Board. The maximum aggregate number of Class A common shares that may be delivered pursuant to awards granted under the 2019 Plan during its 10-year term is 1,812,500. The maximum number of Class A common shares with respect to which awards may be granted to any non-employee director in any calendar year is 12,500 shares or \$100,000.

In July 2019, the Compensation Committee of the Board of Directors approved stock-based awards to senior management under the 2019 Plan. In 2021, the Board of Directors approved additional awards of 61,625 of Class A common shares under the 2019 Omnibus Incentive Plan (the "2019 Plan") resulting in a total amount of awards totaling up to 1,421,000 shares. In July 2021, the Board of Directors approved the issuance of 17,720 shares to one member of senior management as a special bonus.

The 1,421,000 shares of incentive stock may be issued pursuant to the awards, in four tranches. The first tranche was to vest conditioned only on continued service over the three-year period which commenced January 1, 2019. Tranches two, three and four would vest when the Company's stock price exceeded \$8.00, \$11.00 and \$14.00, respectively, over a 60-day period. The \$8.00 threshold was achieved in January 2020 and the \$11.00 threshold was achieved in January 2021 and the \$14.00 threshold was achieved in March 2021. Accordingly, 113,279 incentive shares vested in the year ended December 31, 2019, 317,188 incentive shares vested in the year ended December 31, 2020 and 1,008,253 incentive shares vested in the year ended December 31, 2021. Of the total of 430,467 incentive shares which vested up to December 31, 2020, 184,270 were settled and issued as Class A common shares in April 2020. A further 747,604 Class A common shares were settled and issued during the year ended December 31, 2021. A total of 1,438,720 incentive shares have vested as at December 31, 2021. As of December 31, 2021, 931,874 Class A common shares were issued under the 2019 Plan.

**Notes to the Consolidated Financial Statements (continued)**

(Expressed in thousands of U.S. dollars)

**17. Share-Based Compensation (continued)**

On September 29, 2021, the Compensation Committee and the Board of Directors approved an increase in the aggregate number of Class A common shares available for issuance as awards under the Plan of 1,600,000 and approved new awards to senior management, totaling 1,500,000 shares of incentive stock, in three tranches with a grant date October 1, 2021. The first tranche, representing 55% of the total, is to vest quarterly conditioned only on continued service over the four-year period which commenced October 1, 2021. Tranches two and three, each representing 22.5% of the total, will vest quarterly up to September 30, 2025, when the Company's stock price exceeds \$27.00 and \$30.00, respectively, over a 60-day period. The Board of Directors also approved stock-based awards to non-executive directors under the 2019 Plan totalling 105,000 shares of incentive stock to vest in a similar manner to those awarded to senior management. 55,175 incentive shares vested in the year ended December 31, 2021 under the new awards. Of the total of 55,175 incentive shares which vested up to December 31, 2021, no shares were settled or issued.

Share based awards since January 1, 2020, are summarized as follows:

	<b>Restricted Stock Units</b>		
	Number of Units		
	Number	Weighted Average Fair Value on Grant Date	Actual Fair Value on Vesting Date
<b>Unvested as at January 1, 2020</b>	<b>1,246,096</b>	<b>\$ 3.79</b>	<b>n/a</b>
Vested in 2020	(317,188)	—	4.45
<b>Unvested as at December 31, 2020</b>	<b>928,908</b>	<b>\$ 3.79</b>	<b>n/a</b>
Granted in March 2021	61,625	11.72	n/a
Granted in July 2021	17,720	16.93	n/a
Granted in October 2021	1,605,000	10.51	n/a
Vested in year ended December 31, 2021	(1,063,428)	n/a	16.59
<b>Unvested as at December 31, 2021</b>	<b>1,549,825</b>	<b>\$ 10.51</b>	<b>n/a</b>

Using the graded vesting method of expensing the incentive shares grants, the weighted average fair value of the stock units is recognized as compensation costs in the Consolidated Statements of Income over the vesting period. The fair value of the incentive share grants for this purpose is calculated by multiplying the number of stock units by the fair value of the shares at the grant date. The Company has not factored any anticipated forfeiture into these calculations based on the limited number of participants.

For the year ended December 31, 2021 and 2020, the Company recognized a total of \$3,510 and \$1,998, respectively, in respect of stock-based compensation.

**18. Earnings per Share**

Under the two-class method, net income, if any, is first reduced by the amount of dividends declared in respect of common shares for the current period, if any, and the remaining earnings are allocated to common shares and participating securities to the extent that each security can share the earnings assuming all earnings for the period are distributed. The net income allocated to Class A and Series C shares was based on an as converted basis utilizing the two-class method.

Earnings are only allocated to participating securities in a period of net income if, based on the contractual terms, the relevant common shareholders have an obligation to participate in such earnings. As a result, earnings are only be allocated to the Class A common shareholders and Series C preferred shareholders.

At December 31, 2021, there were 1,549,825 shares of incentive share grants unvested as part of senior management's and non-executive directors incentive awards approved on September 29, 2021. At December 31, 2020, there were 928,908 shares of incentive share grants unvested as part of management's equity incentive awards.

## Global Ship Lease, Inc.

## Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

## 18. Earnings per Share (continued)

	December 31, 2021	December 31, 2020	December 31, 2019
<b>Numerator:</b>			
Net income attributable to common shareholders	\$ 163,232	\$ 37,568	\$ 36,757
Undistributed income attributable to Series C participating preferred shares	—	(15,883)	(19,190)
Net income available to common shareholders, basic and diluted	\$ 163,232	\$ 21,685	\$ 17,567
Net income available to:			
Class A, basic and diluted	\$ 163,232	\$ 21,685	\$ 17,567
<b>Denominator:</b>			
<b>Class A Common shares</b>			
Basic weighted average number of common shares outstanding	35,125,003	17,687,137	11,859,506
Plus weighted average number of RSUs with service conditions	383,012	65,388	47,400
Common share and common share equivalents, dilutive	35,508,015	17,752,525	11,906,906
<b>Basic earnings per share:</b>			
Class A	4.65	1.23	1.48
<b>Diluted earnings per share:</b>			
Class A	4.60	1.22	1.48
<b>Series C Preferred Shares-basic and diluted earnings per share:</b>			
Undistributed income attributable to Series C participating preferred shares	\$ —	\$ 15,883	\$ 19,190
Basic weighted average number of Series C Preferred shares outstanding, as converted	—	12,955,187	12,955,187
Plus weighted average number of RSUs with service conditions	—	47,895	51,780
Dilutive weighted average number of Series C Preferred shares outstanding, as converted	—	13,003,082	13,006,967
Basic earnings per share	—	1.23	1.48
Diluted earnings per share	—	1.22	1.48

## Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

**19. Subsequent events**

The Company declared a dividend of \$0.25 per Class A common share for the fourth quarter of 2021 to be paid on March 4, 2022 to common shareholders of record as of February 22, 2022.

On November 22, 2021, the Board of Directors announced its intention to increase the quarterly dividend to be paid to common shareholders by 50% to \$0.375 per share, with effect from the first quarter of 2022.

The Company agreed a new senior secured debt facility to refinance its outstanding Syndicated Senior Secured Credit Facility, which extended the maturity date from September 2024 to December 2026, amend certain covenants in the Company's favor, and release three vessels from the facility's collateral basket (the "Unencumbered Vessels"), at an unchanged rate of LIBOR + 3.00%. The Unencumbered Vessels were subsequently used as collateral for a new \$60.0 million syndicated senior secured debt facility. This credit facility has a maturity in July 2026 and was borrowed in three tranches. The Lenders are E.SUN Commercial Bank Ltd (E.SUN"), Cathay United Bank ("Cathay"), Mega International Commercial Bank Co. Ltd ("MICB") and Taishin International Bank ("Taishin"). This facility bears interest at LIBOR plus a margin of 2.75% per annum payable quarterly in arrears. All three tranches were drawn down in January 2022. The Company using a portion of the net proceeds from this credit facility fully prepaid the outstanding amount of the Blue Ocean Junior Credit facility, amounting to \$26,205 plus a prepayment fee of \$3,968.

In February 2022, the Company has also hedged its exposure to a potential rising interest rate environment by putting in place a one-month USD LIBOR interest rate cap of 0.75% through fourth quarter 2026, on \$507.9 million of its floating rate debt, which reduces over time and represents approximately half of the Company's outstanding floating rate debt. The premium paid by the Company to purchase the interest rate caps was \$15,370, which was paid out of cash on the settlement date.

On March 2, 2022, we announced that our Board of Directors authorized share repurchases in the amount of up to \$40.0 million, to be utilized on an opportunistic basis.

On March 4, 2022, the Company provide a notice of partial redemption of its 2024 Notes to the trustee. The Company has elected to effect a redemption of \$28,500 aggregate principal amount of the Notes (the "Redeemed Notes") at a redemption price equal to 102.00% of the principal amount thereof plus accrued and unpaid interest. Upon completion of the Redemption, approximately \$89,020 aggregate principal amount of the Notes will remain outstanding.

Private and Confidential

DATED JANUARY 7, 2021

(1) KNA USE NHOLDING LLC (as Borrower)

(2) EACH OF THE ENTITIES LISTED IN SCHEDULE 1 PART I (as Vessel Owners)

(3) GSL LEGACY HOLDING LLC (as Parent)

(4) GLOBAL SHIP LEASE, INC. (as Ultimate Parent)

(5) THE FINANCIAL INSTITUTIONS LISTED IN SCHEDULE 1 PART II 1

(as Original Lenders)

(6) HAYFIN SERVICES LLP (as Agent)

(7) HAYFIN SERVICES LLP (as Security Agent)

**FACILITY AGREEMENT**

SECURED TERM LOAN FACILITY OF UP TO US\$236,200,000

**EXECUTION VERSION**

REFERENCE: RAW/CEH/382792.00053

redsmith.com

**ReedSmith**

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- (1) **KNAUSEN HOLDING LLC**, a limited liability company formed under the laws of the Republic of the Marshall Islands whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Republic of the Marshall Islands, MH 96960 ("**Borrower**");
- (2) **EACH OF THE ENTITIES** listed in Part I of Schedule 1 (*The Original Parties*) as vessel owners (together the "**Vessel Owners**" and each a "**Vessel Owner**");
- (3) **GSL LEGACY HOLDING LLC**, a limited liability company formed under the laws of the Republic of the Marshall Islands whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Republic of the Marshall Islands, MH 96960 ("**Parent**");
- (4) **GLOBAL SHIP LEASE, INC.**, a corporation incorporated under the laws of the Republic of the Marshall Islands whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Republic of the Marshall Islands, MH 96960 ("**Ultimate Parent**");
- (5) **THE FINANCIAL INSTITUTIONS** listed in Part II of Schedule 1 (*The Original Parties*) as lenders ("**Original Lenders**");
- (6) **HAYFIN SERVICES LLP** as agent of the Finance Parties ("**Agent**"); and
- (7) **HAYFIN SERVICES LLP** as security agent for the Finance Parties ("**Security Agent**").

#### BACKGROUND

The Lenders have agreed to make available to the Borrower a loan facility of up to the Maximum Loan Amount for the purposes of refinancing the existing indebtedness incurred in relation to certain of the Vessels pursuant to the Senior Secured Notes and to pay any fees, costs or expenses under this Agreement.

IT IS AGREED as follows:

#### 1. Definitions and Interpretation 1.1 Definitions

In this Agreement:

"**Account**" means each of the Earnings Accounts, each of the Dry Docking Reserve Accounts, the Minimum Liquidity Account and any other account opened, made or established in accordance with Clause 24 (*Accounts*).

"**Account Bank**" means, in relation to any Account, ABN AMRO Bank NV or any other bank or financial institution approved by the Agent (with the prior written consent of the Majority Lenders).

"**Account Holder**" means, in relation to any Account, each Obligor in whose name that Account is held.

"**Accounts Security**" means, in relation to an Account, a deed or other instrument granted by the Account Holder in favour of the Security Agent conferring Security over that Account in the agreed form.

"**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.

**"Approved Brokers"** means Maersk Broker or the head offices of Barry Rogliano Salles or Howe Robinson Partners (or any Affiliate of such persons through which valuations are commonly issued), or any independent international sale and purchase broker mutually agreed by the Agent (acting on the instructions of the Majority Lenders) and the Borrower from time to time (and **"Approved Broker"** means any one of them).

**"Approved Commercial Manager"** means, in relation to a Vessel:

- (a) Global Ship Lease Services Limited;
- (b) Conchart Commercial Inc.;
- (c) any other wholly owned subsidiary of the Ultimate Parent; or
- (d) any other third party management company as the Agent may, with the authorisation of the Majority Lenders acting reasonably, approve in writing from time to time in respect of that Vessel.

**"Approved Flag"** means Hong Kong, Liberia, Panama, Bahamas, Marshall Islands, Malta, Bermuda or Cyprus flag or any other flag mutually agreed by the Agent (with the authorisation of all Lenders) and the Borrower, provided that, for the avoidance of doubt, no flag under which a Vessel may be registered may be changed from one Approved Flag to another Approved Flag without the consent of the Agent (with the authorisation of all Lenders), such consent not to be unreasonably withheld or delayed.

**"Approved Manager"** means each Approved Technical Manager and each Approved Commercial Manager.

**"Approved Sub-Manager"** means, in relation to an Approved Manager, any sub-manager appointed by an Approved Manager with the approval of the Agent, with the authorisation of the Majority Lenders, pursuant to Clause 22.18 (*Management Agreement*).

**"Approved Technical Manager"** means, in relation to a Vessel, Technomar Shipping Inc. as well as any Affiliates thereof or any other management company as the Agent may, with the authorisation of the Majority Lenders, approve in writing from time to time in respect of that Vessel (such approval not to be unreasonably withheld or delayed).

**"Assignment Agreement"** means an agreement substantially in the form set out in Schedule 5 (*Form of Assignment Agreement*) or any other form agreed between the relevant assignor and assignee.

**"Auditor"** means a certified public auditor or audit firm seated in an EEA Member Country, the United Kingdom, Hong Kong, Canada or the United States of America and licensed by the relevant national authorities.

**"Availability Period"** means the period from and including the date of this Agreement to and including 31 January 2021 (or such later date as the Agent may agree in its sole discretion acting on the instructions of the Majority Lenders).

**"Available Commitment"** means a Lender's Commitment minus:

- (a) the amount of its participation in the outstanding Loan; and
- (b) in relation to any proposed Utilisation, the amount of its participation in the Utilisation that is due to be made on or before the proposed Utilisation Date.

**"Available Facility"** means the aggregate for the time being of each Lender's Available Commitment.

**"Bail-In Action"** means the exercise of any Write-down and Conversion Powers.

**"Bail-In Legislation"** means:

- (a) 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;
- (b) in relation to any state other than such an EEA Member Country and the United Kingdom, any analogous law or regulation from time to time which requires contractual recognition of any Write-down and Conversion Powers contained in that law or regulation; and
- (c) in relation to the United Kingdom, the UK Bail-In Legislation.

**"Blocking Law"** means any of the following:

- (a) the U.S. Export Administration Regulations, 15 C.F.R. Part 760, and Section 1771-4 of P.L. 115-232, or Section 999 of the internal Revenue Code of 1986, as amended (referred to as the Ribicoff Amendment) and their respective implementing rules and regulations;
- (b) any provision of Council Regulation (EC) No. 2271/1996 of 22 November 1996, as amended (or any law or regulation implementing such regulation in any member state of the European Union);
- (c) any provision of Council Regulation (EC) No. 2271/1996 of 22 November 1996, as amended and as it applies in the UK pursuant to (i) the European Union (Withdrawal) Act of 2018 of the UK and (ii) the European Union (Withdrawal Agreement) Act 2020 of the UK;
- (d) section 7 of the German Foreign Trade Regulation (*Außenwirtschaftsverordnung*);
- (e) any provision of the UK Protection of Trading Interests Act 1980 or any subsidiary legislation; or
- (f) any similar blocking or anti-boycott law. **"Board of Directors"** means:

- (a) with respect to a corporation, the board of directors of the corporation or, other than for purposes of the definition of "Change of Control," any committee thereof duly authorised to act on behalf of such board; and
- (b) with respect to any other person, the functional equivalent of a board of directors of a corporation or, other than for purposes of the definition of "Change of Control," any committee thereof duly authorised to act on behalf thereof.

**"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 the Loan or Unpaid Sum to the last day of the current Interest Period in respect of that 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 Relevant 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 Amsterdam, Athens, London and New York.

**"Capital Stock"** means:

- (a) in the case of a corporation, corporate stock;
- (b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) in the equity of such association or entity;
- (c) in the case of a partnership or limited liability company, partnership interests (whether general or limited), membership interests or limited liability company interests; and
- (d) any other interest or participation that confers on a person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

**"Cash"** means, at any time with respect to any person, cash in hand or at a bank and (in the latter case) credited to an account in the name of that person and to which that person alone is beneficially entitled and for so long as:

- (a) that cash is repayable within thirty (30) days after the relevant date of calculation;
- (b) repayment of that cash is not contingent on the prior discharge of any other indebtedness of that person or of any other person whatsoever or on the satisfaction of any other condition other than any such conditions under Transaction Security referred to in paragraph (c) below;
- (c) there is no Security over that cash except for Transaction Security; and
- (d) the cash is freely and (except as mentioned in paragraph (a) and (c) above) immediately available to be applied in repayment or prepayment of the Loan.

**"Cash Equivalents"** means:

- (a) United States dollars, pounds sterling or Euro or other currency of a member of the Organization for Economic Cooperation and Development (including such currencies as are held as overnight bank deposits and demand deposits with banks);
- (b) securities issued or directly and fully guaranteed or insured by the government of the United States of America or any Member State of the European Union or any other country whose sovereign debt has a rating of at least "A3" from Moody's and at least "A-" from S&P or any agency or instrumentality thereof having maturities of not more than one year from the date of acquisition;
- (c) demand and time deposits and eurodollar time deposits and certificates of deposit or bankers' acceptances with maturities of one year or less from the date of acquisition, in each case, with any financial institution organised under the laws of any country that is a member of the Organization for Economic Cooperation and Development (i) whose long-term debt obligations are rated at least "A-3" or the equivalent thereof by S&P or at least "P-3" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Rating Agency) and (ii) having capital and surplus and undivided profits in excess of US\$250 million;

- (d) repurchase obligations with a term of not more than 60 days for underlying securities of the types described in paragraph (b) of this definition entered into with any financial institution meeting the qualifications specified in paragraph (c) of this definition;
- (e) commercial paper and variable or fixed rate notes rated "P-1" or higher by Moody's or "A-1" or higher by S&P and, in each case, maturing within one year after the date of acquisition;
- (f) money market funds that invest primarily in Cash Equivalents of the kinds described in paragraphs (a) through (e) of this definition; and
- (g) instruments equivalent to those referred to in paragraphs (a) through (f) of this definition denominated in any other foreign currency and comparable in credit quality and tenor to those referred to above and customarily to the extent reasonably required in connection with
  - (i) any business conducted by the Ultimate Parent or any of its Subsidiaries in such jurisdiction or (ii) any investment in the jurisdiction in which such investment is made.

**"Change of Control"** means:

- (a) in respect of the Ultimate Parent, the occurrence of any of the following events:
  - (i) at any time, the Ultimate Parent becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) the acquisition by any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act or any successor provision), including any group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act, or any successor provision), other than the Permitted Holders, in a single transaction or in a related series of transactions, by way of merger, consolidation or other business combination or purchase of beneficial ownership of more than 35% of the total voting power of the Voting Stock of the Ultimate Parent or any direct or indirect parent company of the Ultimate Parent; *provided* that (x) so long as the Ultimate Parent is a Relevant Subsidiary of a parent company, no person shall be deemed to be or become a beneficial owner of more than 35% of the total voting power of the Voting Stock of the Ultimate Parent unless such person shall be or become a beneficial owner of more than 35% of the total voting power of the Voting Stock of such parent company and (y) any Voting Stock of which any Permitted Holder is the beneficial owner shall not in any case be included in calculating the Voting Stock of which any such person first referred to above in this paragraph (i) is the beneficial owner;
  - (ii) the sale, lease or transfer, in one or a series of related transactions, of all or substantially all of the assets of the Ultimate Parent and its Relevant Subsidiaries, taken as a whole, to any person other than a wholly owned Relevant Subsidiary or one or more Permitted Holders in connection with which any person other than one or more Permitted Holders, is or becomes the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act, or any successor provision), directly or indirectly, of a majority of the total voting power of the Voting Stock of the transferee person in such sale or transfer of assets, as the case may be; *provided* that (x) so long as such transferee person is a Relevant Subsidiary of a Permitted Parent, no person shall be deemed to be or become a beneficial owner of a majority of the total voting power of the Voting Stock of such transferee person unless such person shall be or become a beneficial owner of a majority of the total voting power of the Voting Stock of such Permitted Parent and (y) any Voting Stock of which any Permitted Holder is the beneficial owner shall not in any case be included in the calculation of any Voting Stock of which any such person first referred to above in this paragraph (ii) is the beneficial owner;

- (iii) the Ultimate Parent shall adopt a plan of liquidation or dissolution or any such plan shall be approved by the stockholders of the Ultimate Parent;
  - (iv) de-listing of the Ultimate Parent's common stock from the New York Stock Exchange or another internationally recognised stock exchange (if applicable) that does not occur in connection with a listing of the Ultimate Parent's common stock on another internationally recognised stock exchange;
  - (v) Mr George Giouroukos ceases to own (either directly or through one or more affiliates) at least 50% of the number of shares of the Ultimate Parent held by him on the date of the completion of the Merger (excluding any share split or reverse split) other than by reason of death or other incapacity in managing his affairs; or
  - (vi) Mr George Giouroukos ceases to be the Executive Chairman of (or to hold an equivalent executive officer position in) the Ultimate Parent other than by reason of death or other incapacity in managing his affairs;
- (b) in respect of the Parent:
- (i) a sale, lease or transfer of all or substantially all of the Parent's assets to any person or group; or
  - (ii) at any time during which and for any reason, the Ultimate Parent fails to legally and beneficially own, directly, one hundred per cent. (100%) of the limited liability company interests and other equity interests of the Parent;
- (c) in respect of the Borrower:
- (i) a sale, lease or transfer of all or substantially all of the Borrower's assets to any person or group; or
  - (ii) at any time during which and for any reason, the Parent fails to legally and beneficially own, directly, one hundred per cent. (100%) of the limited liability company interests and other equity interests of the Borrower;
- (d) in respect of each Vessel Owner:
- (i) a sale, lease or transfer of all or substantially all of that Vessel Owner's assets to any person or group other than as expressly permitted by the terms of this Agreement; or
  - (ii) at any time on or after the date falling one (1) Business Day after the Preposition Date during which and for any reason, the Borrower fails to legally and beneficially own, directly, one hundred per cent. (100%) of the capital stock, limited liability company interests and other equity interests of that Vessel Owner.

**"Charged Property"** means the shares or limited liability company interests, as applicable, in each of the relevant Obligors and all of the assets of the relevant Obligors which from time to time are, or are expressed or intended to be, the subject of the Security Documents.

**"Charter"** means, in respect of a Vessel, any time charter or other contract of employment between the relevant Vessel Owner owning that Vessel and any charterer, which exceeds or is capable of exceeding twenty four (24) months (including by virtue of optional extensions).

**"Charter Assignment"** means the first priority assignment of any Charter in the agreed form.

**"Classification"** means, in relation to a Vessel, the classification with the Classification Society specified in Schedule 9 (*Details of Vessels*) or such other classification with a Classification Society as the Agent may, with the authorisation of the Majority Lenders, approve in writing (such authorisation not to be unreasonably withheld or delayed).

**"Classification Society"** means, in relation to a Vessel, DNV-GL, Bureau Veritas, ABS, Lloyds, NKK, RINA or such other classification society being a member of the International Association of Classification Societies mutually agreed by the Agent (with the authorisation of the Majority Lenders) and the Borrower.

**"Code"** means the US Internal Revenue Code of 1986 as amended.

**"Commercial Management Agreement"** means, in relation to a Vessel, any commercial management agreement entered into or to be entered into (as applicable) between the Vessel Owner owning that Vessel and an Approved Commercial Manager in form and substance acceptable to the Agent (such acceptance not to be unreasonably withheld or delayed, and acting on the instructions of the Majority Lenders).

**"Commission"** means the U.S. Securities and Exchange Commission.

**"Commitment"** means:

- (a) in relation to an Original Lender, the amount set opposite its name under the heading "Commitment" in Part I of Schedule 1 (*The Original Parties*) and the amount of any other Commitment transferred or assigned to it under this Agreement; and
- (b) in relation to any other Lender, the amount of any Commitment transferred or assigned to it under this Agreement,

to the extent not cancelled, reduced or transferred by it under this Agreement.

**"Compliance Certificate"** means a certificate in the form set out in Schedule 6 (*Form of Compliance Certificate*) or otherwise in form and substance satisfactory to the Agent.

**"Confidential Information"** means all information relating to the Ultimate Parent and any Group member, the Finance Documents or the Loan of which a Finance Party becomes aware in its capacity as, or for the purpose of becoming, a Finance Party 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 Loan from either:

- (a) any Obligor or any of its advisers; or
- (b) another Finance Party, if the information was obtained by that Finance Party directly or indirectly from any Obligor 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 41 (*Confidentiality*); or
  - (ii) is identified in writing at the time of delivery as non-confidential by any Obligor 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 (a) or (b) 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 any Obligor 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.

**"Confidentiality Undertaking"** means a confidentiality undertaking substantially in a recommended form of the LMA from time to time or in any other form agreed between the Borrower and the Agent.

**"Corresponding Debt"** means any amount, other than a Parallel Debt, which a Transaction Obligor owes to a Finance Party under or in connection with the Finance Documents.

**"Deed of Covenants"** means, in relation to a Vessel registered under Hong Kong, Bahamas, Bermuda, Malta or Cyprus flag (or under any other Approved Flag whose laws prescribe a statutory form of vessel mortgage), a first priority deed of covenants collateral to the relevant Mortgage, in the agreed form.

**"Default"** means an Event of Default or any event or circumstance specified in Clause 26 (*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 any of the foregoing) be an Event of Default.

**"Defaulting Lender"** means any Lender:

- (a) which has failed to make its participation in the Loan available (or has notified the Agent that it will not make its participation in the Loan available) by the Utilisation Date 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 Disruption Event, andpayment is made within two (2) Business Days of its due date; or
- (ii) the Lender is disputing in good faith whether it is contractually obliged to make the payment in question. **"Delegate"** means any delegate,

agent, attorney or co-trustee appointed by the Security Agent.

**"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.

**"Dividend / Loan Payment Criteria"** means, at the time of a proposed dividend, distribution or loan payment by the Borrower (in the case of a dividend, distribution or loan payment to the Parent) or the Parent (in the case of a dividend, distribution or loan payment to the Ultimate Parent):

- (a) the Borrower provides a Compliance Certificate to the Agent evidencing that the Minimum Liquidity Test will continue to be satisfied following the making of such dividend, distribution or loan payment;
- (b) no Default has occurred and is continuing or would result from the making of such dividend, distribution or loan payment;
- (c) such dividend, distribution or loan payment is made within 30 days of a Quarter Date; and
- (d) no such dividend, distribution or loan payment is made before 31 March 2021.

**"DOC"** means, in relation to the ISM Company, a valid Document of Compliance issued for the ISM Company by the Administration (as defined in the ISM Code) under paragraph 13.2 of the ISM Code.

**"Dollars"** and **"US\$"** mean the lawful currency, for the time being, of the United States of America.

**"Dry Docking Costs"** means, in respect of a Vessel, costs in respect of any intermediate or special survey of that Vessel which is scheduled to take place prior to the Termination Date.

**"Dry Docking Reserve"** means, in relation to each Vessel, amounts paid into the relevant Dry Docking Reserve Account in accordance with Clause 24.8 (*Dry Docking Reserve*).

**"Dry Docking Reserve Accounts"** means, in relation to each Vessel Owner, an account in the name of that Vessel Owner with the Account Bank, or any other account opened or established with that office of the Account Bank or another office of the Account Bank which is designated by the Agent as a "Dry Docking Reserve Account" for the purposes of this Agreement and **"Dry Docking Reserve Account"** means any of them.

**"Earnings"** means, in relation to a Vessel, all moneys whatsoever which are now, or later become, payable (actually or contingently) to the Vessel Owner owning that Vessel or the Security Agent and which arise out of the use or operation of the Vessel including (but not limited to):

- (a) all freight, hire and passage moneys, money or compensation payable for the provision of services by or from a Vessel or under any charter commitment, compensation payable to that Vessel Owner or the Security Agent in the event of requisition of a Vessel for hire, general average consolidation, remuneration for salvage and towage services, demurrage and detention moneys and damages for breach (or payments for variation or termination) of any charterparty or other contract for the employment of a Vessel;
- (b) all moneys which are at any time payable under Insurances in respect of loss of earnings; and
- (c) if and whenever a Vessel is employed on terms whereby any moneys falling within paragraphs (a) or (b) is pooled or shared with any other person, that proportion of the net receipts of the relevant pooling or sharing arrangement which is attributable to a Vessel.

**"Earnings Accounts"** means, in relation to each Vessel Owner, an account in the name of that Vessel Owner with the Account Bank, or any other account opened or established with that office of the Account Bank or another office of the Account Bank which is designated by the Agent as an **"Earnings Account"** for the purposes of this Agreement and **"Earnings Account"** means any of them.

**"EEA Member Country"** means any member state of the European Union, Iceland, Liechtenstein and Norway.

**"Eligible Institution"** means any Lender or other bank, financial institution, trust, fund or other entity selected by the Borrower and which, in each case, is not the Ultimate Parent or a member of the Group.

**"Environment"** means humans, animals, plants and all other living organisms including the ecological systems of which they form part and the following media:

- (a) air (including, without limitation, air within natural or man-made structures, whether above or below ground);
- (b) water (including, without limitation, territorial, coastal and inland waters, water under or within land and water in drains and sewers); and
- (c) land (including, without limitation, land under water).

**"Environmental Approval"** means any present or future permit, ruling, variance or other authorisation required under Environmental Law.

**"Environmental Claim"** means any claim, proceeding, formal notice or investigation by any governmental, judicial or regulatory authority or any other person which arises out of an Environmental Incident or an alleged Environmental Incident or which relates to any Environmental Law and, for this purpose, "claim" includes a claim for damages, compensation, contribution, injury, fines, losses and penalties or any other payment of any kind, including in relation to clean-up and removal, whether or not similar to the foregoing; an order or direction to take, or not to take, certain action or to desist from or suspend certain action; and any form of enforcement or regulatory action, including the arrest or attachment of any asset.

**"Environmental Incident"** means:

- (a) any release, emission, spill or discharge into a Vessel or into or upon the air, sea, land or soils (including the seabed) or surface water of Environmentally Sensitive Material within or from a Vessel; or
- (b) any incident in which Environmentally Sensitive Material is released, emitted, spilled or discharged into or upon the air, sea, land or soils (including the seabed) or surface water from a vessel other than a Vessel and which involves a collision between a Vessel and such other vessel or some other incident of navigation or operation, in either case, in connection with which a Vessel is actually or potentially liable to be arrested, attached, detained or injuncted and/or a Vessel and/or any Obligor and/or any operator or manager of a Vessel is at fault or allegedly at fault or otherwise liable to any legal or administrative action; or
- (c) any other incident in which Environmentally Sensitive Material is released, emitted, spilled or discharged into or upon the air, sea, land or soils (including the seabed) or surface water otherwise than from a Vessel and in connection with which a Vessel is actually or potentially liable to be arrested and/or where any Obligor and/or any operator or manager of a Vessel is at fault or allegedly at fault or otherwise liable to any legal or administrative action, other than in accordance with an Environmental Approval.

**"Environmental Law"** means any applicable or relevant present or future law or regulation relating to pollution or protection of human health or the Environment, to conditions in the workplace, to the carriage, generation, handling, storage, use, release or spillage of Environmentally Sensitive Material or to actual or threatened releases of Environmentally Sensitive Material.

**"Environmentally Sensitive Material"** means and includes all contaminants, oil, oil products, toxic substances and any other substance (including any chemical, gas or other hazardous or noxious substance) which is (or is capable of being or becoming) polluting, toxic or hazardous.

**"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 26 (*Events of Default*) or any other event or circumstance described as such in any other provision of a Finance Document.

**"Exchange Act"** means the U.S. Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto and, in each case, the rules and regulations promulgated by the Commission thereunder.

**"Existing Security"** means the security provided by the Obligors in favour of Citibank N.A., London Branch as security for the obligations owed by the Ultimate Parent under the Senior Secured Notes.

**"Facility"** means the term loan facility made available under this Agreement as described in Clause 2.1 (*The Facility*).

**"Facility Office"** means:

- (a) in respect of a Lender, the office or offices notified by a Lender to the Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than five (5) Business Days' written notice) as the office or offices through which it will perform its obligations under this Agreement; and
- (b) in respect of any other Finance Party, the office in the jurisdiction in which it is resident for tax purposes.

**"Facility Period"** means the period from and including the date of this Agreement to and including the date on which the Total Commitments have been reduced to zero and all Secured Liabilities have been fully paid and discharged.

**"FATCA"** means:

- (a) sections 1471 to 1474 of the Code or any associated regulations or other official guidance;
- (b) any treaty, law, regulation or other official guidance enacted in 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 any regulation referred to in paragraph (a) above; or
- (c) any agreement pursuant to the implementation of any treaty, law, regulation or other official guidance 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;
- (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 FATCA.

**"FATCA Deduction"** means a deduction or withholding from a payment under a Finance Document required by FATCA.

**"FATCA Exempt Party"** means a Party that is entitled to receive payments free from any FATCA Deduction.

**"Fee Letter"** means any letter or letters dated on or about the date of this Agreement between (i) the Agent or the Security Agent and (ii) the Borrower setting out any of the fees referred to in Clause 11 (*Fees*).

**"Finance Document"** means:

- (a) this Agreement;
- (b) any Security Document;
- (c) any Fee Letter; or

(d) any other document designated as a Finance Document by the Agent and any Obligor party to it. **"Finance Party"** means the Agent, the Security

Agent or a Lender (together the **"Finance Parties"**). **"Financial Half Year"** means each period of six (6) months ending on a Half Year Date.

**"Financial Indebtedness"** means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit 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) any redeemable preference share issues which mature prior to the date which is 6 months after the Termination Date (excluding, for this purpose, any preference shares issued by the Ultimate Parent which have a maturity date prior to such date and which convert into ordinary shares at maturity) or are otherwise classified as borrowings under GAAP;
- (e) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;
- (f) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

- (g) any amount raised under any other transaction (including any forward sale or purchase agreement) of a type not referred to in any other paragraph of this definition having the commercial effect of a borrowing;
- (h) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative 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 derivative transaction, that amount) shall be taken into account);
- (i) 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; and
- (j) the amount of any liability in respect of any guarantee, indemnity or similar assurance against financial loss in respect of any of the items referred to in paragraphs (a) to (i) above.

**"Financial Quarter"** means each period of three (3) months ending on a Quarter Date.

**"Fresh Equity Injection"** means, at any time after the date of this Agreement:

- (a) any Cash actually received by the Borrower from the Parent in consideration for the Borrower's limited liability company interests, which was in turn received in full by the Parent from the Ultimate Parent in consideration for the Parent's limited liability company interests; or
- (b) any Cash actually received by the Borrower from the Parent by way of Permitted Intercompany Debt, which was in turn received in full from the Ultimate Parent in consideration for the Parent's limited liability company interests.

**"GAAP"** means generally accepted accounting principles in the United States of America.

**"General Assignment"** means, in relation to a Vessel Owner, any assignment of the Earnings, Insurances and Requisition Compensation in respect of the Vessel owned by that Vessel Owner, entered into by that Vessel Owner in favour of the Security Agent in the agreed form.

**"Group"** means the Parent, the Borrower and each Vessel Owner and their respective Subsidiaries for the time being.

**"GSLs"** means Global Ship Lease Services Limited.

**"Guarantees"** means the guarantees and indemnities in Clause 17 (*Guarantee and indemnity*) (and **"Guarantee"** means any of them).

**"Guarantors"** means, together, the Ultimate Parent, the Parent and each Vessel Owner.

**"Half Year Date"** means 30th June and 31st December of each calendar year.

**"Holding Company"** means, in relation to a person, any other person in respect of which it is a Subsidiary.

**"Hong Kong"** means the Hong Kong Special Administrative Region of the People's Republic of China.

**"IAPPC"** means a valid and current International Air Pollution Prevention Certificate.

**"Impaired Agent"** means the Agent at any time when:

- (a) it has failed to make (or has notified a Party that it will not make) a payment required to be made by it under the Finance Documents by the due date for payment;
- (b) the Agent otherwise rescinds or repudiates a Finance Document;
- (c) (if the Agent is also a Lender) it is a Defaulting Lender under paragraph (a) or (b) of the definition of "Defaulting Lender"; or
- (d) an Insolvency Event has occurred and is continuing with respect to the Agent;

unless, in the case of paragraph (a) above:

- (i) its failure to pay is caused by:
  - (A) administrative or technical error; or
  - (B) a Disruption Event; andpayment is made within two (2) Business Days of its due date; or
- (ii) the Agent is disputing in good faith whether it is contractually obliged to make the payment in question.

**"Insolvency Event"** in relation to an entity means that the entity:

- (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;
- (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 (d) 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 thirty (30) days of the institution or presentation thereof;
- (f) has exercised in respect of it one or more of the stabilisation powers pursuant to Part 1 of the Banking Act 2009 and/or has instituted against it a bank insolvency proceeding pursuant to Part 2 of the Banking Act 2009 or a bank administration proceeding pursuant to Part 3 of the Banking Act 2009;

- (g) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (h) 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, for so long as it is required by law or regulation not to be publicly disclosed, any such appointment which is to be made, or is made, by a person or entity described in (d));
- (i) 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 thirty (30) days thereafter;
- (j) 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 (a) to (i); or
- (k) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

**"Insurances"** means, in relation to a Vessel:

- (a) any policy and contract of insurance including entries of that Vessel in any protection and indemnity or war risk association, effected in relation to that Vessel and that Vessel's Earnings whether before or after the date of this Agreement; and
- (b) all rights and other assets relating to, or derived from, any such policies and contracts of insurance (including any rights to a return for a premium).

**"Interest Period"** means, in relation to the 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 8.3 (*Default interest*).

**"Interpolated Screen Rate"** means, in relation to the Loan, the rate (rounded to the same number of decimal places as the two relevant Screen Rates) 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 the Loan; and
  - (b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the Interest Period of the Loan,
- each as of the Specified Time for the currency of the Loan.

**"Intra-Company Loan Agreement"** means any agreement to be entered into by the Ultimate Parent, the Parent, the Borrower and/or the Vessel Owners, exclusively for the purpose of making Permitted Intercompany Debt available in accordance with the terms of the Finance Documents.

**"ISM Code"** means the International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention (including the guidelines on its implementation), adopted by the International Maritime Organisation, as the same may be amended or supplemented from time to time (and the terms "safety management system", "Safety Management Certificate" and "Document of Compliance" have the same meanings as are given to them in the ISM Code).

**"ISM Company"** means, at any given time, the company responsible for a Vessel's compliance with the ISM Code.

"ISPS Code" means the International Ship and Port Facility Security Code adopted by the International Maritime Organisation (as the same may be amended, supplemented or superseded from time to time).

"ISSC" means a valid and current International Ship Security Certificate issued under the ISPS Code.

"Joint Venture" means any joint venture entity, whether a company, unincorporated firm, undertaking, association, joint venture or partnership or any other entity.

"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 Acts, the possibility that an undertaking to assume liability for or to indemnify a person against non-payment of UK stamp duty may be void and defences of set-off or counterclaim;
- (c) the limitation of the enforcement of the terms of leases of real property by laws of general application to those leases;
- (d) similar principles, rights and remedies under the laws of any Relevant Jurisdiction; and
- (e) any other matters which are set out as qualifications or reservations as to matters of law of general application in any legal opinions supplied to the Agent as a condition precedent under this Agreement on or before the Utilisation Date.

"Lender" means:

- (a) any Original Lender; and
- (b) any bank, financial institution, trust, fund or other entity which has become a Party in accordance with Clause 27 (*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 the Loan or any part of it:

- (a) the applicable Screen Rate; or
- (b) (if no Screen Rate is available for the Interest Period of the Loan or any part of it) the Interpolated Screen Rate for the Loan;
- (c) if:
  - (i) no Screen Rate is available for Dollars; or
  - (ii) no Screen Rate is available for the Interest Period of the Loan or any part of it and it is not possible to calculate the Interpolated Screen Rate for the Loan or part of it,the Reference Bank Rate,

as of in the case of paragraphs (a) and (c) above the Specified Time on the Quotation Day for Dollars and for a period equal in length to the Interest Period of the Loan, or part of it and, if any such rate is below 0.5% per annum, LIBOR shall be deemed to be 0.5% per annum.

**"Limitation Acts"** means the Limitation Act 1980 and the Foreign Limitation Periods Act 1984.

**"Loan"** means the loan made or to be made under the Facility or, as the context requires, the principal amount outstanding for the time being of the loan (which shall for the avoidance of doubt shall be equal to the aggregate principal amount outstanding for the time being of all Notional Vessel Tranches).

**"Loan to Own Investor"** means any entity whose principal investment strategy is the purchase of loans to, or debt securities issued by, an entity (the **"Target"**) at a material discount to the face value of such loans or debt securities and with a view of either (i) owning the equity in, or gaining control of the business of, the Target or (ii) pursuing active enforcement policies with respect to such loans or debt securities.

**"LTV Ratio"** means, at any time, the Loan as a percentage of the aggregate Market Value of all Vessels.

**"Major Casualty"** means, in relation to a Vessel, any casualty to that Vessel in respect of which the claim or the aggregate of the claims against all insurers, inclusive of any franchise or deductible, exceeds or may exceed the Major Casualty Amount.

**"Major Casualty Amount"** means, in relation to a Vessel, US\$750,000 or the equivalent in any other currency.

**"Majority Lenders"** means a Lender or Lenders whose Commitments aggregate at least 662/3% of the Total Commitments or, if the Total Commitments have been reduced to zero, aggregated at least 662/3% of the Total Commitments immediately prior to the reduction.

**"Make Whole Amount"** means an amount equal to the greater of:

(a) 3% of the principal amount to be prepaid; and

(b) the excess of:

(i) the present value on the date of prepayment of the aggregate of: (x) 103% of the principal amount to be prepaid as if that amount would otherwise be prepaid on the date which is immediately after the date falling on the twenty four month anniversary of the Utilisation Date; and (y) the amount equal to the amount of all interest which would otherwise have accrued for the period from the date of such prepayment (assuming for these purposes that LIBOR is the greater of (I) the LIBOR rate for a period of six months on the date which is two (2) Business Days prior to the date of prepayment and (II) 0.5%) to the date which is immediately after the date falling on the twenty four month anniversary of the Utilisation Date, computed using a discount rate equal to the US Treasury Rate plus 50 basis points; over

(ii) the principal amount to be prepaid.

**"Management Agreements"** means any Technical Management Agreement and any Commercial Management Agreement.

**"Manager's Undertaking"** means, in relation to a Vessel, the letter(s) of undertaking from each Approved Manager in favour of the Security Agent, in the agreed form.

**"Margin"** means seven per cent. (7%) per annum.

**"Market Value"** means, in relation to a Vessel, the value of that Vessel as determined in accordance with Clause 25.3 (*Valuation of Vessels*).

**"Material Adverse Effect"** means, in the reasonable opinion of the Majority Lenders, a material adverse effect on:

- (a) the business, operations, property, financial condition or financial prospects of the Ultimate Parent and the Group taken as a whole; or
- (b) the ability of an Obligor to perform its payment obligations under the Finance Documents; or
- (c) the validity or enforceability of, or the effectiveness or ranking of any Security granted or purported to be granted pursuant to any of, the Finance Documents; or
- (d) the rights or remedies of any Finance Party under any of the Finance Documents.

“**Maximum Loan Amount**” means an amount of up to the lower of:

- (a) US\$236,200,000; and
- (b) an amount equal to seventy five (75%) per cent. of the aggregate Market Value of the Mortgaged Vessels (but excluding, for the avoidance of doubt, any Mortgaged Vessel which has been directly or indirectly sold or become a Total Loss) established by the Valuations provided under Clause 4.2 (*Utilisation Conditions precedent*).

“**Merger**” means the stock-for-stock merger that closed on 15 November 2018 between the Ultimate Parent, Poseidon Containers Holdings LLC and K&T Marine LLC.

“**Merger Conditions Certificate**” means a certificate in the form set out in Schedule 7 (*Form of Merger Conditions Certificate*) or otherwise in form and substance satisfactory to the Agent.

“**Minimum Liquidity Account**” means an account in the name of the Borrower with the Account Bank, or any other account opened or established with that office of the Account Bank or another office of the Account Bank which is designated by the Agent as the “Minimum Liquidity Account” for the purposes of this Agreement.

“**Minimum Liquidity Amount**” has the meaning given in Clause 24.6 (*Minimum Liquidity Account*).

“**Mortgage**” means, in relation to a Vessel, the first priority or first preferred ship mortgage (as the case may be) granted or to be granted (as the context so requires) over that Vessel by the relevant Vessel Owner in favour of the Security Agent in the agreed form.

“**Mortgaged Vessel**” means, at any relevant time, any Vessel which is or purports to be subject to a Mortgage and/or whose Earnings, Insurances and Requisition Compensation are or purport to be subject to Security under the Finance Documents.

“**Net Worth**” means, in respect of the Ultimate Parent, Total Assets less Total Liabilities.

“**New Lender**” has the meaning given to that term in Clause 27 (*Changes to the Lenders*).

“**Notional Vessel Tranche**” means, in respect of any Vessel, the proportion of the Loan allocated to that Vessel based on its allocated contribution to the Maximum Loan Amount (which shall be as set out in Schedule 10 (*Notional Vessel Tranche Amounts*)) provided that if the Total Commitments are not utilised in full they shall initially be as set out in the Utilisation Request and approved by the Lenders) (and as reduced by any repayments (whether Repayment Instalments or otherwise) or prepayments from time to time in accordance with the terms of this Agreement).

“**Obligors**” means the parties to the Finance Documents, other than the Finance Parties, the Account Bank and (to the extent it is not a Related Party) any Approved Manager and “**Obligor**” means any one of them.

“**OFAC**” means the Office of Foreign Assets Control of the US Department of the Treasury.

**"Operating Expenses"** means, in relation to a Vessel, the aggregate expenditure necessarily incurred by the Vessel Owner which is the owner of that Vessel in operating, insuring, maintaining, repairing and generally trading that Vessel (including crewing fees paid and management fees due under a Technical Management Agreement) and administrative expenses specific to that Vessel, but excluding any share of central costs incurred in operating and managing the fleet under the control of the Ultimate Parent.

**"Original Financial Statements"** means:

- (a) in respect of the Ultimate Parent
  - (i) its unaudited financial statements for the Financial Quarter ended 30 September 2020; and
  - (ii) its audited financial statements for the financial year ended 31 December 2019
- (b) in respect of each Vessel Owner, its balance sheet and income statement as on 30 September 2020.

**"Original Jurisdiction"** means, in relation to an Obligor, the jurisdiction under whose laws that Obligor is incorporated or formed, as applicable, as at the date of this Agreement or, as the case may be, when they have acceded to this Agreement.

**"Parallel Debt"** has the meaning given in Clause 29.28(a) (*Parallel Debt*).

**"Participating Member State"** means any member state of the European Union that adopts or has adopted the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

**"Party"** means a party to this Agreement (together the **"Parties"**).

**"Permitted Dividend"** means a dividend or distribution made by a Vessel Owner to the Borrower, by the Borrower to the Parent or by the Parent to the Ultimate Parent, in conformity with the Dividend / Loan Payment Criteria at the date of the declaration of such dividend or distribution, as certified to the Agent in writing by the Borrower or the Parent (as the case may be).

**"Permitted Holders"** means any investment funds managed and/or advised by Kelso & Company, L.P., including KEP VI (Newco Marine), Ltd. and KIA VIII (Newco Marine), Ltd.

**"Permitted Intercompany Debt"** means any downstream loan from:

- (a) the Ultimate Parent to the Parent;
- (b) the Parent to the Borrower (solely using the proceeds received from the Ultimate Parent); and
- (c) the Borrower to a Vessel Owner (solely using the proceeds received from the Parent),

provided that, in each case, such loan is (i) made under and on the terms contained in the Intra-Company Loan Agreement and (ii) subordinated and subject to the Transaction Security under and in accordance with the terms of the Subordination and Assignment Agreement.

**"Permitted Maritime Lien"** means, in relation to a Vessel:

- (a) unless a Default is continuing, any ship repairer's or outfitter's possessory lien in respect of that Vessel for an amount not exceeding the Major Casualty Amount or the equivalent in any other currency;

- (b) any lien on that Vessel for master's, officer's or crew's wages outstanding in the ordinary course of its trading and in accordance with usual maritime practice;
- (c) liens for salvage;
- (d) liens for master's disbursements incurred in the ordinary course of trading; or
- (e) any other lien arising by operation of law or otherwise in the ordinary course of the operation, repair, maintenance, insurance, dry-docking or chartering of that Vessel or due to the carrying out of any modifications on that Vessel, but not as a result of any default or omission by an Obligor and subject, in the case of liens for repair or maintenance, to paragraph (g) of Clause 22.13 (*Restrictions on chartering etc.*); provided that (i) in each case, no such lien is not more than 30 days outstanding and (ii) such liens are not, in aggregate, for an amount greater than the Major Casualty Amount,

provided that, in the case of a lien arising in connection with the scheduled dry-docking of a Vessel where there is sufficient cash standing to the credit of the relevant Dry Docking Reserve Account to cover the Dry Docking Costs to which such lien relates, any such lien arising in respect of such scheduled dry-docking shall constitute a Permitted Maritime Lien for the purposes of paragraphs (a) and (e) above.

**"Permitted Parent"** means any direct or indirect parent of the Ultimate Parent formed not in connection with, or in contemplation of, a transaction that, assuming such parent was not formed, after giving effect thereto would constitute a Change of Control in respect of the Ultimate Parent.

**"Permitted Security"** means any Security which is:

- (a) granted by the Finance Documents;
  - (b) a Permitted Maritime Lien;
  - (c) approved in writing by the Agent (on behalf of all Lenders);
  - (d) any pledge or set-off right created pursuant to the general banking conditions of the Account Bank; or
- (e) until it is released on a date falling not later one (1) Business Day after the Preposition Date, the Existing Security. **"Permitted Transaction"** means:
- (a) any disposal required, Financial Indebtedness incurred, guarantee, indemnity or Security or Quasi-Security given, or other transaction arising, under the Finance Documents;
  - (b) transactions (other than (i) any sale, lease, license, transfer or other disposal and (ii) the granting or creation of any Security or the incurring or permitting to subsist of Financial Indebtedness) conducted in the ordinary course of trading on arm's length terms;
  - (c) any charter of a Vessel expressly permitted under the terms of the Finance Documents; or
  - (d) the acquisition of the Vessel Owners by the Borrower on a date falling not later than one (1) Business Day after the Preposition Date pursuant to the terms of the Shares Purchase Agreement.

**"Permitted Vessel Disposal"** means a sale of a Vessel by a Vessel Owner provided always that:

- (a) no Event of Default has occurred and is continuing or would occur as a result of the sale;
- (b) the sale is on arm's length terms for cash proceeds payable in full on completion and for no less than its Market Value as at the date of contracting for sale;
- (c) the sale must be to a third party who is not a Related Party;
- (d) (prior to the relevant Vessel Owner entering into a legally binding commitment in relation to such sale) the Agent has received evidence in form and substance satisfactory to it demonstrating that the net sale proceeds from the sale of that Vessel are sufficient to ensure that the prepayment requirements set out in Clause 7.3 (*Mandatory prepayment*) and Clause 7.9 (*Restrictions*) will be satisfied (including but not limited to the requirement to pay all accrued interest, fees, any prepayment fees and other amounts due and payable under the Finance Documents), provided that, if the net sale proceeds are not sufficient to ensure that the prepayment requirements set out in Clause 7.3 (*Mandatory prepayment*) and Clause 7.9 (*Restrictions*) will be satisfied, the Ultimate Parent shall be permitted to provide additional funds in order satisfy any such shortfall on the condition that such additional funds shall be (i) provided by the Ultimate Parent and down-streamed to an account of the Borrower by way of a Permitted Intercompany Loan and/or a Fresh Equity Injection and such account is blocked and pledged in favour of the Security Agent on or before the date that any legal commitment (whether by way of any memorandum of agreement or otherwise) is provided for the sale and purchase of the Vessel, and (ii) released to the Security Agent upon the sale of the Vessel for application towards the Borrower's prepayment obligations under Clause 7.3 (*Mandatory Prepayment*);
- (e) upon completion of the sale of that Vessel the net sale proceeds are immediately applied in prepayment in accordance with Clause 7.3 (*Mandatory prepayment*) and Clause 7.9 (*Restrictions*) and in payment of such other amounts due and payable under the Finance Documents; and
- (f) upon completion of the sale of that Vessel, the VTL Coverage set out in Clause 25.1(a) (*Additional security*) shall be maintained for any remaining Vessels.

**"Pool A Vessels"** means each of m.vs. "GSL Nicoletta", "GSL Christen", "Tasman", "Dimitris Y" and "Ian H".

**"Pool B Vessels"** means each of m.vs. "GSL Keta", "GSL Julie", "Kumasi", "Marie Delmas", "CMA CGM La Tour", "CMA CGM Manet", "CMA CGM Alcazar", "GSL Château d'If", "CMA CGM Thalassa", "CMA CGM Jamaica", "CMA CGM Sambhar", "CMA CGM America", "CMA CGM Berlioz", "MSC Qingdao", "GSL Ningbo" and "MSC Tianjin".

**"Prepayment Fee"** means, in respect of any amount of principal prepaid under Clause 7 (*Prepayment and Cancellation*):

- (a) the Make Whole Amount if the prepayment occurs on or before the date falling 24 months after the Utilisation Date of the amount prepaid;
- (b) 3% of the amount prepaid if the prepayment occurs following the date falling 24 months after the Utilisation Date of the amount prepaid but on or before the date falling 36 months after the Utilisation Date of the amount prepaid;
- (c) 1.5% of the amount prepaid if the prepayment occurs following the date falling 36 months after the Utilisation Date of the amount prepaid but on or before the date falling 48 months after the Utilisation Date of the amount prepaid; and

(d)nil if the prepayment occurs following the date falling 48 months after the Utilisation Date of the amount prepaid. "**Preposition Date**" has the meaning given in Clause 5.6 (*Prepositioning of funds*).

"**Quarter Date**" means 31st March, 30th June, 30th September and 31st December of each calendar year. "**Quasi-Security**" has the meaning given to that term in Clause 21.8 (*Negative pledge*).

"**Quotation Day**" means, in relation to any period for which an interest rate is to be determined, two (2) Business Days before the first day of that period unless market practice differs in the Relevant Interbank Market in which case the Quotation Day will be determined by the Agent in accordance with market practice in the Relevant Interbank Market (and if quotations would normally be given by leading banks in the Relevant Interbank Market on more than one day, the Quotation Day will be the last of those days).

"**Receiver**" means a receiver or receiver and manager or administrative receiver of the whole or any part of the Security Property.

"**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 Bank could borrow funds in the Relevant Interbank Market in Dollars 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 the principal London offices of Barclays Bank PLC, Lloyds Bank plc and HSBC Bank plc, or such other banks as may be appointed by the Agent in consultation with the Borrower.

"**Related Fund**" in relation to a fund (the "**first fund**"), means a fund which is managed or advised by the same investment manager or investment adviser as the first fund or, if it is managed by a different investment manager or investment adviser, a fund whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the first fund.

"**Related Party**" means any member of the Group or any of their respective Affiliates (or any officer, employee or director of any member of the Group or of any of their respective Affiliates) or any person which directly or indirectly owns more than 5% of the shares of the Ultimate Parent either alone and/or with other persons with whom it is acting in concert.

"**Relevant Affiliate**" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "*control*," as used with respect to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "*controlling*," "*controlled by*" and "*under common control with*" have correlative meanings.

"**Relevant Document**" means:

- (a) any Finance Document;
- (b) any Management Agreement;
- (c) each Charter;
- (d) any Intra-Company Loan Agreement; and
- (e) any other document designated as such by the Agent and any Obligor.

**"Relevant Interbank Market"** means the London interbank market.

**"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.

**"Relevant Subsidiary"** means, with respect to any specified person:

- (a) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that person or one or more Subsidiaries of such person (or a combination thereof); and
- (b) any other person of which at least a majority of the voting interest (without regard to the occurrence of any contingency) is at the time directly or indirectly owned by such person or one or more Subsidiaries of such person (or a combination thereof).

**"Repeating Representations"** means each of the representations set out in Clause 18 (*Representations and warranties*), other than Clauses 18.8 (*Insolvency*), 18.9 (*No filing or stamp taxes*), 18.13 (*No proceedings pending or threatened*), 18.14 (*Taxes and VAT*) and

18.31 (*Vessel*) and any representation in any other Finance Document which is expressed to be a "Repeating Representation" or is otherwise expressed to be repeated.

**"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 that 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 Vessel:

- (a) any and all compensation or other monies payable by reason of any act or event such as is referred to in paragraph (b) or (c) of the definition of "Total Loss" relating to that Vessel; and
- (b) all claims, rights and remedies of the relevant Vessel Owner against the government or official authority or person or persons claiming to be or to represent a government or official authority or other entity in relation to (a) above.

**"Resolution Authority"** means any body which has authority to exercise any Write-down and Conversion Powers.

**"Restricted Person"** means a person that is:

- (a) listed on, or owned or controlled by a person listed on any Sanctions List;
- (b) located in, incorporated under the laws of, or owned or controlled by, or acting on behalf of, a person located in or organised under the laws of a Sanctioned Country; or
- (c) otherwise a target of Sanctions (being a person with whom a US person or other national under the jurisdiction of a Sanctions Authority would be prohibited or restricted by law from engaging in trade, business or other activities or against whom Sanctions are otherwise directed).

**"Sanctioned Country"** means a country or territory that is, or whose government is, the subject of Sanctions broadly prohibiting dealings with such government, country or territory, including, without limitation, as at the date of this Agreement, the Crimea region of Ukraine, Cuba, Iran, North Korea and Syria.

**"Sanctions"** means any economic or trade sanctions, laws, embargoes, regulations, freezing provisions, prohibitions or other restrictions relating to trading, doing business, investment, exporting, financing or making assets available (or other activities similar to or connected with any of the foregoing):

- (a) imposed by law or regulation of the United Kingdom, the Council of the European Union or any of its Members States, the United Nations or its Security Council or the government of the United States of America, whether or not any Obligor or any Affiliate is legally bound to comply with the foregoing;
- (b) the respective governmental institutions and agencies of any of the foregoing, including without limitation, OFAC, the United States Department of State, and the Office of Financial Sanctions Implementation Her Majesty's Treasury (OFSI) (together, the **"Sanctions Authorities"**); or
- (c) otherwise imposed by any law or regulation by which any Obligor or any Affiliate of any of them is bound or, as regards a regulation, compliance with which is reasonable in the ordinary course of business of any Obligor or any Affiliate of any of them.

**"Sanctions List"** means the "Specially Designated Nationals and Blocked Persons" list issued by OFAC, the "Consolidated List of Financial Sanctions Targets and Investment Ban List" issued by OFSI, or any similar list issued or maintained or made public by any of the Sanctions Authorities that has the effect of prohibiting transactions with such persons.

**"Scrap Exposure"** means, in relation to all Mortgaged Vessels, an amount in Dollars equal to (A) divided by (B), where:

- (A) is the aggregate amount of the Loan outstanding; and
- (B) is the aggregate lightweight tonnage of the Mortgaged Vessels.

**"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 the relevant currency and period displayed on pages LIBOR01 or LIBOR02 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on 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 the service ceases to be available, the Agent may specify another page or service displaying the relevant rate after consultation with the Borrower.

**"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;
    - (iv) the administrator of that Screen Rate or its supervisor announces that that Screen Rate may no longer be used;
    - (v) in the case of a Screen Rate for LIBOR, the supervisor of the administrator of that Screen Rate makes a public announcement or publishes information:
      - (A) stating that that Screen Rate is no longer or, as of a specified future date will no longer be, representative of the underlying market or economic reality that it is intended to measure and that representativeness will not be restored (as determined by such supervisor); and
      - (B) with awareness that any such announcement or publication will engage certain triggers for fallback provisions in contracts which may be activated by any such pre-cessation announcement or publication;
  - (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 the period opposite that Screen Rate in Schedule 13 (*Screen Rate contingency periods*); 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.

**"Secured Liabilities"** means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Obligor to any Finance Party under or in connection with any Finance Document.

**"Secured Notes Redemption Notice"** has the meaning given in Clause 5.6(a) (*Prepositioning of funds*).

**"Secured Party"** means each Finance Party, from time to time party to this Agreement, any Receiver or any Delegate (together the **"Secured Parties"**).

**"Security"** means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

**"Security Documents"** means:

- (a) any Mortgage;
- (b) any Deed of Covenants;
- (c) any General Assignment;
- (d) any Accounts Security;
- (e) any Charter Assignment;
- (f) any Guarantee;
- (g) any Manager's Undertaking;
- (h) any Share Charge;
- (i) any Subordination and Assignment Agreement; and
- (j) any other document as may be executed to guarantee and/or secure any amounts owing to the Finance Parties under any Finance Document.

**"Security Property"** means:

- (a) the Transaction Security expressed to be granted in favour of the Security Agent as trustee for the Secured Parties and all proceeds of that Transaction Security;
- (b) all obligations expressed to be undertaken by an Obligor to pay amounts in respect of the Secured Liabilities to the Security Agent as trustee for the Finance Parties and secured by the Transaction Security together with all representations and warranties expressed to be given by an Obligor or any other person in favour of the Security Agent as trustee for the Finance Parties;
- (c) the Security Agent's interest in any turnover trust created under the Finance Documents; and

(d) any other amounts or property, whether rights, entitlements, choses in action or otherwise, actual or contingent, which the Security Agent is required by the terms of the Finance Documents to hold as trustee on trust for the Secured Parties.

**"Senior Secured Notes"** means the 9.875% First Priority Secured Notes due 2022 issued by the Ultimate Parent pursuant to the indenture dated 31 October 2017 (as amended or supplemented from time to time) between, amongst others, the Ultimate Parent and Citibank N.A., London Branch.

**"Share Charges"** means together:

(a) the share security deed granted or to be granted (as the context so requires) by the Parent in favour of the Security Agent over all of the limited liability company interests in the Borrower; and

(b) each share security deed granted or to be granted (as the context so requires) by the Borrower in favour of the Security Agent over the entire share capital in or all of the limited liability company interests of (as applicable) each Vessel Owner,

in each case in the agreed form (and each a **"Share Charge"**).

**"Shares Purchase Agreement"** means any share purchase agreement between the Ultimate Parent and the Borrower in respect of the acquisition by the Borrower of each of the Vessel Owners.

**"Specified Time"** means a time determined in accordance with Schedule 8 (*Timetables*).

**"Subordination and Assignment Agreement"** means a subordination and assignment agreement entered into or to be entered into by the Transaction Obligors and the Security Agent in the agreed form.

**"Subsidiary"** means a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006.

**"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).

**"Technical Management Agreement"** means, in relation to a Vessel, any technical management agreement entered into or to be entered into (as applicable) between the Vessel Owner owning that Vessel and an Approved Technical Manager in form and substance acceptable to the Agent (acting reasonably and without delay, and on the instructions of the Majority Lenders).

**"Termination Date"** means:

(a) the date falling on the fifth (5th) anniversary of the Utilisation Date, provided that the Utilisation Date occurs on or before 15 January 2021; and

(b) 15 January 2026, if the Utilisation Date occurs after 15 January 2021.

**"Total Assets"** means, at any financial testing date under this Agreement, the consolidated total assets of Ultimate Parent and its Subsidiaries at that date as determined in accordance with GAAP.

**"Total Commitments"** means the aggregate of the Commitments.

**"Total Liabilities"** means, at any financial testing date under this Agreement, the consolidated total liabilities of Ultimate Parent and its Subsidiaries at that date as determined in accordance with GAAP.

**"Total Loss"** means, in relation to a Vessel:

- (a) any actual, constructive, compromised, agreed or arranged total loss of that Vessel;
- (b) any expropriation, confiscation, requisition or acquisition of that Vessel (excluding requisition for hire) , whether or not for consideration (full, partial or nominal), which is effected by any government or official authority or by any person or persons claiming to be or to represent a government or official authority; and
- (c) any arrest, capture, seizure or detention of that Vessel (including any hijacking or theft) unless it is within sixty (60) days redelivered to the relevant Vessel Owner's full control.

**"Total Loss Date"** means, in relation to a Vessel:

- (a) in the case of an actual loss of that Vessel, the date on which it occurred or, if that is unknown, the date when that Vessel was last heard of;
- (b) in the case of a constructive, compromised, agreed or arranged total loss of that Vessel, the earliest of:
  - (i) the date on which a notice of abandonment is given to the insurers; and
  - (ii) the date of any compromise, arrangement or agreement made by or on behalf of the relevant Vessel Owner with that Vessel's insurers in which the insurers agree to treat that Vessel as a total loss.

**"Transaction Obligors"** means the Borrower, the Vessel Owners, the Parent and the Ultimate Parent.

**"Transaction Security"** means the Security created or evidenced or expressed to be created or evidenced under the Security Documents.

**"Transfer Certificate"** means a certificate substantially in the form set out in Schedule 4 (*Form of Transfer Certificate*) or any other form agreed between the Agent and the Borrower.

**"Transfer Date"** means, in relation to an assignment or a transfer, the later of:

- (a) the proposed Transfer Date specified in the relevant Assignment Agreement or Transfer Certificate; and
- (b) the date on which the Agent executes the relevant Assignment Agreement or Transfer Certificate.

**"UK Bail-In Legislation"** means Part I of the United Kingdom Banking Act 2009 and any other law or regulation applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (otherwise than through liquidation, administration or other insolvency proceedings).

**"Ultimate Parent Group"** means the Ultimate Parent and its Subsidiaries for the time being.

**"Ultimate Parent Merger Conditions"** means, in relation to any proposed merger by the Ultimate Parent with any other person:

- (a) the Ultimate Parent would, following such merger, remain the surviving entity of any such merger process;
- (b) no Default has occurred at the relevant time or would be triggered as a result of such merger process;

- (c) such merger process would not have a Material Adverse Effect; and
- (d) the Net Worth of the Ultimate Parent (as the surviving entity in such merger) would, following completion of such merger process, not be less than its Net Worth immediately prior to such merger process.

“**Unpaid Sum**” means any sum due and payable but unpaid by an Obligor under any Finance Document.

“**US Tax Obligor**” means:

- (a) an Obligor which is resident for tax purposes in the United States of America; or
- (b) an Obligor some or all of whose payments under the Finance Documents are from sources within the US for US federal income tax purposes.

“**Utilisation**” means the utilisation of the Facility.

“**Utilisation Date**” means the date of the Utilisation, being the date on which that Utilisation is to be made.

“**Utilisation Request**” means a notice substantially in the form set out in Schedule 3 (*Utilisation Request*).

“**Valuation**” means, in relation to a Vessel, a valuation prepared:

- (a) as at a date not more than fifteen (15) days previously or, in the case of a valuation prepared for the purposes of Clause 4 (*Conditions of Utilisation*), not more than thirty (30) days previously;
- (b) by an Approved Broker;
- (c) with or without physical inspection of the Vessel (as the Agent may require);
- (d) on the basis of an “as is, where is” sale for prompt delivery for cash on normal arm’s length commercial terms as between a willing seller and a willing buyer, free of any existing charter or other contract of employment.

“**VAT**” means:

- (a) any value added tax imposed by the Value Added Tax Act 1994;
- (b) 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
- (c) any other tax of a similar nature, whether imposed in the United Kingdom or in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraphs (a) or (b) above, or imposed elsewhere.

“**Vessels**” means each Vessel described in Schedule 9 (*Details of Vessels*) (each a “**Vessel**”) except to the extent it has been sold or has become a Total Loss or is no longer a Mortgaged Vessel.

“**Voting Stock**” means, of any person as of any date, the Capital Stock of such person that is at the time entitled to vote in the election of the Board of Directors of such person.

“**VTL Coverage**” has the meaning given to such term in Clause 25.1 (*Additional security*).

“**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 other than the UK 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
  - (ii) any similar or analogous powers under that Bail-In Legislation; and
- (c) in relation to the UK Bail-In Legislation any powers under that UK 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 UK Bail-In Legislation that are related to or ancillary to any of those powers.

## 1.2 Construction

- (a) Unless a contrary indication appears, a reference in this Agreement to:
  - (i) the "**Account Bank**", the "**Agent**", any "**Finance Party**", any "**Lender**", any "**Obligor**", any "**Party**", any "**Secured Party**", the "**Security Agent**" or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees to, or of, its rights and/or obligations under the Finance Documents and, in the case of the Security Agent, any person for the time being appointed as Security Agent or Security Agents in accordance with the Finance Documents;
  - (ii) an "**agency**" of a state includes any local or other authority, self-regulating or other recognised body or agency, central or federal bank, department, government, legislature, minister, ministry, self-regulating organisation, official or public or statutory person (whether autonomous or not) or, or of the government of, that state or political sub-division in or of that state;
  - (iii) a document in "**agreed form**" is a document which is previously agreed in writing by or on behalf of any Obligor party to it and the Agent or, if not so agreed, is in the form and substance specified by the Agent (acting with the instructions of all Lenders);
  - (iv) "**approved**" means approved in writing by the Agent, acting on the instructions of the Majority Lenders;
  - (v) "**assets**" includes present and future properties, revenues and rights of every description;

- (vi) **"authorisation"** means an authorisation, consent, approval, resolution, licence, exemption by a person by whom the same is required by law;
- (vii) **"disposal"** includes a sale, transfer, assignment, grant, lease, licence, declaration of trust or other disposal, whether voluntary or involuntary, and "dispose" will be construed accordingly;
- (viii) the **"equivalent"** of an amount specified in a particular currency ("specific currency amount") shall be construed as a reference to the amount of the other relevant currency which can be purchased with the specific currency amount in the London foreign exchange market at 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 such purchase being the "Agent's spot rate of exchange");
- (ix) **"excess risks"** means, in relation to a Vessel, the proportion (if any) of claims for general average, salvage and salvage charges not recoverable under the hull and machinery insurances in respect of that Vessel in consequence of the value at which a Vessel is assessed for the purpose of such claims exceeding its insured value;
- (x) a **"Finance Document"** or **"Relevant Document"** or any other agreement or instrument is a reference to that Finance Document or Relevant Document or other agreement or instrument as amended, novated, supplemented, extended or restated from time to time;
- (xi) **"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;
- (xii) **"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;
- (xiii) **"month"** means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:
  - (A) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;
  - (B) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and
  - (C) the above rules will only apply to the last month of any period;
- (xiv) **"obligatory insurances"** means all insurances effected, or which any Vessel Owner is required to effect, under Clause 23.2 (*Maintenance of Obligatory Insurances*) or any other provision of any Finance Document;
- (xv) a **"person"** includes any individual, firm, company, corporation, limited liability company, government, state or agency of a state or any association, trust, joint venture, consortium or partnership or other entity (whether or not having separate legal personality);

- (xvi) a "**policy**" in relation to any insurance, includes a slip, cover note, certificate of entry or other document evidencing the contract of insurance or its terms;
  - (xvii) "**protection and indemnity risks**" means the usual risks covered by a protection and indemnity association that is a member of the International Group of P&I Clubs, including pollution risks and the proportion (if any) of any sums payable to any other person or persons in case of collision which are not recoverable under the hull and machinery policies by reason of the incorporation in them of clause 6 of the International Time Clauses (Hulls)(1/11/02 or 1/11/03) or clause 8 of the Institute Time Clauses (Hulls) (1/10/83) or the Institute Amended Running Down Clause (1/10/71) or any equivalent provision;
  - (xviii) a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law and, in the case of any request or guideline, with which it would, in the normal course of its business comply) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or organisation;
  - (xix) "**war risks**" includes the risk of mines and all risks excluded by clause 29 of the Institute Hull Clauses (1/11/02 or 1/11/03) or clause 24 of the Institute Time clauses (Hulls) (1/11/1995) or clause 23 of the Institute Time Clauses (Hulls) (1/10/83);
  - (xx) words importing the plural shall include the singular and vice versa and words importing a gender shall include every gender;
  - (xxi) a provision of law is a reference to that provision as amended or re-enacted; and
  - (xxii) a time of day is a reference to London time.
- (b) Section, Clause and Schedule headings are for ease of reference only.
  - (c) 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.
  - (d) 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.

### 1.3 Third Party Rights

- (a) Unless expressly provided to the contrary in a Finance Document a person who is not a Party 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 this Agreement.
- (b) Notwithstanding any term of any Finance Document the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.
- (c) Any Receiver, Delegate or any person described in Clause 1.1 (*Definitions*) may, subject to this Clause 1.3(c) and the Third Parties Act, rely on any Clause of this Agreement which expressly confers rights on it.

### 1.4 Anti-Boycott

- (a) No provision of this Agreement shall require any Obligor to take or omit to take any action or to make any representation or agreement, to comply with, further or support, any embargo or boycott where such action or omission would:

- (i) be unenforceable by or in respect of that Obligor by reason of breach of any applicable Blocking Law; or
- (ii) in the reasonable opinion of that Obligor, result in a reporting obligation or adverse tax consequences for that Obligor or its affiliates by reason of any applicable Blocking Law,

in which event the Obligor invoking this Clause 1.4 shall promptly notify the Agent of the specific action(s) it is not taking or the specific representation or agreement it is not making or entering into pursuant to this Clause (giving sufficient detail as to the legal reasoning), but failure to make such notification shall not affect the applicability of this Clause 1.4.

- (b) The Obligors are not required to comply with any provision of this Agreement to the extent that such compliance is prohibited by or conflicts with a Blocking Law.

#### **1.5 Conflict**

In the event of conflict between the provisions of this Agreement and any other Finance Documents, unless a contrary intention appears the provision of this Agreement shall prevail.

#### **2. The Facility 2.1 The Facility**

Subject to the terms of this Agreement, the Lenders shall make available to the Borrower a term loan facility in a single advance in an amount not exceeding the Maximum Loan Amount (as adjusted in accordance with the terms of this Agreement).

#### **2.2 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.
- (c) A Finance Party may, except as otherwise stated in the Finance Documents, separately enforce its rights under the Finance Documents.

#### **3. Purpose**

##### **3.1 Purpose**

The Borrower shall apply all amounts borrowed by it under the Facility only for the purpose of refinancing the existing indebtedness incurred in relation to the Senior Secured Notes or payment of any fees, costs or expenses payable under this Agreement.

### 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 Borrower may not deliver the Utilisation Request unless the Agent, or its duly authorised representative, has received all of the documents and other evidence listed in Schedule 2 Part I (*Conditions Precedent to Utilisation Request*) in form and substance satisfactory to the Agent. The Agent shall notify the Obligors and the Lenders promptly upon being so satisfied.

### 4.2 Utilisation conditions precedent

The Lenders will only be obliged to comply with Clause 5.4 (*Lenders' participation*) in relation to the Utilisation if:

- (a) in respect of the Utilisation Date (and prior to the Utilisation), the Agent has received all of the documentation and other evidence listed in Schedule 2Part II (*Conditions Precedent to Utilisation*) in form and substance satisfactory to the Agent;
- (b) on the date of the Utilisation Request and on the proposed Utilisation Date:
  - (i) no Default is continuing or would result from the proposed Utilisation;
  - (ii) all representations and warranties under any of the Finance Documents made or to be made by an Obligor are true and accurate as at that date with reference to the facts and circumstances then existing;
  - (iii) the provisions of Clause 10.3 (*Alternative basis of interest or funding*) do not apply; and
  - (iv) the relevant Vessel has not been the subject of a sale (or binding commitment to sell) by the relevant Vessel Owner or Total Loss; and
- (c) the Utilisation requested is not for more than the Maximum Loan Amount.

### 4.3 Waiver of Conditions Precedent

If the Agent, acting upon the instructions of all Lenders (which authorisation the relevant Lenders shall have full power to withhold), permits the Utilisation of the Facility before certain of the conditions referred to in Clause 4.2(a) and/or Clause 4.2(b) are satisfied, the Borrower shall ensure that such conditions are satisfied with five (5) Business Days after the Utilisation Date (or such longer period as the Agent may, with the authorisation of all Lenders, specify) and any failure of the Borrower to do so within that period shall constitute an immediate Event of Default.

### 4.4 Conditions subsequent

- (a) The Borrower undertakes to deliver or to cause to be delivered to the Agent within thirty (30) days after the Utilisation Date the relevant additional documents and other evidence listed in paragraphs (1) to (7) of Schedule 2Part III (*Conditions Subsequent*).
- (b) The Borrower undertakes to deliver or to cause to be delivered to the Agent no later than the earlier to occur of (i) the date of redemption of the Senior Secured Notes and (ii) the date falling one (1) Business Day after the Preposition Date, the relevant additional documents and other evidence listed in paragraphs (8) to (16) of Schedule 2Part III (*Conditions Subsequent*).

## 5. Utilisation

### 5.1 Delivery of Utilisation Request

The Borrower may utilise the Facility by delivery to the Agent of a duly completed Utilisation Request not later than the Specified Time (or such shorter period as the Agent may agree in its sole discretion, acting on the instructions of the Lenders).

### 5.2 Completion of Utilisation Request

The Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:

- (a) the proposed Utilisation Date is a Business Day within the Availability Period;
- (b) the currency and amount of the Utilisation comply with Clause 5.3 (*Currency and amount*);
- (c) it specifies the account and bank to which the proceeds of that Loan are to be credited.

### 5.3 Currency and amount

- (a) The currency specified in the Utilisation Request must be Dollars.
- (b) The amount of the proposed Utilisation must be an amount which is not more than the Maximum Loan Amount.
- (c) There shall be no more than one (1) Utilisation in total.

### 5.4 Lenders' participation

- (a) If the conditions set out in this Agreement have been met, each Lender shall make its participation in the Loan available by the Utilisation Date through its Facility Office.
- (b) The amount of each Lender's participation in the Utilisation will be equal to the proportion borne by its Available Commitment to the Available Facility immediately prior to making the Utilisation.
- (c) The Agent shall notify each Lender of the amount of the Utilisation and the amount of its participation in the Utilisation by the Specified Time.

### 5.5 Disbursement

The Agent shall, on the Utilisation Date, pay to, or for the account of, the Borrower or the relevant Vessel Owner (as the case may be) the amount which the Agent receives from the Lenders in respect of the Utilisation, such payment to be made in like funds as the Agent so receives from the Lenders to the account as specified in the Utilisation Request.

### 5.6 Prepositioning of funds

If, in respect of the Utilisation, the Agent, at the request of the Borrower and on terms acceptable to the Agent (acting on the instructions all Lenders, which approval they shall have full power to withhold), prepositions (either from an account of the Agent or an Affiliate of the Agent) any funds with Citibank, N.A., London Branch ("**Citibank**") as directed by the Borrower in the Utilisation Request (the date that Citibank confirms receipt of such prepositioned funds, the "**Preposition Date**"):

- (a) the Borrower shall procure that the redemption notice provided by the Ultimate Parent in respect of the Senior Secured Notes (the "**Secured Notes Redemption Notice**") is in the agreed form, including a condition that the prepositioned funds shall not be released to Citibank without the Ultimate Parent's confirmation of the satisfaction of the conditions precedent to Utilisation ("**Redemption Condition**");
- (b) the Ultimate Parent undertakes and agrees not to:
  - (i) confirm satisfaction of the Redemption Condition;
  - (ii) rescind the Secured Notes Redemption Notice;
  - (iii) agree to a change in the redemption date from that stated in the Secured Notes Redemption Notice (the "**Senior Notes Redemption Date**"), in each case without the prior written authorisation of the Agent (which authorisation may be issued by email);
- (c) the Ultimate Parent undertakes and agrees to confirm satisfaction of the Redemption Condition immediately upon instruction by the Agent to do so (which instruction may be issued by email);
- (d) the Agent will give the instruction referred to in paragraph (c) above upon the confirmation of receipt by Citibank of the redemption amount set out in the Secured Notes Redemption Notice (the "**Redemption Amount**"), provided such confirmation is given by Citibank either:
  - (i) at or any time or date prior to 10am (New York time) on the Secured Notes Redemption Date; or
  - (ii) after 10am (New York time) on the Secured Notes Redemption Date or on the Business Day following the Secured Notes Redemption Date, provided in either case that Citibank further confirms that it will apply the Redemption Amount to redeem the Senior Secured Notes on that date;
- (e) each Lender agrees to fund its participation in the Utilisation on a day not more than two (2) Business Days after the Agent confirms receipt of:
  - (i) a validly served Utilisation Request; and
  - (ii) all of the documentation and other evidence listed in Schedule 2Part II (*Conditions Precedent to Utilisation*) in form and substance satisfactory to the Agent, other than the documentation and evidence which the Borrower demonstrates to the satisfaction of the Agent that it will not be able to obtain until the Utilisation Date (such other documentation and evidence that remains outstanding, the "**Closing CPs**");
- (f) the Borrower shall, without duplication, indemnify each Finance Party against any costs, loss or liability it may incur in connection with such arrangement;
- (g) the date on which the Lenders fund the Utilisation or any part of the Utilisation for the purposes of transfer to Citibank constitutes the Utilisation Date and the Borrower agrees to pay interest on the amount of the funds so prepositioned at the rate described in Clause 8.1 (*Calculation of interest*) on the basis of successive interest periods of one day and so that interest shall be paid together with the first payment of interest on the Loan after the Utilisation Date in respect of it or, if the Utilisation Date does not occur, within three (3) Business Days of demand by the Agent; and
- (h) if all the conditions stipulated in Schedule 2Part II have not been satisfied by 5.00 p.m. on the first Business Day following the Utilisation Date requested in the Utilisation Request:

- (i) the Borrower shall procure that the proceeds of the Utilisation are returned to the Agent in full (who in turn shall return them to the Lenders);
- (ii) the Borrower shall pay all accrued interest and fees in respect of such returned proceeds in accordance with paragraph (g) above;
- (iii) the Borrower may submit a further Utilisation Request for re-advance of the proposed Utilisation during the Availability Period if:
  - (A) the Borrower has not previously submitted a reissued Utilisation Request for re-advance of the Loan pursuant to this Clause 5.6 (*Prepositioning of funds*); and
  - (B) the Borrower procures that the Agent is provided with such confirmations of the continuing effectiveness of the terms of the Finance Documents as the Agent may require.

## 6. Repayment

### 6.1 Repayment Instalments

- (a) The Loan shall be repaid by the Borrower in twenty (20) equal consecutive quarterly instalments of US\$6,560,000 (to be applied *pro rata* against each Notional Vessel Tranche) commencing on 31 March 2021 and thereafter on each subsequent Quarter Date, provided that the last repayment instalment shall not overrun the Termination Date and such amounts may be adjusted in accordance with Clause 6.4 (*Adjustment of Repayment Instalments*).
- (b) The balance of the Loan shall be repaid in full as a balloon repayment on the Termination Date, together with all other amounts then due and outstanding under the Finance Documents (the "**Balloon Instalment**").

### 6.2 No Reborrowing

Amounts of the Loan which are repaid or prepaid shall not be available for reborrowing other than in accordance with Clause 5.6(h).

### 6.3 Release of Security

If no Event of Default is continuing, simultaneously with completion of a Permitted Vessel Disposal by a Vessel Owner (in accordance with the terms and conditions of this Agreement) and prepayment in full of the relevant Notional Vessel Tranche and all other amounts pre-payable or payable under the Finance Documents in connection with such Permitted Vessel Disposal, the Security Agent shall, at the request and cost of the Borrower, release, without recourse or warranty, each of the following Security Documents:

- (a) the Mortgage in respect of the relevant Vessel;
- (b) if applicable, the Deed of Covenants in respect of the relevant Vessel;
- (c) the General Assignment in respect of the relevant Vessel;
- (d) any Charter Assignment in respect of the relevant Vessel; and
- (e) each Manager's Undertaking in respect of the relevant Vessel.

### 6.4 Adjustment of Repayment Instalments

If the Total Commitments are not utilised in full, the amount of each Repayment Instalment for the Loan shall be reduced *pro rata* by the unutilised amount.

**7. Prepayment and cancellation 7.1 Illegality**

If, in any applicable jurisdiction, it becomes unlawful for any Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in the Loan or any part of the Loan or it becomes unlawful for any Affiliate of a Lender for that Lender to do so:

- (a) that Lender shall promptly notify the Agent upon becoming aware of that event;
- (b) upon the Agent notifying the Borrower, the Commitment of that Lender will be immediately cancelled; and
- (c) the Borrower shall repay that Lender's participation in the Loan on the last day of the Interest Period for the 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) If a Change of Control occurs, then:
  - (i) the Borrower shall promptly notify the Agent upon becoming aware of that event;
  - (ii) no Lender shall be obliged to fund the Utilisation; and
  - (iii) the Loan, together with accrued interest, and all other amounts accrued under the Finance Documents shall become immediately due and payable, whereupon the Total Commitments will be cancelled and all such outstanding amounts will become immediately due and payable
- (b) For the avoidance of doubt, no merger by the Ultimate Parent which satisfies the Ultimate Parent Merger Conditions shall constitute a Change of Control for the purposes of this Clause 7.2.

**7.3 Mandatory prepayment**

- (a) If a Vessel is sold or becomes a Total Loss, the Borrower shall be obliged to (and without prejudice to the restrictions on sale of a Vessel and/or insurance covenants and requirements as otherwise provided in the Finance Documents) prepay, as a minimum amount, the aggregate of:
  - (i) the outstanding balance of the Notional Vessel Tranche relating to the subject Vessel; and
  - (ii) such amount of the balance of the Loan that would be required to be prepaid in order to ensure that:
    - (A) the LTV Ratio immediately after the sale or Total Loss (and, for the purposes of such calculation, the Vessel which is sold or which becomes a Total Loss shall be excluded but the aggregate value of any additional security provided pursuant to Clause 25 (*Security Shortfall*) shall be included to the extent that such additional security has not been released pursuant to Clause 25.2 (*Release of additional security*)) is no greater than the LTV Ratio immediately prior to such sale or Total Loss (including the Vessel which is sold or which becomes a Total Loss); and

- (B) the Scrap Exposure immediately after the sale or Total Loss (and, for the purposes of such calculation, the Vessel which is sold or which becomes a Total Loss shall be excluded) is no greater than the Scrap Exposure immediately prior to such sale or Total Loss (including the Vessel which is sold or which becomes a Total Loss).
- (b) If a Vessel is sold or becomes a Total Loss, the required amount in sub-clause (a) shall be prepaid on the date on which the sale is completed by delivery of that Vessel to the buyer or, if that Vessel becomes a Total Loss, on the earlier of the date falling one hundred and thirty (130) days after the Total Loss Date and two (2) Business Days after the date of receipt by the Agent of the proceeds of insurance relating to such Total Loss.
- (c) Any prepayments of principal under this Clause 7.3 shall be applied firstly in repayment of the then principal outstandings under the Notional Vessel Tranche relating to that Vessel and any balance to be applied against the other Notional Vessel Tranches pro rata.
- (d) Any remaining proceeds of the sale or Total Loss of a Vessel after the mandatory prepayments in paragraph (a) above have been made shall be released to the Borrower for use in a manner which is not prohibited by the Finance Documents, provided that if an Event of Default has occurred and is continuing such remaining proceeds shall be applied in full in prepayment of the Loan in accordance with paragraph (c) above.
- (e) If there is any loss in respect of a Vessel or a claim under the Insurances in respect of a Vessel exceeding the Major Casualty Amount which in each case is not a Total Loss, the Borrower irrevocably authorises, and shall procure that all such things are done to enable the Agent to apply any proceeds received from such loss or claim as a prepayment against the relevant Notional Vessel Tranche relating to that Vessel unless such proceeds are applied within ninety (90) days, or such longer period as the Borrower can demonstrate to the satisfaction of the Agent is necessary to effect the repairs to the Vessel, of being received towards repairing the relevant Vessel in accordance with the relevant Security Documents (or otherwise are used to reimburse the Borrower for amounts made for such repair) and during which time the Borrower, the Parent, the Ultimate Parent and the Vessel Owners shall procure that such funds are immediately credited to and remain in the Earnings Account on and from their receipt.

#### **7.4 Automatic cancellation**

The unutilised Commitment (if any) of each Lender shall be automatically cancelled at the earlier of (i) close of business on the date on which the Loan is made available and (ii) at the end of the Availability Period.

#### **7.5 Voluntary cancellation**

- (a) The Borrower may, upon giving to the Agent not less than five (5) Business Days' prior notice, cancel the whole or any part of the Available Facility (but, if in part, being an amount that reduces the Available Facility by a minimum amount of US\$500,000 and thereafter in increments of US\$500,000 (or the full remaining Available Facility)).
- (b) Any cancellation under this Clause 7.5 shall reduce the Available Commitments of the Lenders rateably.

#### **7.6 Voluntary prepayment**

- (a) The Borrower may, upon giving to the Agent not less than five (5) Business Days' prior notice, prepay the whole or any part of the Loan (but, if in part, being an amount that reduces the amount of the Loan by a minimum amount of US\$500,000 and thereafter in increments of US\$500,000).

- (b) The Loan may only be prepaid pursuant to this Clause 7.6 after the last day of the Availability Period (or, if earlier, the day on which the Available Facility is zero).
- (c) Any partial prepayments under this Clause 7.6 shall be applied against the Loan pro rata as between each Notional Vessel Tranche.

**7.7 Right of replacement or repayment and cancellation in relation to a single Lender**

- (a) If:
  - (i) any sum payable to any Lender by an Obligor is required to be increased under paragraph (b) of Clause 12.2 (*Tax gross-up*); or
  - (ii) any Lender claims indemnification from the Company under Clause 12.3 (*Tax indemnity*) or Clause 13.1 (*Increased costs*),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(s) of that Lender and its intention to procure the repayment of that Lender's participation in the Loan or give the Agent notice of its intention to replace that Lender in accordance with paragraph (d) below.
- (b) On receipt of a notice of cancellation referred to in paragraph (a) above, the Commitment(s) of that Lender shall immediately be reduced to zero.
- (c) On the last day of each Interest Period which ends after the Borrower has given notice of cancellation under paragraph (a) above (or, if earlier, the date specified by the Borrower in that notice), the Borrower shall repay that Lender's participation in the Loan.
- (d) If:
  - (i) any of the circumstances set out in paragraph (a) above apply to a Lender; or
  - (ii) an Obligor becomes obliged to pay any amount in accordance with Clause 7.1 (*Illegality*) to any Lender,the Borrower may, on five (5) Business Days' prior notice to the Agent and that Lender, replace that Lender by requiring that Lender to (and, to the extent permitted by law, that Lender shall) transfer pursuant to Clause 27 (*Changes to the Lenders*) all (and not part only) of its rights and obligations under this Agreement to an Eligible Institution which confirms its willingness to assume and does assume all the obligations of the transferring Lender in accordance with Clause 27 (*Changes to the Lenders*) for a purchase price in cash payable at the time of the transfer in an amount equal to the outstanding principal amount of such Lender's participation in the outstanding Loan and all accrued interest, Break Costs and other amounts payable in relation thereto under the Finance Documents.
- (e) The replacement of a Lender pursuant to paragraph (d) above shall be subject to the following conditions:
  - (i) the Borrower shall have no right to replace the Agent (other than in accordance with Clause 29.12 (*Resignation of the Agent and the Security 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 paragraph (d) above 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 transfer its rights and obligations pursuant to paragraph (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 transfer.
- (f) A Lender shall perform the checks described in paragraph 7.7(e)(iv) above as soon as reasonably practicable following delivery of a notice referred to in paragraph (d) above and shall notify the Agent and the Borrower when it is satisfied that it has complied with those checks.

**7.8 Right of cancellation in relation to a Defaulting Lender**

- (a) 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 five (5) Business Days' notice of cancellation of each Available Commitment of that Lender.
- (b) On the notice referred to in paragraph (a) above becoming effective, each Available Commitment of the Defaulting Lender shall immediately be reduced to zero.
- (c) The Agent shall as soon as practicable after receipt of a notice referred to in paragraph (a) above, notify all the Lenders.

**7.9 Restrictions**

- (a) Any notice of cancellation or prepayment given by any Party under this Clause 7 (*Prepayment and cancellation*) 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. The Agent must notify the Lenders promptly upon receipt of any such notice.
- (b) Any repayment or prepayment under this Agreement shall be made together with accrued interest on the amount repaid or prepaid, the Prepayment Fee and any applicable Break Costs, provided that no Prepayment Fee shall be payable only in respect of the following:
  - (i) any prepayment pursuant to paragraph 25.1(b)(ii) of Clause 25.1 (*Additional security*);
  - (ii) any prepayment pursuant to Clause 7.3 (*Mandatory prepayment*) as a result of a Total Loss of a Vessel;
  - (iii) any prepayment pursuant to Clause 7.7 (*Right of replacement or repayment and cancellation in relation to a single Lender*);
  - (iv) any prepayment pursuant to Clause 7.3 (*Mandatory prepayment*) as a result of the sale of any Vessel which is a handymax (being named m.vs. "Keta", "Julie", "Kumasi", "Marie Delmas", "La Tour" and "Manet" at the date of this Agreement); or
  - (v) any prepayment pursuant to Clause 5.6(h) (*Prepositioning of funds*).
- (c) The Borrower shall not repay or prepay all or any part of the Loan or cancel all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.

- (d) No amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.
- (e) 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 Lenders, as appropriate.
- (f) If all or part of the Loan is repaid or prepaid, an amount of the Commitments (equal to the amount of the Loan which is repaid or prepaid) will be deemed to be cancelled on the date of repayment or prepayment. Any cancellation under this paragraph shall reduce the Commitments of the Lenders rateably.
- (g) Any prepayment of the Loan shall be applied *pro rata* to each Lender's participation in the Loan and each Notional Vessel Tranche.

## **8. Interest**

### **8.1 Calculation of interest**

The rate of interest on the 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 Payment of interest**

The Borrower shall pay accrued interest on the Loan on the last day of each Interest Period.

### **8.3 Default interest**

If an Obligor fails to pay any amount payable by it under a Finance Document on its due date (after the expiration of any applicable grace period under Clause 26.1 (*Non-payment*)), 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 is 2% per annum higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted the Utilisation in the currency of the overdue amount for successive Interest Periods, each of a duration selected by the Agent (acting reasonably). Any interest accruing under this Clause 8.3 shall be immediately payable by the Obligor on demand by the Agent. 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.

### **8.4 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 Length of Interest Periods**

- (a) Each Interest Period for the Loan shall start on the Utilisation Date or (if already made) on the last day of its preceding Interest Period and end on the next Quarter Date.
- (b) If an Interest Period would otherwise overrun the Termination Date, it will be shortened so that it ends on the Termination Date.

## 9.2 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 Absence of quotations

Subject to Clause 10.2 (*Market disruption*), if LIBOR is to be determined by reference to the Reference Banks but a Reference Bank does not supply a quotation by the Specified Time on the Quotation Day, the applicable LIBOR shall be determined on the basis of the quotations of the remaining Reference Banks.

### 10.2 Market disruption

- (a) If a Market Disruption Event occurs in relation to the Loan for any Interest Period, then the rate of interest on each Lender's share of the Loan for the Interest Period shall be the percentage 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) In this Agreement "**Market Disruption Event**" means:
- (i) at or about noon on the Quotation Day for the relevant Interest Period, the Screen Rate is not available and none or only one of the Reference Banks supplies a rate to the Agent to determine LIBOR for Dollars 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 the Loan exceed fifty per cent. (50%) of the Loan) that the cost to it or them of obtaining matching deposits in the Relevant Interbank Market would be in excess of LIBOR.

### 10.3 Alternative basis of interest or funding

- (a) If a Market Disruption Event occurs and the Agent so requires or the Borrower so requires, the Agent and the Borrower shall enter into negotiations (for a period of not more than thirty (30) days) with a view to agreeing a substitute basis for determining the rate of interest.
- (b) Any alternative basis agreed pursuant to paragraph (a) above shall, with the prior consent of all the Lenders and the Borrower, be binding on all Parties.

### 10.4 Break Costs

- (a) The Borrower shall, within three (3) Business Days of demand by a Finance Party (or at the time of prepayment of the relevant amount under Clause 7 (*Prepayment and cancellation*)), pay to that Finance Party its Break Costs attributable to all or any part of the Loan or Unpaid Sum being paid by the Borrower on a day other than the last day of an Interest Period for the Loan or Unpaid Sum.

- (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, provided that neither the Original Lenders nor any other Lenders from time to time managed by Hayfin Capital Management LLP shall be entitled to claim Break Costs.

## 11. Fees

### 11.1 Agency Fee

The Borrower shall pay to the Agent (for its own account) an agency fee in the amount and at the times agreed in the Fee Letter.

### 11.2 Upfront fee

The Borrower shall pay to the Agent (for the account of the Lenders) an upfront fee in the amount and at the times agreed in the Fee Letter.

### 11.3 Commitment fee

- (a) The Borrower shall pay to the Agent (for the account of the Lenders) a commitment fee computed at the rate of forty per cent. (40%) of the Margin per annum on the aggregate amount of each Lender's Available Commitments in respect of the Facility from the date of this Agreement until the earlier of (i) the Utilisation Date if all Commitments are fully drawn on that date or (ii) the final day of the Availability Period ("**Commitment Fee**").
- (b) The accrued Commitment Fee is payable on the Utilisation Date or, if any amount of the Facility is unutilised as of the expiry of the Availability Period, the Commitment Fee in respect of the Available Commitment shall be paid on the earlier of:
- (i) the last day of the Availability Period; and
  - (ii) the date on which the cancellation of the Available Commitment is effective.
- (c) The Agent shall be entitled to deduct any accrued Commitment Fee which has become due and payable and which remains unpaid from the proceeds of the Utilisations and apply it in payment of such fees.
- (d) No Commitment Fee shall accrue for the account of a Lender on any Available Commitment of that Lender in respect of any day on which that Lender is a Defaulting Lender.

## 12. Tax gross up and indemnities

### 12.1 Definitions

In this Agreement:

- (a) "**Protected Party**" means a Finance Party 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.
- (b) "**Tax Credit**" means a credit against, relief or remission for, or repayment of any Tax.
- (c) "**Tax Deduction**" means a deduction or withholding for or on account of Tax from a payment under a Finance Document, other than a FATCA Deduction.

- (d) **"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*).
- (e) 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**

Each Obligor shall (and shall procure that each other Obligor which is a Subsidiary of that Obligor shall) make all payments to be made by it under any Finance Documents without any Tax Deduction, unless a Tax Deduction is required by law, subject as follows:

- (a) an Obligor shall promptly upon becoming aware that it or any other 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 any such other Obligor;
- (b) if a Tax Deduction is required by law to be made by the Borrower or any other Obligor, the amount of the payment due from the Borrower or that other Obligor 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;
- (c) if any Obligor is required to make a Tax Deduction, that Obligor shall (and shall procure that such other Obligor which is a Subsidiary of 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;
- (d) within thirty (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 (and shall procure that such other Obligor which is a Subsidiary of that Obligor 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.

#### **12.3 Tax indemnity**

- (a) The Borrower shall (within three (3) 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; or

- (ii) to the extent a loss, liability or cost:
  - (A) is compensated for by an increased payment under Clause 12.2 (*Tax gross-up*); or
  - (B) 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 the Borrower under this Clause 12.3, notify the Agent.

#### 12.4 Tax Credit

If the Borrower or any other Obligor makes a Tax Payment and the relevant Finance Party determines that:

- (a) a Tax Credit is attributable to an increased payment of which that Tax Payment forms part, to that Tax Payment or 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, that Finance Party shall pay an amount to the Borrower or to that other 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 made by the Borrower or that other Obligor.

#### 12.5 Stamp taxes

The Borrower shall pay and, within three (3) Business Days of demand, indemnify each Finance Party against any cost, loss or liability which that Finance Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

#### 12.6 VAT

- (a) All amounts expressed to be payable under a Finance Document by any Party or any Obligor 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 12.6(b) below, if VAT is or becomes chargeable on any supply made by any Finance Party to any Party or any Obligor under a Finance Document and such Finance Party is required to account to the relevant tax authority for the VAT, that Party or Obligor 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 the Borrower).
- (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 other than the Recipient (the "**Relevant Party**") is required by the terms of any Finance Document to pay an amount equal to the consideration for that 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 Relevant 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 Clause 12.6(b)(i) applies) promptly pay to the Relevant 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 Relevant 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 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 in respect of such VAT from the relevant tax authority.
- (d) Any reference in this Clause 12.6 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 the representative member of such group at such time (the term "representative member" to have the same meaning as in the Value Added Tax Act 1994).
- (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.

#### **12.7 FATCA information**

- (a) Subject to Clause 12.7(c) below, each Party shall, within ten (10) 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 12.7(a)(i)(A) 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 12.7(a) above shall not oblige any Finance Party to do anything, and Clause 12.7(a)(iii) 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 fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with Clause 12.7(a)(i) or 12.7(a)(ii) above (including, for the avoidance of doubt, where Clause 12.7(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.
- (e) If an Obligor is a US Tax Obligor or the Agent reasonably believes that its obligations under FATCA or any other applicable law or regulation require it, each Lender shall, within ten (10) Business Days of:
- (i) where an Obligor is a US Tax Obligor and the relevant Lender is an Original Lender, the date of this Agreement;
  - (ii) where an Obligor is a US Tax Obligor on a Transfer Date and the relevant Lender is a New Lender or an Increase Lender, the relevant Transfer Date; or
  - (iii) where an Obligor is not a US Tax Obligor, the date of a request from the Agent,
- supply to the Agent:
- (A) a withholding certificate on Form W-8 or Form W-9 or any other relevant form; or
  - (B) any withholding statement or other document, authorisation or waiver as the Agent may require to certify or establish the status of such Lender under FATCA or that other law or regulation.
- (f) The Agent shall provide any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to Clause 12.7(e) above to the Borrower.
- (g) If any withholding certificate, withholding statement, document, authorisation or waiver provided to the Agent by a Lender pursuant to Clause 12.7(e) is or becomes materially inaccurate or incomplete, that Lender shall promptly update it and provide such updated withholding certificate, withholding statement, document, authorisation or waiver to the Agent unless it is unlawful for the Lender to do so (in which case the Lender shall promptly notify the Agent). The Agent shall provide any such updated withholding certificate, withholding statement, document, authorisation or waiver to the Borrower.

The Agent may rely on any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to Clause 12.7(e) or 12.7(g) without further verification. The Agent shall not be liable for any action taken by it under or in connection with Clause 12.7(e), 12.7(f) or 12.7(g).

### 12.8 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 Borrower 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 (3) Business Days of a demand by the Agent, pay to the Agent for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates 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.
- (b) In this Agreement "**Increased Costs**" means:
  - (i) a reduction in the rate of return from the Loan 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.
- (c) In this Agreement "**Basel III**" means:
  - (i) 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;
  - (ii) 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
  - (iii) any further guidance or standards published by the Basel Committee on Banking Supervision relating to "Basel III".

- (d) In this Agreement, “**CRD IV**” means EU CRD IV and UK CRD IV.
- (e) In this Agreement, “**EU CRD IV**” means:
  - (i) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending regulation (EU) No. 648/2012; and
  - (ii) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.
- (f) In this Agreement “**UK CRD IV**” means:
  - (i) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the “**Withdrawal Act**”);
  - (ii) the law of the United Kingdom or any part of it, which immediately before IP completion day (as defined in the European Union (Withdrawal Agreement) Act 2020) implemented Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC and its implementing measures; and
  - (iii) direct EU legislation (as defined in the *Withdrawal Act*), which immediately before IP completion day (as defined in the European Union (Withdrawal Agreement) Act 2020) implemented EU CRD IV as it forms part of domestic law of the United Kingdom by virtue of the *Withdrawal Act*.

**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 (*Tax indemnity*) applied);
  - (iv) attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation;

- (v) attributable to the implementation or application of or compliance with the "International Convergence of Capital Measurement and Capital Standards, a Revised Framework" published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of this Agreement (but excluding any amendment arising out of Basel III) ("Basel II") or any other law or regulation which implements Basel II (whether such implementation, application or compliance is by a government, regulator, Finance Party or any of its Affiliates); or
  - (vi) attributable to a bank levy or similar charge.
- (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*).

**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; 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 (3) Business Days of demand, indemnify each Finance Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between
- (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) 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**

- (a) Each of the Borrower, the Parent, the Ultimate Parent and each Vessel Owner shall jointly and severally, within three (3) Business Days of demand, indemnify each Finance Party against any cost, loss or liability incurred by that Finance Party as a result of:
- (i) the occurrence of any Event of Default;
  - (ii) a failure by an Obligor to pay any amount due under a Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of Clause 32 (*Sharing among the Finance Parties*);
  - (iii) funding, or making arrangements to fund, its participation in the Loan requested by the Borrower in the 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); or
  - (iv) the Loan (or part of the Loan) not being prepaid in accordance with a notice of prepayment given by a Borrower.

- (b) Each of the Borrower, the Parent, the Ultimate Parent and each Vessel Owner shall jointly and severally, on demand, indemnify each Finance Party, each Affiliate of a Finance Party and each officer or employee of a Finance Party or its Affiliate (each such person for the purposes of this Clause 14.2 (an "Indemnified Person"), against any cost, loss or liability incurred by that Indemnified Person pursuant to or in connection with any litigation, arbitration or administrative proceedings or regulatory enquiry, in connection with or arising out of the entry into and the transactions contemplated by the Finance Documents, having the benefit of any Security constituted by the Finance Documents or which relates to the condition or operation of, or any incident occurring in relation to, any Vessel unless such cost, loss or liability is caused by the gross negligence or wilful misconduct of that Indemnified Person.
- (c) Without limiting, but subject to any limitations set out in paragraph (b) above, the indemnity in paragraph (b) above shall cover any cost, loss or liability incurred by each Indemnified Person in any jurisdiction:
  - (i) arising or asserted under or in connection with any law relating to safety at sea, the ISM Code, any Environmental Law or any Sanctions; or
  - (ii) in connection with any Environmental Claim.
- (d) Any Affiliate or any officer or employee of a Finance Party or of any of its Affiliates may rely on this Clause subject to Clause 1.3 (*Third Party Rights*) and the provisions of the Third Parties Act.

#### **14.3 Indemnity to the Agent**

The Borrower, the Parent, the Ultimate Parent and each Vessel Owner jointly and severally shall promptly indemnify the Agent against:

- (a) any cost, loss or liability incurred by the Agent (acting reasonably) as a result of:
  - (i) investigating any event which it reasonably believes is a Default; or
  - (ii) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised; or
  - (iii) instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted under this Agreement; and
- (b) any cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by the Agent in acting as Agent under the Finance Documents.

#### **14.4 Indemnity to the Security Agent**

- (a) The Borrower, the Parent, the Ultimate Parent and each Vessel Owner jointly and severally shall promptly indemnify the Security Agent and every Receiver and Delegate against any cost, loss or liability incurred by any of them as a result of:
  - (i) any failure by an Obligor to comply with its obligations under Clause 16 (*Costs and expenses*);
  - (ii) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised;
  - (iii) the taking, holding, protection or enforcement of the Transaction Security;

- (iv) the exercise of any of the rights, powers, discretions, authorities and remedies vested in the Security Agent and each Receiver and Delegate by the Finance Documents or by law;
  - (v) any default by any Obligor in the performance of any of the obligations expressed to be assumed by it in the Finance Documents;
  - (vi) instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted under this Agreement; or
  - (vii) acting as Security Agent, Receiver or Delegate under the Finance Documents or which otherwise relates to any of the Security Property (otherwise, in each case, than by reason of the relevant Security Agent's, Receiver's or Delegate's gross negligence or wilful misconduct).
- (b) The Security Agent and every Receiver and Delegate may, in priority to any payment to the Finance Parties, indemnify itself out of the Security Property in respect of, and pay and retain, all sums necessary to give effect to the indemnity in this Clause 14.4(b) and shall have a lien on the Transaction Security and the proceeds of the enforcement of the Transaction Security for all moneys payable to it.

**14.5 Indemnity Survival**

The indemnities in this Agreement shall survive repayment of the Loan.

**14.6 Priority of Indemnity**

The Security Agent and every Receiver and Delegate may, in priority to any payment to the Secured Parties, indemnify itself out of the Security Property in respect of, and pay and retain, all sums necessary to give effect to the indemnity in Clause 14.4 (*Indemnity to the Security Agent*) and shall have a lien on the Transaction Security and the proceeds of enforcement of the Transaction Security for all moneys payable to it.

**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) Paragraph (a) above does not in any way limit the obligations of any Obligor under the Finance Documents.

**15.2 Limitation of liability**

- (a) The Transaction Obligors shall, within three (3) Business Days of demand, 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, the Parent, the Ultimate Parent and each Vessel Owner shall jointly and severally, within five (5) Business Days of demand, pay to each Finance Party the amount of all costs and expenses (including but not limited to legal fees) reasonably incurred by any of them (and, in the case of the Security Agent, any Receiver or Delegate) in connection with the negotiation, preparation, printing, execution, syndication and perfection of:

- (a) this Agreement and any other documents referred to in this Agreement or in a Security Document;
- (b) the Transaction Security;
- (c) any other Finance Documents executed after the date of this Agreement;
- (d) any other document which may at any time be required by a Finance Party to give effect to any Finance Document or which a Finance Party is entitled to call for or obtain under any Finance Document (including, for the avoidance of doubt, any Valuation or survey and inspection costs except where a Finance Party is expressly required under the terms of the Finance Documents to pay any such amount without reimbursement from any Obligor); and
- (e) any discharge, release or reassignment of any of the Finance Documents.

**16.2 Amendment costs**

If (a) an Obligor requests an amendment, waiver or consent or (b) an amendment is required pursuant to Clause 33.10 (*Change of currency*), the Borrower shall, within five (5) Business Days of demand, reimburse each Finance Party for the amount of all costs and expenses (including legal fees) reasonably incurred by that Finance Party (and, in the case of the Security Agent, any Receiver or Delegate) in responding to, evaluating, negotiating or complying with that request or requirement.

**16.3 Enforcement and preservation costs**

The Borrower shall, within five (5) Business Days of demand, pay to each Finance Party the amount of all costs and expenses (including legal fees) incurred by that Finance Party in connection with the enforcement of, or the preservation of any rights under, any Finance Document or the Transaction Security and with any proceedings instituted by or against that Finance Party as a consequence of it entering into a Finance Document, taking or holding the Transaction Security, or enforcing those rights.

**16.4 Other costs**

The Borrower shall, within five (5) Business Days of demand, pay to each Finance Party and each other Secured Party the amount of all sums which that Finance Party or other Secured Party may pay or become actually liable for on account of the Borrower or a Vessel Owner in connection with a Vessel (whether alone or jointly or jointly and severally with any other person) including (without limitation) all sums which that Finance Party or other Secured Party may pay or guarantees which it may give in respect of the Insurances, any expenses incurred by that Finance Party or other Secured Party in connection with the maintenance or repair of a Vessel or in discharging any lien, bond or other claim relating in any way to a Vessel, and any sums which that Finance Party or other Secured Party may pay or guarantees which it may give to procure the release of a Vessel from arrest or detention.

**17. Guarantee and indemnity 17.1 Guarantee and indemnity**

Each of the Guarantors irrevocably and unconditionally:

- (a) guarantees to each Finance Party punctual performance by each other Obligor of all that Obligor's obligations under the Finance Documents;
- (b) undertakes with each Finance Party that whenever another Obligor does not pay any amount when due under or in connection with any Finance Document, the Guarantors shall immediately on demand pay that amount as if they were the principal obligor; and
- (c) agrees with each Finance Party 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 an Obligor (other than the Guarantors) not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due. The amount payable by the Guarantors under this indemnity will not exceed the amount it would have had to pay under this Clause 17 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 Guarantors 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 Guarantors under this Clause 17 will not be affected by an act, omission, matter or thing which, but for this Clause, would reduce, release or prejudice any of its obligations under this Clause 17 (without limitation and whether or not known to it or any Finance Party) including:

- (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 the Ultimate Parent or any member of the Group;
- (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 Guarantors' Intent**

Without prejudice to the generality of Clause 17.4 (*Waiver of defences*), each of the Guarantors expressly confirms that it intends that this guarantee shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to any of the Finance Documents and/or any facility or amount made available under any of the Finance Documents for the purposes of or in connection with any of the following: business acquisitions of any nature; increasing working capital, enabling investor distributions to be made; carrying out restructurings; refinancing existing facilities, refinancing any other indebtedness; making facilities available to new borrowers, any other variation or extension of the purposes for which any such facility or amount might be made available from time to time, and any fees, costs and/or expenses associated with any of the foregoing.

**17.6 Immediate recourse**

Each of the Guarantors 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 it or commencing proceedings under this Clause 17. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

**17.7 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 Guarantors shall be entitled to the benefit of the same; and
- (b) hold in an interest-bearing suspense account any moneys received from the Guarantors or on account of the Guarantors' liability under this Clause 17.

**17.8 Deferral of Guarantors' 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 Guarantors will not exercise any rights which either of them 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 an 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 any Obligor has given a guarantee, undertaking or indemnity under Clause 17.1 (*Guarantee and indemnity*);
- (e) to exercise any right of set-off against any Obligor; and/or
- (f) to claim or prove as a creditor of any Obligor in competition with any Finance Party.

If any Guarantor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Finance Parties by the Obligors under or in connection with the Finance Documents to be repaid in full on trust for the Finance Parties and shall promptly pay or transfer the same to the Agent or as the Agent may direct for application in accordance with Clause 33 (*Payment mechanics*).

**17.9 Additional security**

This guarantee and any other Security given by the Guarantors is in addition to and is not in any way prejudiced by, and shall not prejudice, any other guarantee or Security or any other right of recourse now or subsequently held by any Finance Party, or any right of set-off or netting or right to combine accounts in connection with the Finance Documents.

**18. Representations and warranties 18.1 Representations**

Each Obligor makes the representations and warranties set out in this Clause 18 to each Finance Party and the times specified in Clause 18.32 (*Times when representations are made*).

**18.2 Status**

Each of the Obligors:

- (a) is a corporation or a limited liability company, duly incorporated or formed and validly existing under the law of its jurisdiction of incorporation or formation; and
- (b) has the power to own its assets and carry on its business as it is being conducted.

**18.3 Binding obligations**

Subject to the Legal Reservations:

- (a) the obligations expressed to be assumed by each of the Obligors in each of the Relevant Documents to which it is a party are legal, valid, binding and enforceable obligations; and
- (b) (without limiting the generality of paragraph (a)), each Security Document to which it is a party creates or will create upon execution and delivery and, where applicable, registration, the security interests that that Security Document purports to create and those security interests are, or will be when created or intended to be created, valid and effective.

#### **18.4 Non-conflict with other obligations**

The entry into and performance by each of the Obligors of, and the transactions contemplated by, the Relevant Documents do not conflict with:

- (a) any law or regulation applicable to such Obligor;
- (b) the constitutional documents of such Obligor; or
- (c) any agreement or instrument binding upon such Obligor or any of such Obligor's assets or constitute a default or termination event (however described) under any such agreement or instrument.

#### **18.5 Power and authority**

- (a) Each of the Obligors has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Relevant Documents to which it is or will be a party and the transactions contemplated by those Relevant Documents.
- (b) No limit on the powers of any Obligor will be exceeded as a result of the borrowing, granting of security or giving of guarantees or indemnities contemplated by the Relevant Documents to which it is a party.

#### **18.6 Validity and admissibility in evidence**

All authorisations required or desirable:

- (a) to enable each of the Obligors lawfully to enter into, exercise its rights and comply with its obligations in the Relevant Documents to which it is a party; and
  - (b) to make the Relevant Documents to which any Obligor is a party admissible in evidence in its Relevant Jurisdictions,
- have been obtained or effected and are in full force and effect, with the exception only of the registrations referred to in Schedule 2Part III (*Conditions Subsequent*).

#### **18.7 Governing law and enforcement**

- (a) Subject to the Legal Reservations, the choice of governing law of any Finance Document will be recognised and enforced in the Relevant Jurisdictions of each relevant Transaction Obligor.
- (b) Any judgment obtained in relation to any Finance Document in the jurisdiction of the governing law of that Finance Document will, subject to the Legal Reservations, be recognised and enforced in the Relevant Jurisdictions of each relevant Transaction Obligor.

#### **18.8 Insolvency**

No corporate action, legal proceeding or other procedure or step described in Clause 26.7 (*Insolvency proceedings*) or creditors' process described in Clause 26.8 (*Creditors' process*) has been taken or, to the knowledge of any Transaction Obligor, threatened in relation to that Transaction Obligor; and none of the circumstances described in Clause 26.6 (*Insolvency*) applies to a Transaction Obligor.

#### **18.9 No filing or stamp taxes**

Under the laws of the Relevant Jurisdictions of each relevant Transaction Obligor it is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in any of those jurisdictions or that any stamp, registration, notarial or similar tax or fees be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents except:

- (a) any filing, recording or any tax or fee payable in relation to any Finance Document which is referred to in any legal opinion referred to in Clause 4 (*Conditions of Utilisation*); and
- (b) registration of each Mortgage at the registry of the Approved Flag where title to the relevant Vessel is registered in the ownership of the relevant Vessel Owner.

**18.10 No default**

- (a) No Event of Default is continuing or is reasonably likely to result from the advance of the Utilisation or the entry into, the performance of, or any transaction contemplated by, any of the Relevant Documents.
- (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 (howsoever described) under any other agreement or instrument which is binding on any of the Transaction Obligors or to which its assets are subject and which has or is reasonably likely to have a Material Adverse Effect.

**18.11 No misleading information**

- (a) All information supplied by it or at the request or direction of an Obligor on its behalf to any Finance Party in connection with the Relevant Documents was true and accurate in all material respects as at the date it was provided or as at any date at which it was stated to be given.
- (b) Any financial projections contained in the information referred to in paragraph (a) above have been prepared as at their date on the basis of recent historical information and on the basis of reasonable assumptions as of that same date.
- (c) It has not omitted to supply any information which, if disclosed, would make the information referred to in paragraph (a) above untrue or misleading in any material respect.
- (d) Nothing has occurred since the date of the information referred to in paragraph (a) above which, if disclosed, would make that information untrue or misleading in any material respect as at the same date.

**18.12 Financial statements**

- (a) The Original Financial Statements were prepared in accordance with GAAP consistently applied.
- (b) The unaudited Original Financial Statements fairly present the Ultimate Parent's and the Group's financial condition as at the end of the relevant financial quarter and results of operations during the relevant financial quarter.
- (c) The audited Original Financial Statements give a true and fair view of the Ultimate Parent's and the Group's financial condition as at the end of the relevant financial year and results of operations during the relevant financial year.
- (d) From the date of this Agreement until the date of delivery of the audited financial statements for the financial year ending 31 December 2020 pursuant to Clauses 19.1(a) and 19.1(c) (*Financial statements*), there has been no material adverse change in any Transaction Obligor's assets, business or financial condition since the date of the Original Financial Statements.

- (e) Each Transaction Obligor's most recent financial statements delivered pursuant to Clause 19.1 (*Financial statements*):
  - (i) have been prepared in accordance with GAAP as applied to the Original Financial Statements; and
  - (ii) give a true and fair view of (if audited) or fairly present (if unaudited) its consolidated financial condition as at the end of, and consolidated results of operations for, the period to which they relate.
- (f) Since the date of the most recent financial statements delivered pursuant to Clauses 19.1(a) and 19.1(c) (*Financial statements*) there has been no material adverse change in the business, assets or financial condition of any of the Transaction Obligors or the Group.

**18.13 No proceedings pending or threatened**

No litigation, arbitration or administrative or investigative proceedings of or before any court, arbitral body, authority or agency which, if adversely determined, might reasonably be expected to have a Material Adverse Effect have (to its knowledge and belief, following due and careful enquiry) been started or threatened against any of the Obligors.

**18.14 Taxes and VAT**

- (a) It is not required to make any Tax Deduction from any payment made by it under any of the Finance Documents.
- (b) It is not a member of a value added tax group.

**18.15 No breach of laws**

None of the Obligors has breached any law or regulation which breach has or is reasonably likely to have a Material Adverse Effect.

**18.16 Environmental laws**

- (a) Each of the Obligors is in compliance with Clause 21.3 (*Environmental compliance*) and to the best of its knowledge and belief (having made due and careful enquiry) no circumstances have occurred which would prevent such compliance in a manner or to an extent which has or is reasonably likely to have a Material Adverse Effect.
- (b) No Environmental Claim has been commenced or (to the best of its knowledge and belief (having made due and careful enquiry)) is threatened against any of the Obligors where that claim has or is reasonably likely to have a Material Adverse Effect.

**18.17 Taxation**

- (a) None of the Obligors is materially overdue in the filing of any Tax returns or is overdue in the payment of any amount in respect of Tax to an extent which has or is reasonably likely to have a Material Adverse Effect.
- (b) No claims or investigations are being, or are reasonably likely to be, made or conducted against any of the Obligors with respect to Taxes.
- (c) Unless otherwise disclosed to the Agent, each of the Vessel Owners is resident for Tax purposes only in its Original Jurisdiction, save that GSL Alcazar Inc. shall be permitted to leave the Cyprus tonnage tax system and cease to be tax resident in Cyprus.

#### 18.18 Anti-corruption law

Each of the Obligors and each Affiliate of any of them 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.

#### 18.19 No Security or Financial Indebtedness

- (a) No Security (other than Permitted Security) exists over all or any of the present or future assets of any Transaction Obligor in breach of this Agreement.
- (b) No Transaction Obligor (other than the Ultimate Parent) has any Financial Indebtedness outstanding other than the Permitted Intercompany Debt or as otherwise permitted by this Agreement.

#### 18.20 Pari passu ranking

The payment obligations of each of the Transaction Obligors under the Finance Documents to which it is a party rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

#### 18.21 Ranking of Security

The security conferred by each Security Document constitutes a first priority security interest of the type described, over the assets referred to, in that Security Document and those assets are not subject to any prior or *pari passu* Security except Permitted Security.

#### 18.22 Centre of main interests and establishments

For the purposes of Regulation (EU) No. 2015/848 of 20 May 2015 on insolvency proceedings (recast) (the "**Regulation**"), the centre of main interest of each of the Obligors (as that term is used in Article 3(1) of the Regulation) is situated in that Obligor's Original Jurisdiction and it has no "establishment" (as that term is used in Article 2(10) of the Regulation) in any other jurisdiction.

#### 18.23 No adverse consequences

- (a) It is not necessary under the laws of the Relevant Jurisdictions of any of the Transaction Obligors:
  - (i) in order to enable any Finance Party to enforce its rights under any Finance Document; or
  - (ii) by reason of the execution of any Finance Document or the performance by it of its obligations under any Finance Document,that any Finance Party should be licensed, qualified or otherwise entitled to carry on business in any of the Relevant Jurisdictions of any of the Transaction Obligors.
- (b) No Finance Party is or will be deemed to be resident, domiciled or carrying on business in any of the Relevant Jurisdictions of any of the Transaction Obligors by reason only of the execution, performance and/or enforcement of any Finance Document.

#### 18.24 Completeness of Relevant Documents

The copies of any documents or evidence listed in Schedule 2 (*Conditions Precedent*) provided or to be provided by the Borrower to the Agent in accordance with Clause Schedule 2 (*Conditions of Utilisation*) are, or will be, true, accurate and complete copies of the originals.

#### 18.25 No Immunity

No Transaction Obligor or any of its assets is immune to any legal action or proceeding.

#### 18.26 Money laundering

Any borrowing by the Borrower under this Agreement, and the performance of its obligations under this Agreement and under the other Finance Documents, will be for its own account and will not involve any breach by it of any law or regulatory measure relating to "money laundering" as defined in Article 1 of the Directive (2005/EC/60) of the European Parliament and of the Council of the European Communities.

#### 18.27 Sanctions

As regards Sanctions:

- (a) None of the Obligors or any of their respective direct or indirect shareholders or members (as applicable) (excluding any direct or indirect shareholder of the Ultimate Parent which individually and/or with any persons with whom it is acting in concert is not a controlling direct or indirect shareholder of the Ultimate Parent) or any director, officer, agent, employee or person acting on behalf of any of them is a Restricted Person or is owned or controlled by, or acting directly or indirectly on behalf of or for the benefit of, a Restricted Person and none of such persons owns or controls a Restricted Person.
- (b) No proceeds of the Loan shall be made available, directly or indirectly, to or for the benefit of a Restricted Person in violation of Sanctions, or otherwise shall be, directly or indirectly, applied in a manner or for a purpose that will expose any of the Finance Parties to Sanctions.
- (c) The Obligors shall not use any revenue or benefit derived from any activity or dealing with a Restricted Person in violation of Sanctions in discharging any obligation due or owing to the Finance Parties.
- (d) Each of the Obligors and each Affiliate of any of them is in compliance with Sanctions.
- (e) Each Obligor shall, to the extent permitted by law, promptly upon becoming aware of them supply to the Agent details of any claim, action, suit, proceedings or formal investigation against it brought by any Sanctions Authority, with respect to the activities of an Obligor or any of their principals or Affiliates (excluding any direct or indirect shareholder of the Ultimate Parent which individually and/or with any persons with whom it is acting in concert does not own 50% or more of the Ultimate Parent and is otherwise not a controlling direct or indirect shareholder of the Ultimate Parent).

#### 18.28 Valuation

- (a) All information supplied by it or on its behalf to the Agent for the purposes of each Valuation was true and accurate as at its date or (if appropriate) as at the date (if any) at which it is stated to be given.
- (b) It has not omitted to supply any information to the Agent in accordance with sub- paragraph (a) above which, if disclosed, would materially and adversely affect a Valuation or the Market Value of a Vessel.

#### 18.29 No other business

- (a) None of the Parent, the Borrower or any Vessel Owner has traded or carried on any business since the date of its incorporation or formation, as applicable, except for:
  - (i) in the case of the Parent, the ownership of the Borrower;
  - (ii) in the case of the Borrower, the ownership of each Vessel Owner; and
  - (iii) in the case of each Vessel Owner, the acquisition, ownership and operation of the Vessel owned by it.
- (b) As at the date of this Agreement, none of the Parent, the Borrower nor any Vessel Owner is party to any material agreement other than the Relevant Documents, the Senior Secured Notes and the Existing Security.
- (c) As at the date of this Agreement no Vessel Owner has any Subsidiaries.
- (d) As at the date falling one (1) Business Day after the Preposition Date:
  - (i) the Parent does not have any Subsidiaries other than the Borrower and the Vessel Owners; and
  - (ii) the Borrower does not have any Subsidiaries other than the Vessel Owners.
- (e) None of the Parent, the Borrower or any Vessel Owner:
  - (i) has, or has had, any employees; and
  - (ii) has any obligation in respect of any retirement benefit or occupational pension scheme.

#### 18.30 Ownership

- (a) All of the Parent's issued limited liability company interests are directly legally and beneficially owned and controlled by the Ultimate Parent.
- (b) All of the Borrower's issued limited liability company interests are directly legally and beneficially owned and controlled by the Parent.
- (c) As from the date falling one (1) Business Day after the Preposition Date, each Vessel Owner's entire issued share capital or all of the issued limited liability company interests (as applicable) are directly legally and beneficially owned and controlled by the Borrower.
- (d) The shares in the capital or all of the issued limited liability company interests (as applicable) of each Transaction Obligor (other than the Ultimate Parent) are fully paid and are not subject to any option to purchase or similar rights.
- (e) Each Vessel Owner is the sole legal and beneficial owner of the relevant Vessel, its Earnings and its Insurances.
- (f) Each Transaction Obligor is the sole legal and beneficial owner of any other asset that is the subject of any Transaction Security created or intended to be created by it.

### 18.31 Vessel

- (a) Each Pool A Vessel is and, from the date falling one (1) Business Day after the Preposition Date, each Pool B Vessel is:
- (i) either permanently registered in the name of the relevant Vessel Owner under the relevant Approved Flag or will be permanently registered within 90 days of such date;
  - (ii) free from Security (other than Permitted Security);
  - (iii) operationally seaworthy and in every way fit for service;
  - (iv) classed in accordance with the relevant Classification free of all overdue conditions and recommendations of the relevant Classification Society (except as disclosed to and approved by the Agent prior to the Effective Date); and
  - (v) insured in the manner required by the Finance Documents.
- (b) To the best of its knowledge:
- (i) no material breach of any law or regulation is outstanding which might have a Material Adverse Effect; and
  - (ii) no adverse claim has been made by any person in respect of the ownership of that Vessel or any interest in it.

### 18.32 Times when representations are made

- (a) All of the representations and warranties set out in this Clause 18 (other than the representations and warranties set out in Clause 18.29(d) (*No other business*), Clause 18.30(c) (*Ownership*) and Clause 18.31 (*Vessel*)) are deemed to be made on the date of this Agreement, the date of the Utilisation Request and the Utilisation Date.
- (b) The Repeating Representations are deemed to be made on the first day of each Interest Period.
- (c) The representations and warranties set out in Clause 18.29(d) (*No other business*), Clause 18.30(c) (*Ownership*) and Clause 18.31 (*Vessel*) are deemed to be made on the Utilisation Date.

## 19. Information undertakings

The undertakings in this Clause 19 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

### 19.1 Financial statements

The Ultimate Parent and the Parent shall supply to the Agent:

- (a) Ultimate Parent's audited consolidated (so as to include the Parent, the Borrower and each Vessel Owner) financial statements for each of its financial years, as soon as the same become available, but in any event within 120 days after the end of each of its financial years;
- (b) Ultimate Parent's unaudited consolidated (so as to include the Parent, the Borrower and each Vessel Owner) financial statements for each Financial Half Year, as soon as the same become available, but in any event within 90 days after the end of each such Financial Half Year;
- (c) to the extent they are produced, Ultimate Parent's unaudited consolidated (so as to include the Parent, the Borrower and each Vessel Owner) financial statements for each Financial Quarter which does not end on a Half Year Date, as soon as the same become available, but in any event within 90 days after the end of each such Financial Quarter;

- (d) Parent's unaudited consolidated (so as to include the Borrower and each Vessel Owner) financial statements as extracts from the Ultimate Parent's filed 20-F in accordance with NYSE rules and certified as to their correctness by an officer of the Ultimate Parent for each of its financial years, as soon as the same become available, but in any event within 120 days after the end of each of its financial years; and
- (e) Parent's unaudited consolidated (so as to include the Borrower and each Vessel Owner) financial statements for each Financial Half Year, as soon as the same become available, but in any event within 90 days after the end of each such Financial Half Year; and
- (f) as soon as possible after the end of each Financial Quarter, but in any event within 90 days after the end of each such Financial Quarter, results of the operations of each Vessel during the relevant Financial Quarter and the daily Operating Costs of each Vessel.

**19.2 Compliance Certificates**

- (a) The Ultimate Parent shall supply to the Agent, within ten (10) Business Days of the end of each Financial Quarter, a Compliance Certificate together with evidence of the amounts standing to the credit of each Account as of the last day of each such Financial Quarter:
  - (i) confirming compliance with the Minimum Liquidity Amount, together with a statement of the balance of the Minimum Liquidity Account;
  - (ii) setting out the balances of the Dry Docking Reserve Accounts.
- (b) In addition to paragraph (a) above, the Ultimate Parent shall supply to the Agent, with each set of financial statements delivered pursuant to Clause 19.1 (*Financial statements*), a Compliance Certificate setting out (in reasonable detail) computations as to compliance with Clause 20 (*Financial covenants*).
- (c) The Ultimate Parent shall ensure that each Compliance Certificate delivered pursuant to this Clause 19.2 shall be signed by an authorised officer of the Ultimate Parent.
- (d) Each Obligor shall, if, prior to the delivery of any Compliance Certificate by the relevant Obligor, the relevant Obligor becomes aware that the financial covenants detailed in Clause 20 (*Financial Covenants*) (or any of them) will not be complied with, promptly notify the Agent accordingly.

**19.3 Requirements as to financial statements**

- (a) Each set of financial statements delivered by an Obligor pursuant to Clause 19.1 (*Financial statements*):
  - (i) shall be certified by an authorised officer of that Obligor as giving a true and fair view (in case of annual financial statements), or fairly presenting (in other cases), its financial condition as at the date as at which those financial statements were drawn up; and
  - (ii) shall be prepared using GAAP, 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, it notifies the Agent that there has been a change in GAAP, the accounting practices or reference periods and its auditors deliver to the Agent:

- (A) a description of any change necessary for those financial statements to reflect the GAAP, accounting practices and reference periods upon which that Obligor's Original Financial Statements were prepared;
  - (B) sufficient information, in form and substance as may be reasonably required by the Agent, to enable the Agent to determine whether Clause 20.1 (*Financial Covenants*) has been complied with and to make an accurate comparison between the financial position indicated in those financial statements and that Obligor's Original Financial Statements; and
  - (C) in the case of annual audited financial statements, not be the subject of any Auditor's opinion that is qualified in any material way.
- (b) Any reference in this Agreement to those 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.
- (c) If the Ultimate Parent notifies the Agent of a change in accordance with paragraph 19.3(a)(ii) above, the Ultimate Parent and the Agent shall enter into negotiations in good faith for a period of at least 30 days with a view to agreeing any amendments to this Agreement which are necessary as a result of the change. To the extent practicable, these amendments will be such as to ensure that the change does not result in any material alteration in the commercial effect of the obligations in this Agreement. If any amendments are agreed and executed and all conditions precedent to such amendments taking effect are satisfied, they shall take effect and be binding on each of the parties in accordance with their terms.

**19.4 Budgets and Report on Operating Expenses**

- (a) The Transaction Obligors shall:
- (i) supply to the Agent, no later than thirty (30) days prior to the commencement of each calendar year, copies of an annual operating budget of each Vessel Owner (and the Vessel owned by it) for that calendar year; and
  - (ii) procure that an Approved Manager shall supply to the Agent, no later than thirty (30) days prior to the commencement of each calendar year, a copy of an annual Operating Expenses budget in respect of each Vessel for that calendar year, for approval by the Agent (acting on the instructions of the Majority Lenders) and in the form and with such details as the Agent (acting on the instructions of the Majority Lenders) may reasonably require.
- (b) Without prejudice to the foregoing, each annual Operating Expenses budget under paragraph 19.4(a)(ii) above to be in the form appended to Schedule 14 (*Example Budget*).
- (c) The Borrower, the Parent, the Ultimate Parent and the Vessel Owners shall procure that an Approved Manager shall, on 10 Business Days' request, supply to the Agent a quarterly performance report for each Vessel for the following Financial Quarter showing the estimated daily Operating Expenses for that Vessel, a comparison of the budget for the previous Financial Quarter and actual expenditure in relation to Operating Expenses and, upon the request of the Agent, provide details of trade payables and other liabilities position of each Vessel.

### 19.5 Permitted Operating Expenses

- (a) The permitted amount of Operating Expenses for the Mortgaged Vessels in any given calendar year shall not, in aggregate, exceed 110% of the aggregate agreed budgeted amounts for those Mortgaged Vessels (based on an agreed per day amount for each Vessel).
- (b) The permitted amount of Operating Expenses for each Vessel for the period ending 31 December 2021 is set out in Schedule 11 (*Initial Budgeted OPEX*).
- (c) The permitted amount of Operating Expenses for each Vessel for each subsequent calendar year shall be submitted by the Borrower to and approved by the Agent in advance of that calendar year (based on an agreed per day amount for that Vessel, which shall not exceed what was permitted in the previous calendar year by more than 3.0% without the prior written consent of the Agent (such consent not to be unreasonably withheld or delayed)).
- (d) Without prejudice to the Transaction Obligors' obligations under paragraphs (a) to (c) above, the Transaction Obligors shall notify or procure that the Approved Technical Manager notifies the Agent on a timely basis of any actual or anticipated material increases in the Operating Expenses budget with respect to a Vessel.

### 19.6 Information on Parent Group

- (a) In the event that the Ultimate Parent by reason of actual or anticipated financial difficulties enters into discussions or negotiations with more than 35% (by value) of the Ultimate Parent Group's creditors (taken as a whole) with a view to obtaining any form of moratorium, suspension or deferral of payments or reorganisation of debt (or certain debt) ("**Parent Group Restructuring**"), then:
  - (i) the Obligors shall give notice to the Agent (which notice shall include information as to the identity of the creditors that the Ultimate Parent intends to enter into discussions with, together with the general terms of the proposal to be discussed with the respective creditors and any presentation materials and/or other written materials related thereto), such notice to be provided promptly, if possible before commencement of the discussions or negotiations and, in any case, within two (2) Business Days of commencement of such discussions or negotiations; and
  - (ii) the Obligors shall inform and update the Agent upon request regarding any developments in relation to such discussions or negotiations and provide the Agent with any information which it may reasonably request regarding the Parent Group Restructuring.
- (b) The Obligors shall, within two (2) Business Days of the occurrence of such event, notify the Agent if any Financial Indebtedness in respect of any member of the Ultimate Parent Group:
  - (i) is not paid when due nor within any originally applicable grace period;
  - (ii) 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); or
  - (iii) is capable of being declared by a creditor to be due and payable prior to its specified maturity as a result of such an event.

#### 19.7 Information: miscellaneous

The Borrower, the Parent, the Ultimate Parent and the Vessel Owners shall supply to the Agent (in sufficient copies for all the Lenders, if the Agent so requests):

- (a) at the same time as they are dispatched, copies of all documents dispatched by the Borrower, the Parent, the Ultimate Parent or that Vessel Owner to its shareholders or members (as applicable) generally (or any class of them) or dispatched by the Borrower, the Parent, the Ultimate Parent or that Vessel Owner 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 (including proceedings related to any alleged or actual breach of the ISM Code or the ISPS Code) which are current, threatened or pending against any Obligor, and which are likely to have a Material Adverse Effect;
- (c) promptly, such further information regarding the financial condition, business and operations of any Transaction Obligor as any Finance Party (through the Agent) may reasonably request, including without limitation cash flow analyses and details of the Operating Expenses of any Vessel, any dividends and/or loans made by the Borrower, the Parent, the Ultimate Parent and/or Vessel Owner, and annual inspection certificates (including any annual inspection report (if required by the Agent)); and
- (d) promptly on request, such further information regarding the financial condition, assets and operations of any Transaction Obligor (including any requested amplification or explanation of any item in the financial statements, budgets or other material provided by any Transaction Obligor under this Agreement and an up to date copy of its shareholders' register (or equivalent in its Original Jurisdiction)) as any Finance Party through the Agent may reasonably request, except information which is confidential in relation to third parties or the disclosure of which is contrary to law or regulation.

#### 19.8 Notification of default

Each Transaction Obligor shall notify the Agent of any Event of Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence (unless that Transaction Obligor is aware that a notification has already been provided by another Obligor).

#### 19.9 "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 a Transaction Obligor after the date of this Agreement; or
  - (iii) a proposed assignment or transfer by a Lender of any of its rights and obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,obliges the Agent 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 Transaction Obligor shall promptly upon the request of the Agent or any Lender 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 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, in the

case of the event described in paragraph (iii) above (and which is obtainable and may lawfully be disclosed by the relevant Transaction Obligor), any prospective new Lender to carry out and be satisfied it has complied with 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 Lender shall promptly upon the request of the Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself) in order for the Agent to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

#### 19.10 USA Patriot Act Notice

Each Lender hereby notifies each Transaction Obligor that, pursuant to the requirements of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. 107-56 (signed into law October 26, 2001) (the "**Patriot Act**") it is required to obtain, verify, and record information that identifies the Borrower, which information includes the name of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the Patriot Act, and the Borrower agrees to provide such information from time to time to any Lender.

#### 20. Financial covenants 20.1 Financial covenants

- (a) At each and all times during the Facility Period, the Borrower shall procure that Cash is maintained in the Minimum Liquidity Account in an amount of not less than the applicable Minimum Liquidity Amount.
- (b)
  - (i) The Ultimate Parent shall ensure that, as of each Quarter Date, the Ultimate Parent and its Subsidiaries (excluding the Parent, the Borrower and any Vessel Owner) maintain an amount of unrestricted Cash and Cash Equivalents equal to at least US\$20 million on a consolidated basis ("**Minimum Liquidity Test**"); provided that for the purpose of determining compliance with this Clause 20.1(b)(i), Cash and Cash Equivalents as of each Quarter Date shall be deemed to include the Minimum Liquidity Amount and contracted charter-hire receivables as of such date, so long as any such unpaid charter-hire receivables are collected within 20 Business Days following such Quarter Date.
  - (ii) If the Ultimate Parent fails to comply with the Minimum Liquidity Test on any Quarter Date, such failure may be cured (and, for the avoidance of doubt, no Default or Event of Default shall occur as a result of such failure) if, within 30 Business Days following such Quarter Date, (1) the Ultimate Parent receives net cash proceeds in exchange for the issuance of the common shares, preference shares or other equity securities of the Ultimate Parent or other cash contribution to the equity of the Ultimate Parent, (2) after adjusting the calculation of the Ultimate Parent's Cash and Cash Equivalents as of such Quarter Date to give effect to the amount of net cash proceeds received, the Ultimate Parent would have complied with the Minimum Liquidity Test as of such Quarter Date and (3) the Ultimate Parent provides an officer's certificate in form and substance satisfactory to the Agent notifying the Agent of the occurrence of (1) and (2).

The above covenants shall be tested on each Quarter Date and reported to the Agent in each Compliance Certificate to be delivered to the Agent pursuant to Clause 19.2(b) (*Compliance certificates*).

#### **20.2 Most favoured Lenders**

If at any time any other Financial Indebtedness of the Ultimate Parent and/or any of its Subsidiaries shall include any financial covenant in respect of the Ultimate Parent (whether set forth as a covenant, undertaking, event of default, restriction or other such provision) (a "**Financial Covenant**") that would be more beneficial to the Lenders than any analogous provision contained in this Agreement (an "**Additional Financial Covenant**"), then such Additional Financial Covenant shall be deemed automatically incorporated into the terms of this Agreement (an "**MFN Amendment**"). Such MFN Amendment shall be reversed and the financial covenants restored to those that were in effect immediately prior to an MFN Amendment when (i) such other financial indebtedness containing the Additional Financial Covenant is repaid in full other than as a result of or in connection with an actual event of default (howsoever defined); or (ii) the original terms of an Additional Financial Covenant provide that it has ceased to apply.

#### **21. General undertakings**

The undertakings in this Clause 21 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

##### **21.1 Authorisations**

Each Obligor shall promptly:

- (a) obtain, comply with, renew and do all that is necessary to maintain in full force and effect each Relevant Document; and
- (b) upon request, supply certified copies to the Agent of any authorisation required under any law or regulation of its jurisdiction of incorporation or formation, as applicable, to:
  - (i) enable it to perform its obligations under the Relevant Documents to which it is a party;
  - (ii) ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation or formation, as applicable, of any Relevant Document; or
  - (iii) enable any Obligor to 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 shall comply (and shall procure that each Affiliate of any of them shall comply) in all respects with all laws, regulations and directives to which it may be subject if (except as regards Sanctions, to which Clause 21.2(b) applies, and anti- corruption laws, to which Clause 21.5 (*Anti-corruption laws*) applies) failure to do so has or is reasonably likely to have a Material Adverse Effect.
- (b) Each Obligor shall (and shall procure that each Affiliate of any of them shall comply) in all respect with all Sanctions.

### 21.3 Environmental compliance

Each Obligor shall:

- (a) comply with all Environmental Laws applicable to it and the Vessel owned by it, as the case may be;
- (b) obtain, maintain and ensure compliance with all Environmental Approvals applicable to it and the Vessel owned by it, as the case may be; and
- (c) implement procedures to monitor compliance with and to prevent liability under any Environmental Law applicable to it and the Vessel owned by it, as the case may be,

where failure to do so has or is reasonably likely to have a Material Adverse Effect.

### 21.4 Environmental Claims

The Borrower shall, promptly upon becoming aware of the same, inform the Agent in writing of:

- (a) any Environmental Claim against any of the Obligors which is current, pending or threatened; and
- (b) any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against any of the Obligors, where the claim, if determined against that Obligor, has or is reasonably likely to have a Material Adverse Effect.

### 21.5 Anti-corruption laws

- (a) No Obligor shall (and each Obligor shall procure that no other Obligor which is a Subsidiary of that Obligor shall) directly or indirectly use the proceeds of the Loan for any purpose that would breach the Bribery Act 2010, the United States Foreign Corrupt Practices Act of 1977 or other similar legislation in other jurisdictions.
- (b) Each Obligor shall (and shall procure that each other Obligor which is a Subsidiary of that Obligor shall):
  - (i) conduct its businesses in material compliance with applicable anti-corruption laws; and
  - (ii) maintain policies and procedures designed to promote and achieve compliance with such laws.

### 21.6 Taxation

- (a) Each Transaction Obligor shall (and shall procure that each other Transaction Obligor which is a Subsidiary of that Transaction Obligor shall) pay and discharge all Taxes imposed upon it or its assets within the time period allowed 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*);
  - (iii) such payment can be lawfully withheld; and
  - (iv) failure to pay those Taxes does not have or is not reasonably likely to have a Material Adverse Effect.

- (b) No Vessel Owner may change its residence for Tax purposes, save that GSL Alcazar Inc. shall be permitted to leave the Cyprus tonnage tax system and cease to be tax resident in Cyprus.

**21.7 Pari passu ranking**

Each Transaction Obligor shall (and shall procure that each other Transaction Obligor which is a Subsidiary of that Transaction Obligor shall) ensure that at all times any unsecured and unsubordinated claims of a Finance Party against it under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies.

**21.8 Negative pledge**

- (a) In this Clause 21.8, "**Quasi-Security**" means an arrangement or transaction described in Clause 21.8(b).
- (b) Except as permitted under Clause 21.8(c):
  - (i) None of the Borrower, the Parent nor any Vessel Owner shall create nor permit to subsist any Security over any of its assets.
  - (ii) None of the Borrower, the Parent nor any Vessel Owner shall:
    - (A) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by a Transaction Obligor or any other member of the Group or any Related Party;
    - (B) sell, transfer or otherwise dispose of any of its receivables on recourse terms;
    - (C) 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
    - (D) 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) Paragraph (b) above does not apply to any Security or (as the case may be) Quasi- Security, which is a Permitted Security, a Permitted Transaction or a Permitted Vessel Disposal.

**21.9 Disposals**

- (a) Except as permitted under Clause 21.9(b), no Transaction Obligor (other than the Ultimate Parent) shall enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset.
- (b) Clause 21.9(a) does not apply to any sale, lease, transfer or other disposal which is a Permitted Transaction, a Permitted Vessel Disposal or otherwise agreed by the Borrower and the Agent (acting on the instructions of the Lenders).

#### **21.10 Arm's length basis**

- (a) Except as permitted under Clause 21.10(b), no Obligor shall (and each Obligor shall procure that no other Subsidiary of that Obligor shall) enter into any transaction with any person except on arm's length terms.
- (b) Other than the entry by a Vessel Owner into a Management Agreement with an Approved Manager, no Obligor shall enter into a transaction with a Related Party without the prior written consent of the Agent (such consent not be unreasonably withheld or delayed).
- (c) The following transactions shall not be a breach of Clause 21.10(a):
  - (i) fees, costs and expenses payable under the Relevant Documents in the amounts set out in the Relevant Documents delivered to the Agent under Clause 4.1 (*Initial conditions precedent*) or fees, costs and expenses agreed by the Agent;
  - (ii) any Permitted Dividends; and
  - (iii) any Permitted Transaction.

#### **21.11 Merger**

No Transaction Obligor shall, without the prior written consent of the Lenders, enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction other than:

- (a) a Permitted Transaction; or
- (b) a merger by Ultimate Parent, which satisfies the Ultimate Parent Merger Conditions and, prior to such merger, the Ultimate Parent shall provide to the Agent a Merger Conditions Certificate, signed by the Chief Financial Officer of the Ultimate Parent, setting out (in reasonable detail) computations as to compliance with the Ultimate Parent Merger Conditions.

#### **21.12 Change of business**

No Obligor shall make any substantial change to the general nature of its business from that carried on at the date of this Agreement.

#### **21.13 No other business**

- (a) None of the Vessel Owners shall engage in any business other than the ownership, operation, chartering and management of the relevant Vessel owned by it.
- (b) The Borrower shall not engage in any business other than the ownership of the shares or limited liability company interests, as applicable, in each Vessel Owner.
- (c) The Parent shall not engage in any business other than the ownership of the limited liability company interests in the Borrower.

#### **21.14 No acquisitions**

No Transaction Obligor (other than the Ultimate Parent) shall acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them) or incorporate a company (except for a Permitted Transaction).

**21.15 No Joint Ventures**

No Transaction Obligor (other than the Ultimate Parent) shall:

- (a) enter into, invest in or acquire (or agree to acquire) any shares, stocks, securities or other interest in any Joint Venture; or
- (b) transfer any assets or lend to or guarantee or give an indemnity for or give security for the obligations of a Joint Venture or maintain the solvency of or provide working capital to any Joint Venture (or agree to do any of the foregoing).

**21.16 No borrowings**

None of the Borrower, the Parent nor any Vessel Owner shall incur or allow to remain outstanding any Financial Indebtedness (except for the Loan, the Permitted Intercompany Debt and any indebtedness owing under the Senior Secured Notes (provided such indebtedness is repaid in full not later than the date falling one (1) Business Day after the Preposition Date)).

**21.17 No substantial liabilities**

Except in the ordinary course of trading, none of the Obligors (other than the Ultimate Parent) shall incur any liability to any third party which is in the Agent's opinion of a substantial nature (except for the Loan and Permitted Intercompany Debt).

**21.18 No loans or credit**

Neither the Borrower, the Parent nor any Vessel Owner shall be a creditor in respect of any Financial Indebtedness (other than pursuant to the Finance Documents and the Permitted Intercompany Debt) unless it is a loan made in the ordinary course of business on arm's length terms in connection with the chartering, operation or repair of a Vessel or a Permitted Transaction.

**21.19 No guarantees or indemnities**

No Transaction Obligor (other than the Ultimate Parent) shall incur or allow to remain outstanding any guarantee in respect of any obligation of any person unless it is a Permitted Transaction or guarantees given in respect of the Senior Secured Notes (provided such guarantees are discharged not later than the date falling one (1) Business Day after the Preposition Date).

**21.20 No dividends**

Except for any Permitted Dividend, no Transaction Obligor (other than the Ultimate Parent) shall:

- (a) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital or limited liability company interests, as applicable, (or any class of its share capital or limited liability company interests, as applicable);
- (b) repay or distribute any dividend or share premium reserve; or
- (c) redeem, repurchase, defease, retire or repay any of its share capital or limited liability company interests, as applicable, or resolve to do so.

**21.21 Inspection of records**

Each Transaction Obligor (other than the Ultimate Parent) shall permit the inspection of its respective financial, operating and insurance records and accounts as may be reasonably required from time to time by the Agent or its nominee.

#### 21.22 No change in Relevant Documents

- (a) No Obligor shall:
  - (i) exercise any discretion under any of the Relevant Documents which are not Finance Documents in a manner which is materially adverse to the interests of the Lenders; or
  - (ii) amend, vary, novate, supplement, supersede, waive or terminate any term of, any of the Relevant Documents which are not Finance Documents, or any other document delivered to the Agent pursuant to Clause 4.1 (*Initial conditions precedent*) or Clause 4.2 (*Utilisation conditions precedent*) or Clause 4.4 (*Conditions subsequent*) in a manner which is or could be expected to be adverse to the interests of the Lenders or which would or could otherwise adversely affect the ability of the Obligors to perform their obligations under the Finance Documents.
- (b) Each Obligor shall take all reasonable and practical steps to preserve and enforce its rights and pursue any claims and remedies arising under any Relevant Documents which are not Finance Documents.
- (c) Each Obligor shall (and shall procure that each other Obligor which is a Subsidiary of that Obligor shall) comply with its obligations under the Relevant Documents which are not Finance Documents.

#### 21.23 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 Security Agent may reasonably specify (and in such form as the Security Agent may reasonably require in favour of the Security Agent or its nominee(s)):
  - (i) to perfect any Security created or intended to be created 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 or the Finance Parties provided by or pursuant to the Finance Documents or by law;
  - (ii) to confer on the Security Agent or confer on the Finance Parties Security over any property and assets of that Borrower (or that other Obligor as the case may be) located in any jurisdiction equivalent or similar to the Security intended to be conferred by or pursuant to the Security Documents; and/or
  - (iii) to facilitate the realisation of the assets which are, or are intended to be, the subject of the Security Documents.
- (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 conferred or intended to be conferred on the Security Agent or the Finance Parties by or pursuant to the Finance Documents.

#### 21.24 Sanctions

- (a) The Obligors shall not, directly or indirectly use, lend, make payments of, contribute or otherwise make available, all or any part of the proceeds of the Loan or other transaction(s) contemplated by this Agreement:
  - (i) to fund either directly or indirectly any trade, business or other activities:
    - (A) involving or for the benefit of any Restricted Person in violation of Sanctions; or

- (B) in any country or territory that, at the time of such funding, is a Sanctioned Country in violation of Sanctions; or
  - (C) in any other manner that would reasonably be expected to result in any person or any Finance Party being in violation of any Sanctions or becoming a Restricted Person.
- (b) No Obligor shall permit or authorise, and each Obligor shall prevent, any Vessel being used directly or indirectly:
- (i) by or for the benefit of any Restricted Person or in any country, or territory, that is a Sanctioned Country where such use would constitute a violation of Sanctions; and/or
  - (ii) in any trade which will expose a Vessel, any person, an Approved Manager, crew or insurers to Sanctions or any enforcement proceedings or any other negative consequences whatsoever arising therefrom.
- (c) Each Obligor shall ensure that neither its assets nor the assets subject to the Security Documents shall be used directly or indirectly by or for the benefit of any Restricted Person or otherwise used in any manner which would not be in compliance with Sanctions.
- (d) Each Obligor shall comply with Sanctions and nothing in this Clause 21.24 shall allow any Obligor to use any Vessel in trade with, to or from the Government of Venezuela, including but not limited to Petr leos de Venezuela S.A.

**21.25 Use of proceeds**

The Borrower shall not, and will procure that each other Obligor shall not, and shall not permit or authorise any other person to, directly or indirectly, make available any proceeds of the Loan to fund or facilitate trade, business or other activities (i) involving or for the benefit of any Restricted Person or (ii) in any other manner that could result in any Obligor or a Finance Party not being in compliance with Sanctions or becoming a Restricted Person.

**22. Vessel Undertakings 22.1 General**

The undertakings in this Clause 22 shall remain in force from the date of this Agreement for so long as any amount is outstanding under any Finance Document.

**22.2 Vessel Name and Registration**

Each Vessel Owner shall, in respect of the Vessel owned by it:

- (a) keep that Vessel registered in its name with the Approved Flag from time to time;
- (b) not do or allow to be done anything as a result of which such registration might be cancelled or imperilled; and
- (c) not change the name or port of registry of that Vessel without the prior written consent of the Agent (acting with the instruction of the Majority Lenders), such consent not to be unreasonably withheld or delayed.

**22.3 Repair and Classification**

Each Vessel Owner shall keep the Vessel owned by it:

- (a) in a good and safe condition and state of repair;

- (b) consistent with first class ship ownership and management practice;
- (c) in a manner such that they maintain the Classification of that Vessel free of overdue recommendations and conditions; and
- (d) so as to comply with all laws and regulations applicable to similar vessels registered under the Approved Flag or to similar vessels trading to any jurisdiction to which that Vessel may trade from time to time including but not limited to ISM Code and the ISPS Code.

**22.4 Modification**

Each Vessel Owner shall, in respect of the Vessel owned by it, not make or permit to be made, any modification or repairs to, or replacement of, the Vessel owned by it or equipment installed on that Vessel that would or might materially and adversely alter the structure, type or performance characteristics of that Vessel or materially reduce its value except as required by change of law or regulation.

**22.5 Removal of Parts**

Each Vessel Owner shall, in respect of the Vessel owned by it, not remove, nor permit the removal, of any material part of the Vessel owned by it, or any item of equipment installed on that Vessel, unless the part or item so removed is replaced as soon as practicable by a suitable part or item which is in the same condition as or better condition than the part or item removed, is free from any Security or any right in favour of any person other than the Security Agent and becomes on installation on that Vessel, the property of the relevant Vessel Owner, and subject to the security constituted by the Mortgage relating to that Vessel PROVIDED THAT the relevant Vessel Owner may install equipment owned by a third party if the equipment can be removed without any risk of damage to that Vessel.

**22.6 Surveys**

Each Vessel Owner shall, in respect of the Vessel owned by it, submit that Vessel regularly to all periodical or other surveys which may be required for classification purposes and, if so required by the Agent, provide the Agent with copies of all survey reports.

**22.7 Inspection**

Each Vessel Owner shall permit the Agent and/or the Security Agent (by surveyors or other persons appointed by it for that purpose) to board the Vessel owned by it at all reasonable times provided that the Agent/Security Agent has given two (2) Business Days' prior written notice and such inspection shall not unduly interfere with the normal operation of the Vessel, in order for the Agent and/or the Security Agent to inspect the Vessel's condition or to satisfy themselves about proposed or executed repairs and shall afford all proper facilities for such inspections, provided that, so long as no Event of Default has occurred and is continuing, the number of inspections of each Vessel shall not exceed one per calendar year. Any costs, fees or expenses relating to such inspections shall be for the account of the Transaction Obligors, provided that, so long as no Event of Default has occurred and is continuing, the Transaction Obligors shall not be required to pay for more than one inspection per Vessel in any calendar year.

**22.8 Prevention and Release from Arrest**

Each Vessel Owner shall, in respect of the Vessel owned by it, promptly discharge:

- (a) all liabilities which give or may give rise to maritime or possessory liens on or claims enforceable against that Vessel, its Earnings or its Insurances;
- (b) all Taxes, dues and other amounts charged in respect of that Vessel, its Earnings or its Insurances; and

(c) all other outgoings whatsoever in respect of that Vessel, its Earnings or its Insurances,

and, forthwith upon receiving notice of the arrest of that Vessel, or of its detention in exercise or purported exercised of any lien or claim, the relevant Vessel Owner shall procure its release by providing bail or otherwise as the circumstances may require.

#### **22.9 Compliance with Laws**

Each Vessel Owner shall:

- (a) comply, or procure compliance with all Environmental Laws, the ISM Code, the ISPS Code, Sanctions and all other laws and regulations relating to the Vessel owned by it, its ownership, operation and management or to its business;
- (b) not employ the Vessel owned by it nor allow its employment in any manner contrary to any law or regulation in any relevant jurisdiction including but not limited to the ISM Code and the ISPS Code, any Environmental Laws and any Sanctions;
- (c) maintain an ISSC for the Vessel owned by it;
- (d) in the event of hostilities in any part of the world (whether war is declared or not), not cause or permit the Vessel owned by it to enter or trade to any zone which is declared a war zone by any government or by the war risks insurers of the Vessel owned by it unless the prior written consent of the Agent has been given and the relevant Vessel Owner has (at their expense) effected any special, additional or modified insurance cover which the Agent may require; and
- (e) in respect of any Vessel whose age exceeds 10 years and if required by law or regulation, obtain a green passport for the Vessel owned by it, promptly after completion of the first dry-dock to occur after the tenth anniversary of the date on which the relevant Vessel was delivered by the relevant builder to its first owner, and shall maintain such green passport throughout the Facility Period.

#### **22.10 Classification Society**

Following a written request by the Agent, the relevant Vessel Owner, the Borrower or the relevant Classification Society shall provide the following information to the Security Agent:

- (i) notification that a Vessel's classification society is to be changed;
- (ii) details of any facts or matters which may result in or have resulted in a change, discontinuance, withdrawal suspension, or expiry of a Vessel's class under the rules or terms and conditions of such Vessel Owner's or a Vessel's membership of the Classification Society;
- (iii) certified true copies of all original class records held by the Classification Society; and
- (iv) confirmation that the relevant Vessel Owner is or is not in default of any of its obligations or liabilities to the Classification Society, including confirmation on whether it has paid in full all fees or other charges due and payable to the Classification Society and, if that Vessel Owner is in default, to specify in reasonable detail the facts and circumstances of such default, the consequences of such default, and any remedy period agreed or allowed by the Classification Society.

### **22.11 Provision of Information**

Each Vessel Owner shall, in respect of the Vessel owned by it, promptly provide the Lenders with any information which they reasonably request regarding:

- (a) that Vessel, its employment, position and engagements;
- (b) its Earnings;
- (c) payments and amounts due to the master and crew of that Vessel;
- (d) any towages and salvages (other than in the case of towages in the normal course of the Vessel's operations); and
- (e) the Vessel Owner's, the Approved Managers' or that Vessel's compliance with the ISM Code and the ISPS Code.

### **22.12 Notification of Certain Events**

Each Vessel Owner shall, in relation to the Vessel owned by it, immediately notify the Agent by email, confirmed forthwith by letter, of:

- (a) any casualty relating to that Vessel which is or is likely to be or to become a Major Casualty;
- (b) any occurrence as a result of which that Vessel has become or is, by the passing of time or otherwise, likely to become a Total Loss;
- (c) any requirement or recommendation made by any insurer or the Classification Society or by any competent authority which is not complied with within the period required for compliance or, if no such period for compliance has been specified, as soon as reasonably practical and in any event within twenty (20) Business Days;
- (d) any arrest or detention of that Vessel, any exercise or purported exercise of any lien on that Vessel or its Earnings or any requisition of that Vessel for hire;
- (e) any intended dry docking of that Vessel;
- (f) any Environmental Claim made against any Vessel Owner or in connection with any Vessel, or any Environmental Incident, where such Environmental Claim is for an amount of or in excess of US\$100,000;
- (g) any claim for breach of the ISM Code or the ISPS Code being made against any Vessel Owner, any Approved Manager or otherwise in connection with that Vessel;
- (h) any actual or threatened withdrawal, suspension, cancellation or modification of the ISSC; and
- (i) any other matter, event or incident, actual or threatened, the effect of which will or could lead to the ISM Code or the ISPS Code not being complied with, and the Vessel Owners shall keep the Agent advised in writing on a regular basis and in such detail as the Agent shall require of the Vessel Owners', the Approved Managers' or any other person's response to any of those events or matters.

### **22.13 Restrictions on Chartering etc.**

No Vessel Owner shall, in relation to the Vessel owned by it:

- (a) let that Vessel on demise charter for any period;

- (b) enter into or vary any time charter, consecutive voyage charter or other contract of employment in respect of that Vessel without the prior written consent of the Agent (acting on the instructions of the Majority Lenders), such consent not to be unreasonably withheld or delayed:
  - (i) for a term which exceeds twenty four (24) months; or
  - (ii) for a term which, by virtue of any option of extensions, may exceed twenty four (24) months;
- (c) enter into or vary any charter in relation to that Vessel under which more than two (2) months' hire (or the equivalent) is payable in advance;
- (d) charter that Vessel otherwise than on bona fide arm's length terms at the time when that Vessel is fixed (and for the avoidance of doubt any charter to the Ultimate Parent, a member of the Group or any of their respective Affiliates shall not be permitted without the Agent's prior written consent (such consent not to be unreasonably withheld or delayed));
- (e) pay or agree to pay any fees, commission, or any other compensation, contribution, remuneration, or payment of any kind whatsoever to an Approved Manager other than in accordance with the terms of a Management Agreement;
- (f) deactivate or lay-up that Vessel; or
- (g) put that Vessel into the possession of any person for the purpose of work being done upon her in an amount exceeding or likely to exceed US\$750,000 (or the equivalent in any other currency) unless that person has first given to the Agent in terms satisfactory to it a written undertaking not to exercise any lien on that Vessel or its Earnings for the cost of such work (excluding any Dry Docking Costs that will be paid for exclusively from amounts standing to the credit of the relevant Dry Docking Reserve Account and, subject to evidence satisfactory to the Agent that the relevant insurers have approved the relevant claim, any work which will be paid for from the proceeds of the Insurances).

#### **22.14 Approval of charters**

For charters where the prior written consent of the Agent is required in accordance with Clause 22.13 (*Restrictions on Chartering etc.*) above, the Borrower will provide a summary of the key terms of the time charter (or, in the case of a renewal, its renewal terms) agreed between the relevant Vessel Owner and the relevant charterer to the Agent for its approval (such approval not to be unreasonably withheld) and the Agent (acting promptly) shall either give its approval to the charter or decline to do so (and inform the Borrower of any amendments to the charter which are required by it in order to give its approval).

#### **22.15 Notice of Mortgage**

Each Vessel Owner shall keep the Mortgage registered against the Vessel owned by it as a valid first priority or first preferred mortgage (as the case may be), carry on board that Vessel a certified copy of the relevant Mortgage and place and maintain in a conspicuous place in the navigation room and the Master's cabin of that Vessel a framed printed notice stating that the Vessel is mortgaged by the relevant Vessel Owner to the Security Agent.

#### **22.16 Sharing of Earnings**

No Vessel Owner shall enter into any agreement or arrangement for the sharing of any Earnings relating to any Vessel, other than with the prior written consent of the Agent (acting on the instructions of all Lenders), which consent the Agent shall have full power to withhold.

### **22.17 Manager**

A manager of a Vessel shall not be appointed unless that manager is, in the case of the technical management of a Vessel, an Approved Technical Manager or, in the case of the commercial management of a Vessel, an Approved Commercial Manager, the appointment is on arms' length terms and, in advance of any appointment:

- (a) the terms of its appointment are approved in writing by the Agent (such approval not be unreasonably withheld or delayed); and
- (b) the relevant Approved Manager has delivered a duly executed Manager's Undertaking to the Security Agent (together with evidence reasonably satisfactory to the Agent of the due authority of the signatory thereto).

### **22.18 Management Agreement**

No Vessel Owner will agree to any alteration to the terms of an Approved Manager's appointment, nor permit or authorise an Approved Manager to transfer or delegate any of its obligations under the relevant management agreement (unless permitted to do so under the terms of the relevant Management Agreement), without the prior consent of the Agent (which consent the Agent shall have full power to withhold) and subject to any Approved Sub- Manager providing a duly executed Manager's Undertaking to the Security Agent.

### **22.19 Quiet Enjoyment**

- (a) If required by the relevant charterer in respect of a Charter, the Security Agent shall promptly consider in good faith, and not unreasonably withhold its consent to, any request to agree (on behalf of the other Finance Parties) quiet enjoyment arrangements with such charterer.
- (b) In respect of a time charter or other contract of employment where the charter period is less than twenty four (24) months (including by virtue of optional extensions), if required by the relevant charterer the Security Agent shall promptly consider in good faith, but be under no obligation to accept, any request to agree (on behalf of the other Finance Parties) quiet enjoyment arrangements with such charterer.

## **23. Insurance Undertakings**

### **23.1 General**

Each Vessel Owner undertakes to comply with the following provisions of this Clause 23 for so long as any amount is outstanding under the Finance Documents or except as the Security Agent may otherwise permit (acting on the instructions of all Lenders).

### **23.2 Maintenance of Obligatory Insurances**

Each Vessel Owner will keep the Vessel owned by it at all times insured at its own cost and expense against:

- (a) fire and usual marine risks (including hull and machinery, excess risks and increased value) and war risks (including the London blocking and trapping addendum or equivalent coverage, including terrorism and piracy risks where excluded under the fire and usual marine risks insurance and including, without limitation, protection and indemnity war risks with a separate limit not less than hull value) for an amount on an agreed value basis at least the greater of:
  - (i) an amount equal to 120% of the Notional Vessel Tranche in respect of that Vessel (and, when aggregated with such insurances in respect of each Vessel other than that Vessel, 120% of the Loan); and

- (ii) the Market Value of that Vessel;
- (b) protection and indemnity risks (including without limitation protection and indemnity war risks in excess of the amount for war risks (hull) and oil pollution liability risks and in respect of the full value and tonnage of that Vessel), on "full entry terms" for the highest available amount in the insurance market for vessels of a similar age and type as that Vessel (but, in relation to liability for oil pollution, for an amount not less than US\$1,000,000,000); and
- (c) any other risks against which the Agent considers, having regard to practices and other circumstances prevailing at the relevant time which are relevant in the context of the age and type of the relevant Vessel and her trading pattern and the generally acknowledged practice of shipping companies of similar size and standing as the Ultimate Parent, it would in the opinion of the Agent be reasonable for that Vessel Owner to insure and which are specified by the Agent by notice to the Borrower and/or that Vessel Owner.

### 23.3 Terms of Obligatory Insurances

The obligatory insurances shall:

- (a) be in Dollars;
- (b) be on terms approved by the Agent (acting reasonably) in writing;
- (c) be through approved brokers and with approved insurance companies and/or underwriters or, in the case of war risks and protection and indemnity risks, in approved war risks and protection and indemnity risks associations, which are members of the International Group of Protection and Indemnity Associations, and have Standard & Poor's rating of at least A or such other comparable rating by any other rating agency acceptable to the Agent (acting on the instructions of all Lenders) or such other rating as the Agent (acting on the instructions of all Lenders) may approve, such approval not to be unreasonably withheld or delayed;
- (d) whenever required by the Agent, name (or be amended to name) the Security Agent as additional named assured for its rights and interests, warranted no operational interest and with full waiver of rights of subrogation against the Security Agent (as the case may be), but without the Security Agent thereby being liable to pay (but having the right to pay) premiums, calls or other assessments in respect of such insurance;
- (e) name the Security Agent as loss payee with such directions for payment as the Security Agent may specify (such loss payable clauses to be in the form determined pursuant to the provisions of the General Assignments);
- (f) provide that all payments by or on behalf of the insurers under the obligatory insurances to the Security Agent shall be made without set off, counterclaim or deductions or condition whatsoever;
- (g) provide that such obligatory insurances shall be primary without right of contribution from other insurances which may be carried by the Security Agent and/or the Agent; and
- (h) provide that the Security Agent may make proof of loss if the relevant Vessel Owner fails to do so.

#### **23.4 Renewal**

Each Vessel Owner shall:

- (a) at least fourteen (14) days before the expiry of any obligatory insurance relating to a Vessel;
  - (i) notify the Agent of the approved brokers (or other insurers) and any protection and indemnity or war risks association through or with whom a Borrower proposes to renew that obligatory insurance and of the proposed terms of renewal; and
  - (ii) obtain the Agent's approval to the matters referred to in paragraph 23.4(a)(i), such approval not to be unreasonably withheld or delayed;
- (b) at least seven (7) days before the expiry of any obligatory insurance relating to a Vessel, renew that obligatory insurance in accordance with the Agent's approval pursuant to paragraph (a); and
- (c) not add any (other) assured to any obligatory insurance without the prior written consent of the Agent.

#### **23.5 Copies of Policies**

Each Vessel Owner shall provide to the Agent pro forma copies of all insurance policies and other documentation issued by brokers, insurance and protection and indemnity associations as soon as they are available after they have been placed or renewed.

#### **23.6 Copies of Certificates of Entry**

Each Vessel Owner shall ensure that any protection and indemnity and/or war risks association in which a Vessel is entered provides the Agent with:

- (a) a certified copy of the certificate of entry for the Vessel owned by it;
- (b) a letter or letters of undertaking in such form as may be required by the Security Agent (but having regard to the market practice of such association and law at the time of issue of such letter of undertaking); and
- (c) where required to be issued under the terms of insurance or indemnity provided by the relevant Vessel Owner's protection and indemnity association, a certified copy of each certificate of financial responsibility for pollution by oil or other Environmentally Sensitive Material issued by the relevant certifying authority in relation to the Vessel owned by it.

#### **23.7 Letters of Undertaking**

Each Vessel Owner shall ensure that all approved brokers provide the Security Agent a letter or letters or undertaking in a form required by the Security Agent and including undertakings by the approved brokers that:

- (a) they will have endorsed on each policy, immediately upon issue, a loss payable clause and a notice of assignment in the agreed form or in such other forms as the Security Agent may require;
- (b) they will hold such policies, and the benefit of such insurances, to the order of the Security Agent in accordance with the said loss payable clause;
- (c) they will advise the Security Agent immediately of any material change to the terms of the obligatory insurances;
- (d) they will notify the Security Agent, not less than seven (7) days before the expiry of the relevant obligatory insurances, in the event of their not having received notice of renewal instructions from the relevant Vessel Owner or its agents and, in the event of their receiving instructions to renew, they will promptly notify the Security Agent of the terms of the instructions; and

- (e) they will not set off against any sum recoverable in respect of a claim relating to the Vessel owned by that Vessel Owner under such obligatory insurances any premiums or other amounts due to them or any other person whether in respect of that Vessel or otherwise, they waive any lien on the policies, or any sums received under them, which they might have in respect of such premiums or other amounts, and they will not cancel such obligatory insurances by reason of non-payment of such premiums or other amounts, and will arrange for a separate policy to be issued in respect of that Vessel forthwith upon being so requested by the Security Agent, but in all cases having regard to general insurance market practice and law at the time of issue of such letter of undertaking.

### **23.8 Deposit Original Policies**

Unless the policies are only in electronic format, each Vessel Owner shall ensure that the originals of all policies relating to obligatory insurances are deposited with the approved brokers through which the insurances are effected or renewed.

### **23.9 Payment of Premiums**

Each Vessel Owner shall punctually pay all premiums or other sums payable in respect of the obligatory insurances and produce all relevant receipts when so required by the Agent.

### **23.10 P&I Guarantees**

No Vessel Owner shall ensure that any guarantees required by a protection and indemnity or war risks association are promptly issued and remain in full force and effect.

### **23.11 Compliance with Terms of Obligatory Insurances**

No Vessel Owner shall do or omit to do (or permit to be done or not to be done) any act or thing which would or might render any obligatory insurance invalid, void, voidable or unenforceable or render any sum payable under an obligatory insurance repayable in whole or in part; and, in particular:

- (a) each Vessel Owner shall take all necessary action and comply with all requirements which may from time to time be applicable to the obligatory insurances, and (without limiting the obligation contained in Clause 23.6 (*Copies of Certificates of Entry*) ensure that the obligatory insurances are not made subject to any exclusions or qualifications to which the Agent has not given its prior written approval;
- (b) no Vessel Owner shall make any changes relating to the Classification or Classification Society or manager or operator of the Vessel owned by it unless approved by the underwriters of the obligatory insurances; and
- (c) no Vessel Owner shall employ the Vessel owned by it, or allow it to be employed, otherwise than in conformity with the terms and conditions of the obligatory insurances, without first obtaining the consent of the Agent and the insurers and complying with any requirements (as to extra premium or otherwise) which the Agent and the insurers specify.

### **23.12 Alteration to Terms of Obligatory Insurances**

No Vessel Owner shall make nor agree to any alteration to the terms of any obligatory insurance (other than a change relating to the insurance premiums to be paid) or waive any right relating to any obligatory insurance without the prior written consent of the Security Agent (acting on the instructions of all the Lenders), such consent not to be unreasonably withheld or delayed.

### 23.13 Settlement of Claims

No Vessel Owner shall settle, compromise or abandon any claim under any obligatory insurance for a Total Loss or for a Major Casualty without the prior written consent of the Security Agent (such consent not to be unreasonably withheld or delayed), and shall do all things necessary and provide all documents, evidence and information reasonably required to enable the Security Agent to collect or recover any moneys which at any time become payable in respect of the obligatory insurances.

### 23.14 Application of recoveries

Any sums paid under the obligatory insurances other than to the Security Agent shall be applied in repairing the damage and/or discharging the liability in respect of which they have been paid, save to the extent that the repairs have already been completed and paid for and/or the liability has already been fully discharged.

### 23.15 Provision of Copies of Communications

Each Vessel Owner shall provide the Agent, at the time of each such communication, copies of all material written communications between such Vessel Owner and each of the following:

- (a) the approved brokers; and
- (b) the approved protection and indemnity and/or war risks associations; and
- (c) the approved insurance companies and/or underwriters,

which relate directly or indirectly to:

- (i) that Vessel Owner's obligations relating to the obligatory insurances including, without limitation, all requisite declarations and payments of additional premiums or calls; and
- (ii) any credit arrangements made between that Vessel Owner and any of the persons referred to in paragraphs (a) or (b) relating wholly or partly to the effecting or maintenance of the obligatory insurances.

### 23.16 Provision of Information

In addition, each Vessel Owner shall promptly provide the Agent (or any persons which the Agent may designate) with any information which the Agent (or any such designated person) reasonably requests for the purpose of:

- (a) obtaining or preparing any report from an independent marine insurance broker as to the adequacy of the obligatory insurances effected or proposed to be effected, provided that, unless an Event of Default has occurred and is continuing or there is a change to the terms of the insurance cover, that Vessel Owner shall not bear the costs of more than one such report per calendar year; and/or
- (b) effecting, maintaining or renewing any such insurances as are referred to in Clause 23.17 (*Mortgagee's Interest and Additional Perils*) or dealing with or considering any matters relating to any such insurances,

and each Vessel Owner shall, within three (3) Business Days of demand, indemnify the Agent in respect of all fees and other expenses incurred by or for the account of the Agent in connection with any such report as is referred to in paragraph (a).

### **23.17 Mortgagee's Interest and Additional Perils**

The Security Agent shall be entitled, at the cost and expense of the Transaction Obligors, from time to time to effect, maintain and renew:

- (a) a Mortgagee's Interest Additional Perils (Pollution) Insurance and a Mortgagee's Interest Marine Insurance in each case in an amount equal to 120% of the Loan and otherwise on such terms, through such insurers and generally in such manner, as the Security Agent may from time to time consider appropriate; and
- (b) any other insurance cover which the Security Agent reasonably requires in respect of a Finance Party's interests and potential liabilities (whether as mortgagee of a Vessel or beneficiary of the Security Documents) in line with prevailing market practice for financing transactions of this nature (following confirmation of the recommendation for such insurance cover from the Security Agent's independent marine insurance advisers) and the Obligors shall upon demand fully indemnify the Security Agent in respect of all premiums and other expenses which are incurred in connection with or with a view to effecting, maintaining or renewing any insurance referred to in this Clause 23.17 or dealing with, or considering, any matter arising out of such insurance,

and the Transaction Obligors shall supply, or procure that there is supplied, to the Security Agent such information as the Security Agent may require in connection with the matters referred to in this Clause 23.17.

### **23.18 Change in insurance requirements**

The Agent shall have the right, by giving notice to the Borrower and/or the Vessel Owners, to change the terms and requirements of this Clause 23.18 in such manner as it considers appropriate as a result of a change of circumstances or practice after the date of this Agreement (provided that such a change has been recommended by the Security Agent's independent marine insurance advisers), in which case, from the date being fourteen (14) days after such notice is provided, this Clause 23.18 shall be automatically be deemed modified in accordance with the terms of that notice.

## **24. Accounts**

### **24.1 Maintenance**

- (a) Other than with the consent of the Agent (acting on the instructions of all Lenders), no Transaction Obligor (except for the Ultimate Parent) shall open or maintain any bank accounts other than the Accounts required in connection with this Agreement or the other Finance Documents.
- (b) Each Account Holder shall maintain the relevant Accounts with the Account Bank, free of Security and rights of set-off (other than as created under the Accounts Security), until no amount remains outstanding from them under this Agreement or any other Finance Documents.

### **24.2 Location of Accounts**

Each Account Holder shall promptly execute any documents which the Agent specifies to create or maintain in favour of the Security Agent Security over (and/or rights of set-off, consolidation or other rights in relation to) each Account.

### **24.3 Application of Account**

- (a) Each Account Holder shall procure that transfers are made from each Account in order to facilitate the payment of amounts required and/or contemplated by this Agreement and the other Finance Documents.

- (b) Each Account Holder shall only be permitted to withdraw sums from the Accounts in accordance with the provisions of the Finance Documents or as otherwise permitted by the Agent (acting on the instructions of the Majority Lenders).
- (c) Without prejudice to its other rights under the Transaction Security and without obligation to do so, each Account Holder irrevocably authorises the Agent after the occurrence of an Event of Default (and whilst it is continuing) to instruct an Account Bank to make any transfer from any Account in order to facilitate the payment of amounts required and/or contemplated by this Agreement and the other Finance Documents.

#### 24.4 Earnings and Requisition Compensation

- (a) Each Transaction Obligor shall procure that all Earnings and Requisition Compensation in relation to a Vessel are credited to the relevant Earnings Account, unless and until the Agent shall otherwise direct
- (b) Provided there is no continuing Event of Default, the Account Holders may withdraw from the Earnings Accounts at any time:
  - (i) any amounts payable under the Finance Documents and any unpaid fees, costs and expenses of, and any other amounts owing to the Agent, the Security Agent, any Receiver and any Delegate;
  - (ii) payments in respect of Operating Expenses then due and payable relating to the Mortgaged Vessels, provided that the aggregate amount of Operating Expenses withdrawn from the Earnings Accounts in any calendar year shall not exceed 110% of the aggregate amount of permitted Operating Expenses for the Mortgaged Vessels for that calendar year as determined in accordance with Clause 19.5 (*Permitted Operating Expenses*); and
  - (iii) any other amounts or payments permitted by the Finance Documents.

#### 24.5 Retention and repayment

- (a) On each Quarter Date, the Account Holders in respect of the Earnings Accounts shall procure that amounts standing to the credit of the Earnings Accounts are as applied as follows:
  - (i) FIRST, in payment pro rata of any unpaid fees, costs and expenses of, and any other amounts owing to, the Agent, the Security Agent, any Receiver and any Delegate under the Finance Documents;
  - (ii) SECOND, in payment of any interest due under the Finance Documents on that date; and
  - (iii) THIRD, in payment of any other amount due under the Finance Documents on that date.
- (b) Any surplus amounts standing to the credit of the Earnings Accounts following application in accordance with paragraph (a) above shall be available to the Vessel Owners for the payment of Permitted Dividends.

#### 24.6 Minimum Liquidity Account

- (a) The Borrower shall procure that at all times the minimum amount standing to the credit of the Minimum Liquidity Account shall be an amount equal to US\$350,000 per Mortgaged Vessel (the "**Minimum Liquidity Amount**").

- (b) For the avoidance of doubt, following sale or total loss of a Vessel, any amount standing to the credit of the Minimum Liquidity Account in respect of that Vessel may be withdrawn, provided that all payments required pursuant to Clause 7 (*Prepayment and cancellation*) have been made in full.

#### **24.7 Dry Docking Reserve Account**

- (a) Each Dry Docking Reserve Account shall be a blocked account holding the Dry Docking Reserve in respect of the relevant Vessel.
- (b) Funds that have accumulated in a Dry Docking Reserve Account may only be applied in respect of the Dry Docking Costs of the relevant Vessel in accordance with Clause 24.8 (*Dry Docking Reserve*).
- (a) For the avoidance of doubt, following sale or total loss of a Vessel, any amounts standing to the credit of the Dry Docking Reserve Account for that Vessel may be withdrawn, provided that all payments required pursuant to Clause 7 (*Prepayment and cancellation*) have been made in full.

#### **24.8 Dry Docking Reserve**

The Borrower shall procure that on 31 January 2021 and thereafter on 1 April, 1 July, 1 October and 1 January of each year (or if any such day is not a Business Day, the immediately following Business Day), and in respect of each Mortgaged Vessel for which there are scheduled Dry Docking Costs, an amount is deposited in the relevant Dry Docking Reserve Account for that Vessel in accordance with the amounts set out in Schedule 12 (*Quarterly DD Contributions*).

#### **25. Security Shortfall 25.1 Additional security**

- (a) Clause 25.1(b) applies if, at any time during the Facility Period, the Agent notifies the Borrower that the ratio (expressed as a percentage) of: (x) the aggregate of the Market Value of the Vessels subject to a Mortgage plus the aggregate value of any additional security provided pursuant to this Clause 25; to (y) the aggregate amount of the Loan then outstanding (the "**VTL Coverage**"), is less than 120% (which notification the Agent may provide at any time).
- (b) If the Agent gives the notification described in Clause 25.1(a) that the VTL Coverage is less than 120%, the Borrower shall, within thirty (30) days of such notification, at the Borrower's option:
  - (i) give to the Security Agent other additional security in form and substance satisfactory to the Security Agent in favour of the Finance Parties for the payment of the Secured Liabilities which is either Cash held in a blocked account subject to a pledge or charge in form and substance required by the Security Agent or, if such additional security is not Cash, then (in the opinion of the Security Agent acting in its sole discretion):
    - (A) has a net realisable value (on an aggregate basis) equal to or greater than the applicable shortfall; and
    - (B) is of a type which is in form and substance satisfactory to it; or
  - (ii) prepay the Loan but only to the extent required to eliminate the shortfall,

and provided always that any breach of this Clause 25.1 may not be remedied by the Borrower other than in accordance with sub-clauses (b)(i) and (ii).

- (c) For the avoidance of doubt, any prepayment made or Cash collateral provided under paragraph (b) above may be (but is not required be) funded with a Fresh Equity Injection or Permitted Intercompany Debt provided by the Ultimate Parent to the Parent and then down-streamed by the Parent to the Borrower pursuant to a Fresh Equity Injection and/or Permitted Intercompany Debt.
- (d) Clause 7 (*Prepayment and cancellation*) shall apply to prepayments under paragraph (b) above, but provided that no Prepayment Fee is payable in respect of such prepayment.
- (e) The value of any additional security provided shall in the case of Cash be the face amount of the deposit, in the case of a vessel be determined in the same manner as the Market Value of the Vessels and in the case of other security shall be determined by the Agent in its absolute discretion.

**25.2 Release of additional security**

- (a) If at any time the Security Agent holds additional security provided under this Clause 25 and the VTL Coverage, disregarding the value of that additional security, is equal to or exceeds 140%, the Borrower may, by notice to the Agent, request the release and discharge of that additional security, provided that such request shall be accompanied by Valuations (obtained at the Borrower's cost) evidencing that the VTL Coverage is equal to or has exceeded 140% for at least 6 months.
- (b) Upon receipt by the Agent of a Borrower's request and satisfactory Valuations in accordance with paragraph (a) above, the Agent shall promptly direct the Security Agent to release and discharge the relevant additional security if no Event of Default is continuing or will result from the release and discharge of that additional security. Upon such release and discharge and, if so required by the Agent, the Borrower shall reimburse to the Agent and the Security Agent any costs and expenses payable under Clause 16.1 (*Transaction expenses*) in relation to that release and discharge.

**25.3 Valuation of Vessels**

The Market Value of a Vessel at any time is that shown by the average of two Valuations in respect of that Vessel.

**25.4 Delivery of Valuations**

- (a) The Borrower will, at its own cost, within 5 Business Days of 31 March and 30 September each year procure (and otherwise to demonstrate compliance with the Dividend / Loan Payment Criteria) and promptly deliver to the Agent for distribution to each Lender at least two Valuations relating to each Vessel, such Valuations to be provided by Approved Brokers, one such Approved Broker nominated by the Agent and the other nominated by the Borrower.
- (b) The Agent is at liberty (at the cost of the Lenders) to assess the Market Value of the Vessels at any time and at such frequency as the Agent considers necessary or desirable in its absolute discretion.
- (c) If an Event of Default is continuing or the Agent reasonably suspects that an Event of Default has occurred and is continuing, the Agent is at liberty to assess the Market Value of the Vessels at any time, and any such Valuations requested by the Agent following an Event of Default that is continuing will be at the Borrower's cost.

**25.5 Valuations Binding**

Any Valuation under Clause 25.3 (*Valuation of Vessels*) shall be binding and conclusive as regards the Borrower, as shall any valuation which the Agent makes of any additional security pursuant to Clause 25.1(e).

## 25.6 Provision of Information

Each Vessel Owner shall promptly provide (or procure the provision to, as the case may be) the Agent and any shipbroker acting under Clause 25.3 (*Valuation of Vessels*) or in relation to a Valuation with any information which the Agent or the shipbroker may reasonably require for the purposes of such Valuation; and, if that Vessel Owner fails to provide the information by the dates specified in the request, such Valuation will be made on any basis and assumptions which the Agent (or the shipbroker or expert appointed by it) considers prudent.

## 25.7 Payment of Valuation Expenses

Except as otherwise provided in Clause 25.4, the Transaction Obligors shall, on demand, as a joint and several obligation, pay the Agent the amount of the fees and expenses of any shipbroker or expert instructed by the Agent under this Clause 25 (*Security Shortfall*) and all legal and other expenses incurred by the Agent in connection with any matter arising out of this Clause 25 (*Security Shortfall*).

## 26. Events of Default

Each of the events or circumstances set out in this Clause 26 is an Event of Default (save for Clause 26.28 (*Acceleration*) and Clause 26.29 (*Approved Managers*)).

### 26.1 Non-payment

An Obligor does not pay on the due date any amount payable pursuant to a Finance Document at the place and in the currency in which it is expressed to be payable unless its failure to pay is caused by either (i) an administrative or technical error or (ii) a Disruption Event, and, in either event, is paid within four (4) Business Days of its due date.

### 26.2 Other Specific Obligations

- (a) Any requirement of Clause 20 (*Financial covenants*) is not satisfied.
- (b) An Obligor does not comply with Clause 25.1 (*Additional security*).
- (c) The obligatory insurances of a Vessel are not placed and kept in full force and effect in accordance with Clause 23 (*Insurance Undertakings*), provided that no Event of Default under this paragraph (c) will occur if the failure to comply is capable of remedy and is remedied within ten (10) Business Days of the earlier of (i) the Agent giving notice to the Borrower and (ii) any Obligor becoming aware of the failure to comply.
- (d) Any budget is not approved by the Agent in accordance with the provisions of Clause 19.4(a) (*Budgets and Report on Operating Expenses*).
- (e) An Obligor does not comply with Clause 19.6 (*Information on Parent Group*).
- (f) The Ultimate Parent does not comply with the undertaking contained in Clause 5.6(b) (*Prepositioning of funds*).

### 26.3 Other Obligations

- (a) An Obligor does not comply with any provision of the Finance Documents (other than those referred to in Clause 26.1 (*Non-payment*), Clause 26.2, (*Other Specific Obligations*), Clause 26.24 (*Sanctions*) and Clause 19.6 (*Information on Parent Group*)).
- (b) No Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and is remedied within ten (10) Business Days (or, in the case of any failure to comply with Clauses 19.1 (*Financial statements*), 19.2 (*Compliance Certificatess*) or 19.3 (*Requirements as to financial statements*), five (5) Business Days) of the earlier of (i) the Agent giving notice to the Borrower and (ii) any Obligor becoming aware of the failure to comply.

#### 26.4 Misrepresentation

- (a) 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.
- (b) Only with respect to any Repeating Representations repeated on the first day of each Interest Period pursuant to Clause 18.32(b) (*Times when representations are made*), no Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and the circumstance giving rise to such Event of Default are remedied within ten (10) Business Days of the earlier of (i) the Agent giving notice to the Borrower and (ii) any Obligor becoming aware of the failure to comply.

#### 26.5 Cross default

- (a) Any Financial Indebtedness of any member of the Group (excluding GSLS) or the Ultimate Parent:
  - (i) is not paid when due nor within any originally applicable grace period; or
  - (ii) 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);
  - (iii) is capable of being declared by a creditor to be due and payable prior to its specified maturity as a result of such an event.
- (b) In respect of the Ultimate Parent, no Event of Default shall occur under paragraph (a) above unless the aggregate amount of Financial Indebtedness is more than US\$25,000,000 or its equivalent in any other currency.

#### 26.6 Insolvency

- (a) Any Obligor is unable or admits inability to pay its debts as they fall due, is deemed to, or is declared to, be unable to pay its debts under applicable law, ceases or suspends or threatens to cease or suspend making payments on any of its debts, or any Obligor (other than the Ultimate Parent), by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors (other than the Finance Parties) with a view to rescheduling any of its indebtedness.
- (b) The value of the assets of any Obligor is less than its liabilities (taking into account contingent and prospective liabilities).
- (c) A moratorium is declared in respect of any indebtedness of any Obligor. If a moratorium occurs, the ending of the moratorium will not remedy any Event of Default covered by that moratorium.
- (d) Paragraphs (a) to (c) above shall not apply to in relation to any Approved Manager which is a Subsidiary of the Ultimate Parent, provided that a replacement third party Approved Manager is appointed in accordance with this Agreement within ten (10) Business Days of the relevant insolvency event.

#### **26.7 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 Obligor;
  - (ii) a composition, compromise, assignment or arrangement with any creditor of any Obligor;
  - (iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager, provisional supervisor or other similar officer in respect of any Obligor or any of its assets; or
  - (iv) enforcement of any Security over any assets of any Obligor, or any analogous procedure or step is taken in any jurisdiction.
- (b) Paragraph (a) above shall not apply to any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within ten (10) Business Days of commencement.
- (c) Paragraphs (a) and (b) above shall not apply in relation to any Approved Manager which is a Subsidiary of the Ultimate Parent, provided that a replacement third party Approved Manager is appointed in accordance with this Agreement within ten (10) Business Days of the relevant insolvency event.

#### **26.8 Creditors' process**

- (a) Any expropriation, attachment, sequestration, distress or execution affects any asset or assets of any Obligor and is not discharged within fifteen (15) Business Days.
- (b) Paragraph (a) above shall not apply in relation to any Approved Manager which is a Subsidiary of the Ultimate Parent, provided that a replacement third party Approved Manager is appointed in accordance with this Agreement within ten (10) Business Days of the relevant insolvency event.

#### **26.9 Unlawfulness and invalidity**

- (a) It is or becomes unlawful for any Obligor to perform any of its obligations under the Finance Documents or any Transaction Security created or expressed to be created or evidenced by the Security Documents ceases to be effective or any subordination created under a Finance Document is or becomes unlawful.
- (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 Finance Parties under the Finance Documents.
- (c) Any Finance Document ceases to be in full force and effect or any Transaction Security created or expressed to be created by the Security Documents or any subordination created expressed to be created under the Finance Documents ceases to be legal, valid, binding, enforceable, or effective or is alleged by a party to it (other than a Finance Party) to be ineffective.
- (d) Any Transaction Security proves to have ranked after or lost its priority to any other Security (other than Permitted Security).

#### **26.10 Cessation of business**

- (a) Any Obligor ceases, or threatens to cease, to carry on business except as a result of any disposal allowed under this Agreement.

- (b) Paragraph (a) above shall not apply to the cessation of business of an Approved Manager which is a Subsidiary of the Ultimate Parent provided that a replacement Approved Manager is appointed in accordance with this Agreement within ten (10) Business Days.

#### **26.11 Expropriation**

The authority or ability of any Obligor to conduct its business is limited or is wholly or substantially curtailed by seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any government or agency in relation to an Obligor or any of its assets.

#### **26.12 Repudiation and rescission of agreements**

Any Obligor rescinds or purports to rescind or repudiates or purports to repudiate a Finance Document, a Relevant Document, or any of the Transaction Security or evidences an intention to rescind or repudiate a Finance Document, a Relevant Document, or any Transaction Security.

#### **26.13 Conditions subsequent**

Any of the conditions referred to in Clause 4.4 (*Conditions subsequent*) is not satisfied within the time reasonably required by the Agent.

#### **26.14 Revocation or modification of Authorisation**

Any authorisation of any governmental, judicial or other public body or authority which is now, or which at any time during the Facility Period becomes, necessary to enable any of the Obligors to comply with any of their obligations under any Relevant Document is not obtained, is revoked, suspended, withdrawn, or withheld, or is modified in a manner which the Agent considers is, or may be, prejudicial to the interests of any Finance Party, or ceases to remain in full force and effect.

#### **26.15 Reduction of capital**

A Transaction Obligor other than the Ultimate Parent reduces its authorised or issued or subscribed capital.

#### **26.16 Loss of Vessel**

A Vessel suffers a Total Loss or is otherwise destroyed or abandoned, or a similar event occurs in relation to any other vessel which may from time to time be mortgaged to the Security Agent as security for the payment of all or any part of the Indebtedness, except that a Total Loss shall not be an Event of Default if:

- (a) that Vessel is insured in accordance with the Security Documents and a claim for Total Loss is available under the terms of the relevant insurances; and
- (b) no insurer has refused to meet or has disputed the claim for Total Loss and it is not apparent to the Agent acting reasonably that any such refusal or dispute is likely to occur; and
- (c) payment of all insurance proceeds in respect of the Total Loss is made in full to the Security Agent within one hundred and thirty (130) days of the occurrence of the casualty giving rise to the Total Loss in question or such longer period as the Agent may in its discretion agree.

**26.17 Challenge to registration**

The registration of a Vessel or a Mortgage is contested or becomes void or voidable or liable to cancellation or termination, or the validity or priority of a Mortgage is contested.

**26.18 Classification and regulatory approvals**

The classification certificate of a Vessel is withdrawn by a Classification Society or a Vessel ceases to be classified with a Classification Society for any reason.

**26.19 War**

The country of registration of a Vessel becomes involved in war (whether or not declared) or civil war or is occupied by any other power and the Agent in its discretion (but acting reasonably) considers that, as a result, the security conferred by any of the Security Documents is materially prejudiced.

**26.20 Notice of determination**

A Guarantor gives notice to the Security Agent to determine any obligations under a Guarantee.

**26.21 Vessel Defaults**

- (a) A Vessel is arrested, detained, seized, impounded in exercise or purported exercise of any possessory lien or other claim or interest and a Vessel is not released within thirty (30) Business Days of the occurrence of the same.
- (b) There is a payment or performance default by any charterer under any Charter (which is not cured within 60 days of the occurrence of such default), where such default shall, in the reasonable opinion of the Agent, have a Material Adverse Effect; or, subject to Clause 21.22(a)(ii) and Clause 22.13(b), there is any material amendment to a Charter without the Agent's (acting on the instructions of the Lenders) prior written consent.
- (c) Any term of a Management Agreement is breached or any Management Agreement is terminated (whether or not in accordance with its terms) which breach or termination shall, in the reasonable opinion of the Agent, have a Material Adverse Effect.

**26.22 Litigation**

- (a) Any litigation, arbitration or administrative or investigative proceedings of or before any court, arbitral body, agency or authority have been commenced against any Obligor which are (in the opinion of the Majority Lenders):
  - (i) reasonably likely to be adversely determined; and
  - (ii) if adversely determined, would have or is reasonably likely to have a Material Adverse Effect.
- (b) In respect of the Ultimate Parent, no Event of Default shall occur under paragraph (a) above unless the aggregate amount of the claim is more than US\$12,500,000 or its equivalent in any other currency.

**26.23 Material adverse change**

Any event or circumstance occurs which, in the reasonable opinion of the Majority Lenders, has or is reasonably likely to have a Material Adverse Effect.

#### **26.24 Sanctions**

- (a) Any of the Obligors, any member of the Group or any of their Subsidiaries (excluding any Subsidiaries of the Ultimate Parent that are not members of the Group) becomes a Restricted Party or becomes owned or controlled by, or acts directly or indirectly on behalf of, a Restricted Party or any of such persons becomes the owner or controller of a Restricted Party.
- (b) Any proceeds of the Loan are made available, directly or indirectly, to fund any trade, business or other activities involving or for the benefit of a Restricted Person or in any country, or territory, that, at the time of such funding, is a Sanctioned Country, where such funding would constitute a violation of Sanctions.
- (c) Any proceeds of the Loan are, directly or indirectly, applied in a manner that would result in a violation of Sanctions by any Finance Party or any Obligor or for any purpose prohibited by Sanctions.
- (d) Any of the Obligors or any of their Subsidiaries (excluding any Subsidiaries of the Ultimate Parent that are not members of the Group) takes any action resulting in a violation by such persons of Sanctions or which constitutes or would constitute any such violation by a Finance Party or any Obligor.

#### **26.25 Subordination and Assignment Agreement**

- (a) Any party to a Subordination and Assignment Agreement (other than a Finance Party) fails to comply with the provisions of, or does not perform its obligations under, such Subordination and Assignment Agreement.
- (b) A representation or warranty given by any party to a Subordination and Assignment Agreement (other than a Finance Party) is or proves to have been incorrect or misleading when made or deemed to be made.

#### **26.26 Parent Group Restructuring**

The Ultimate Parent or any of its Subsidiaries or any of their respective directors or authorised representatives by reason of actual or anticipated financial difficulties take any steps (whether by submitting or presenting a document setting out a proposal or proposed terms or otherwise) with more than 35% (by value) of creditors of the Ultimate Parent Group (taken as a whole) with a view to obtaining any form of moratorium, suspension or deferral of payments or reorganisation of debt (or certain debt); provided that this Clause 26.26 shall not apply where the relevant steps are being taken solely with the Finance Parties.

#### **26.27 Existing Security**

The Borrower fails or fails to procure the release of all Existing Security not later than the earlier the occur of: (i) the date of redemption of the Senior Secured Notes and (ii) one (1) Business Day after the Preposition Date.

#### **26.28 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:

- (a) by notice to the Borrower, cancel the Total Commitments, at which time they shall immediately be cancelled, provided that in the case of an Event of Default under either of Clauses 26.6 (*Insolvency*) and 26.7 (*Insolvency Proceedings*) the Total Commitments shall be deemed immediately cancelled without notice or demand therefor; and/or

- (b) by notice to the Borrower, declare that all or part of the Loan, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents are immediately due and payable, provided that in the case of an Event of Default under either of Clauses 26.6 (*Insolvency*) and 26.6(d) (*Insolvency Proceedings*) the Loan, together with accrued interest and all other amounts accrued or outstanding under the Finance Documents shall be deemed immediately due and payable without notice or demand therefor; and/or
- (c) by notice to the Borrower, declare that all or part of the Loan is payable on demand, at which time all or part of the Loan (as the case may be) shall immediately become payable on demand by the Agent on the instructions of the Majority Lenders; and/or
- (d) declare that no withdrawal may be made from any Account; and/or
- (e) exercise or direct the Security Agent to exercise any or all of its rights, remedies, powers, or discretions under the Finance Documents.

#### 26.29 Approved Managers

Without prejudice to Clause 26.28 (*Acceleration*), the Borrower will, at the request of the Agent, at any time when an Insolvency Event has occurred in respect of an Approved Manager, promptly (and in any event within ten (10) Business Days) replace (or procure the replacement of) such Approved Manager appointed by the Borrower in relation to any Vessel with another Approved Manager on terms approved by the Agent (acting on the instructions of the Majority Lenders) as appropriate.

#### 27. Changes to the Lenders

##### 27.1 Assignments and transfers by the Lenders

Subject to this Clause 27, a Lender (the "**Existing Lender**") may:

- (a) assign any of its rights; or
- (b) transfer by novation any of its rights and obligations,

under the Finance Documents, to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (the "**New Lender**").

##### 27.2 Conditions of assignment or transfer

- (a) The consent of the Borrower is required for an assignment, a transfer or a sub- participation which grants voting rights by an Existing Lender to any Loan to Own Investor, unless the assignment, transfer or sub-participation is made at a time when an Event of Default is continuing.
- (b) The consent of the Borrower referred to in paragraph (a) above must not be unreasonably withheld or delayed. The Borrower will be deemed to have given its consent five (5) Business Days after the Existing Lender has requested it unless consent is expressly refused by the Borrower within that time.
- (c) An assignment will only be effective on:
  - (i) receipt by the Agent (whether in the Assignment Agreement or otherwise) 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 other Finance Parties as it would have been under if it was an Original Lender; and

- (ii) performance by the Agent of all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to such assignment to a New Lender, the completion of which the Agent shall promptly notify to the Existing Lender and the New Lender.
- (d) A transfer will only be effective if the procedure set out in Clause 27.5 (*Procedure for transfer*) is complied with.
- (e) If:
  - (i) a Lender assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and
  - (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.
- (f) Each New Lender, by executing the relevant Transfer Certificate or Assignment Agreement, 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 transfer or assignment becomes effective in accordance with this Agreement and that it is bound by that decision to the same extent as the Existing Lender would have been had it remained a Lender.

**27.3 Assignment or transfer fee**

The New Lender shall, on the date upon which an assignment or transfer takes effect, pay to the Agent (for its own account) a fee of US\$5,000.

**27.4 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 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:
  - (i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Obligor and its Affiliates in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender in connection with any Finance Document; and

- (ii) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its Affiliates whilst any amount is or may be outstanding under the Finance Documents or any Commitment is in force.
- (c) Nothing in any Finance Document obliges an Existing Lender to:
  - (i) accept a re-transfer or re-assignment from a New Lender of any of the rights and obligations assigned or transferred under this Clause 27; 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 otherwise.

**27.5 Procedure for transfer**

- (a) Subject to the conditions set out in Clause 27.2 (*Conditions of assignment or transfer*) a transfer is effected in accordance with paragraph (c) below when the Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate 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.
- (b) The Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to the transfer to such New Lender.
- (c) Subject to Clause 27.9 (*Pro rata interest settlement*), on the Transfer Date:
  - (i) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents, each of the Obligors who are parties and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and their respective rights against one another under the Finance Documents shall be cancelled (being the "**Discharged Rights and Obligations**");
  - (ii) each of the Obligors who are parties and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Obligor and the New Lender have assumed and/or acquired the same in place of that Obligor and the Existing Lender;
  - (iii) the Agent, the New Lender and other Lenders 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 Agent and the Existing Lender shall each be released from further obligations to each other under the Finance Documents; and
  - (iv) the New Lender shall become a Party as a "Lender".

## 27.6 Procedure for assignment

- (a) Subject to the conditions set out in Clause 27.2 (*Conditions of assignment or transfer*) an assignment may be effected in accordance with paragraph (c) below when the Agent executes an otherwise duly completed Assignment Agreement delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Assignment Agreement appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Assignment Agreement.
- (b) The Agent shall only be obliged to execute an Assignment Agreement delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to the assignment to such New Lender.
- (c) Subject to Clause 27.9 (*Pro rata interest settlement*), on the Transfer Date:
  - (i) the Existing Lender will assign absolutely to the New Lender the rights under the Finance Documents expressed to be the subject of the assignment in the Assignment Agreement;
  - (ii) the Existing Lender will be released by each Obligor who is a party and the other Finance Parties from the obligations owed by it (the "**Relevant Obligations**") and expressed to be the subject of the release in the Assignment Agreement; and
  - (iii) the New Lender shall become a Party as a "Lender" and will be bound by obligations equivalent to the Relevant Obligations.
- (d) The Lenders may utilise procedures other than those set out in this Clause (d) to assign their rights under the Finance Documents (but not, without the consent of the relevant Obligor or unless in accordance with Clause 27.5 (*Procedure for transfer*), to obtain a release by that Obligor from the obligations owed to that Obligor by the Lenders nor the assumption of equivalent obligations by a New Lender) provided that they comply with the conditions set out in Clause 27.2 (*Conditions of assignment or transfer*).

## 27.7 Copy of Transfer Certificate or Assignment Agreement to Borrower

The Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate or an Assignment Agreement, send to the Borrower a copy of that Transfer Certificate or Assignment Agreement.

## 27.8 Security over Lenders' rights

In addition to the other rights provided to Lenders under this Clause 27, each Lender may without consulting with or obtaining consent from any Obligor, at any time charge, assign or otherwise create Security 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:

- (a) any charge, assignment or other Security to secure obligations to a federal reserve or central bank; and
- (b) in the case of any Lender which is a fund, any charge, assignment or other Security granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities, except that no such charge, assignment or Security shall:

- (i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security for the Lender as a party to any of the Finance Documents; or
- (ii) 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.

**27.9 Pro rata interest settlement**

If the Agent has notified the Lenders that it is able to distribute interest payments on a "pro rata basis" to Existing Lenders and New Lenders then (in respect of any transfer pursuant to Clause 27.5 (*Procedure for transfer*) or any assignment pursuant to Clause 27.6 (*Procedure for assignment*) the Transfer Date of which, in each case, is after the date of such notification and is not on the last day of an Interest Period):

- (a) any interest or fees in respect of the relevant participation which are expressed to accrue by reference to the lapse of time shall continue to accrue in favour of the Existing Lender up to but excluding the Transfer Date ("**Accrued Amounts**") and shall become due and payable to the Existing Lender (without further interest accruing on them) on the last day of the current Interest Period (or, if the Interest Period is longer than 6 months, on the next of the dates which falls at 6 monthly intervals after the first day of that Interest Period); and
- (b) the rights assigned or transferred by the Existing Lender will not include the right to the Accrued Amounts, so that, for the avoidance of doubt:
  - (i) when the Accrued Amounts become payable, those Accrued Amounts will be payable to the Existing Lender; and
  - (ii) the amount payable to the New Lender on that date will be the amount which would, but for the application of this Clause 27.9, have been payable to it on that date, but after deduction of the Accrued Amounts.

**28. Changes to the Obligors**

**28.1 Assignment and transfers by Obligors**

No Obligor may assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

**29. Role of the Agent and the Security Agent 29.1 The Agent and the Security Agent**

- (a) Each of the Finance Parties appoints the Agent to act as its agent under and in connection with the Finance Documents.
- (b) The Security Agent declares that it holds the Security Property on trust for the Secured Parties on the terms contained in this Agreement.
- (c) Each of the Finance Parties authorises the Agent and the Security Agent:
  - (i) to exercise the rights, powers, authorities and discretions specifically given to the Agent and the Security Agent (as applicable) 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 approved by the Majority Lenders or all Lenders (as the case may be) for execution by it.
- (d) Each of the Secured Parties irrevocably appoints the Security Agent as trustee on its behalf with regard to (i) the security, powers, rights, titles, benefits and interests (both present and future) constituted by and conferred on the Finance Parties or any of them or for the benefit thereof under or pursuant to this Agreement, or any of the Finance Documents (including, without limitation, the benefit of all covenants, undertakings, representations, warranties and obligations given, made or undertaken to any Finance Party in this Agreement, or any Finance Document), (ii) all moneys, property and other assets paid or transferred to or vested in any Finance Party or any agent of any Finance Party or received or recovered by any Finance Party or any agent of any Finance Party pursuant to, or in connection with, this Agreement or the Finance Documents whether from any Obligor or any other person and (iii) all money, investments, property and other assets at any time representing or deriving from any of the foregoing, including all interest, income and other sums at any time received or receivable by any Finance Party or any agent of any Finance Party in respect of the same (or any part thereof).

### **29.2 Enforcement through Security Agent only**

The Secured Parties shall not have any independent power to enforce, or have recourse to, any of the Transaction Security or to exercise any right, power, authority or discretion arising under the Security Documents except through the Security Agent.

### **29.3 Instructions**

- (a) Each of the Agent and 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 Agent or Security Agent (as applicable) in accordance with any instructions given to it by:
    - (A) all Lenders if the relevant Finance Document stipulates the matter is an all Lender decision; and
    - (B) in all other cases, the Majority Lenders; and
  - (ii) not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with paragraph (A) above (or, if this Agreement stipulates the matter is a decision for any other Finance Party or group of Finance Parties, from that Finance Party or group of Finance Parties).
- (b) Each of the Agent and the Security Agent shall be entitled to request instructions, or clarification of any instruction, from the Majority Lenders (or, if the relevant Finance Document stipulates the matter is a decision for any other Finance Party or group of Finance Parties, from that Finance Party or group of Finance Parties) as to whether, and in what manner, it should exercise or refrain from exercising any right, power, authority or discretion and the Agent or Security Agent (as applicable) may refrain from acting unless and until it receives those instructions or that clarification.
- (c) Save in the case of decisions stipulated to be a matter for any other Finance Party or group of Finance Parties under the relevant Finance Document and unless a contrary indication appears in a Finance Document, any instructions given to the Agent or Security Agent (as applicable) by the Majority Lenders shall override any conflicting instructions given by any other Parties and will be binding on all Finance Parties.
- (d) Paragraph (c) above shall not apply:

- (i) where a contrary indication appears in a Finance Document;
- (ii) where a Finance Document requires the Agent or the Security Agent to act in a specified manner or to take a specified action;
- (iii) in respect of any provision which protects the Agent's or Security Agent's own position in its personal capacity as opposed to its role of Agent or Security Agent for the relevant Finance Parties or Secured Parties (as applicable) including, without limitation, Clause 29.5 (*No fiduciary duties*) to Clause 29.10 (*Exclusion of liability*), Clause 29.13 (*Confidentiality*) to Clause 29.20 (*Custodians and nominees*) and Clause 29.23 (*Acceptance of title*) to Clause 29.27 (*Disapplication of Trustee Acts*);
- (iv) in respect of the exercise of the Security Agent's discretion to exercise a right, power or authority under any of:
  - (A) Clause 30.1 (*Application of Receipts – Security Agent*);
  - (B) Clause 30.3 (*Prospective liabilities*); and
  - (C) Clause 30.2 (*Deductions from receipts*).
- (e) If giving effect to instructions given by the Majority Lenders would (in the Agent's or (as applicable) the Security Agent's opinion) have an effect equivalent to an amendment or waiver referred to in Clause 39 (*Remedies and waivers*), the Agent or (as applicable) Security Agent shall not act in accordance with those instructions unless consent to it so acting is obtained from each Party (other than the Agent or Security Agent) whose consent would have been required in respect of that amendment or waiver.
- (f) In exercising any discretion to exercise a right, power or authority under the Finance Documents where either:
  - (i) it has not received any instructions as to the exercise of that discretion; or
  - (ii) the exercise of that discretion is subject to paragraph 29.3(d)(iv) above,the Agent or Security Agent shall do so having regard to the interests of (in the case of the Agent) all the Finance Parties and (in the case of the Security Agent) all the Secured Parties.
- (g) The Agent or the Security Agent (as applicable) may refrain from acting in accordance with any instructions of any Finance Party or group of Finance Parties 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 (together with any applicable VAT) which it may incur in complying with those instructions.
- (h) Without prejudice to the remainder of this Clause 29.3 (*Instructions*), in the absence of instructions, each of the Agent and the Security Agent may act (or refrain from acting) as it considers to be in the best interest of (in the case of the Agent) the Finance Parties and (in the case of the Security Agent) the Secured Parties.
- (i) Neither the Agent nor the Security Agent is authorised to act on behalf of a Finance Party (without first obtaining that Finance Party's consent) in any legal or arbitration proceedings relating to any Finance Document. This paragraph (i) 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 or Security Documents.

#### **29.4 Duties of the Agent and Security Agent**

- (a) The duties of the Agent and the Security Agent under the Finance Documents are solely mechanical and administrative in nature.
- (b) Subject to paragraph (c) below, each of the Agent and the Security Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Agent or Security Agent (as applicable) for that Party by any other Party.
- (c) Without prejudice to Clause 27.7 (*Copy of Transfer Certificate or Assignment Agreement to Borrower*), paragraph (b) above shall not apply to any Transfer Certificate or any Assignment Agreement.
- (d) Except where a Finance Document specifically provides otherwise, neither the Agent nor the Security Agent is obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.
- (e) If the Agent or the Security Agent receives notice from a Party referring to any Finance Document, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties.
- (f) 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 the Security Agent) under this Agreement, it shall promptly notify the other Finance Parties.
- (g) Each of the Agent and the Security Agent shall have only those duties, obligations and responsibilities expressly specified in the Finance Documents to which it is expressed to be a party (and no others shall be implied).

#### **29.5 No fiduciary duties**

- (a) Nothing in any Finance Document constitutes:
  - (i) the Agent as a trustee or fiduciary of any other person; or
  - (ii) the Security Agent as an agent, trustee or fiduciary of any Obligor.
  - (iii) Neither the Agent nor the Security Agent shall be bound to account to any other Finance Party or (in the case of the Security Agent) any Secured Party or the profit element of any sum received by it for its own account.
  - (iv) The provisions of this Clause 29.5 shall apply even if, notwithstanding and contrary to this Clause 29.5, any provision of any Finance Document by operation of law has the effect of constituting the Agent as a true or fiduciary of any person, or the Security Agent as an agent, trustee or fiduciary of any Obligor or otherwise requiring the Agent, the Security Agent or the Arrange to account to any other Finance Party or Secured Party (as the case may be).

#### **29.6 Business with the Group**

The Agent and the Security Agent may accept deposits from, lend money to and generally engage in any kind of banking or other business with any Obligor or any Affiliate of an Obligor.

#### **29.7 Rights and discretions**

- (a) Each of the Agent and the Security Agent may:
  - (i) rely on any representation, communication, notice or document believed by it to be genuine, correct and appropriately authorised;

- (ii) assume that:
  - (A) any instructions received by it from the Majority Lenders, any Finance Parties or any group of Finance Parties are duly given in accordance with the terms of the Finance Documents; and
  - (B) unless it has received notice of revocation, that those instructions have not been revoked; and
  - (C) rely on a certificate from any person:
    - a. as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or
    - b. to the effect that such person approves of any particular dealing, transaction, step, action or thing,as sufficient evidence that that is the case and, in the case of paragraph a above, may assume the truth and accuracy of that certificate.
- (b) Each of the Agent and the Security Agent may assume (unless it has received notice to the contrary in its capacity as agent or Security Agent for the Finance Parties or Secured Parties) that:
  - (i) no Default has occurred (unless, in the case of the Agent, it has actual knowledge of a Default arising under Clause 26.1 (*Non-payment*));
  - (ii) any right, power, authority or discretion vested in any Party or any group of Finance Parties has not been exercised; and
  - (iii) any notice or request made by an Obligor (other than the Utilisation Request) is made on behalf of and with the consent and knowledge of all the Obligors who are parties.
- (c) Each of the Agent and the Security Agent may engage and pay for the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts.
- (d) Without prejudice to the generality of paragraph (c) above or paragraph (e) below, each of the Agent and the Security Agent may at any time engage and pay for the services of any lawyers to act as independent counsel to the Agent or Security Agent (as applicable), (and so separate from any lawyers instructed by the Lenders) if the Agent or Security Agent (as applicable), in its reasonable opinion deems this to be desirable.
- (e) Each of the Agent and the Security Agent may rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the Agent or by the Security Agent or by any other Party) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying.
- (f) Each of the Agent and the Security Agent may act in relation to the Finance Documents and the Security Property through its officers, employees and agents and shall not:
  - (i) be liable for any error of judgment made by any such person; or

- (ii) be bound to supervise, or be in any way responsible for any loss incurred by reason of misconduct, omission or default on the part, of any such person, unless such error or such loss was directly caused by the Agent's or the Security Agent's (as applicable) gross negligence or wilful misconduct.
- (g) Unless a Finance Document expressly provides otherwise each of the Agent and the Security Agent may disclose to any other Party any information it reasonably believes it has received as agent or Security Agent under the Finance Documents.
- (h) Without prejudice to the generality of paragraph (g) above, the Agent:
  - (i) may disclose; and
  - (ii) on the written request of the Borrower or the Majority Lenders shall, as soon as reasonably practicable, disclose, the identity of a Defaulting Lender to the Borrower and to the other Finance Parties.
- (i) Notwithstanding any other provision of any Finance Document to the contrary, neither the Agent nor the Security Agent 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.
- (j) The Agent is not obliged to disclose to any Finance Party any details of the rate notified to the Agent by any Lender or the identity of any such Lender for the purpose of paragraph 10.2(a)(ii) of Clause 10.2 (*Market disruption*).
- (k) Notwithstanding any provision of any Finance Document to the contrary, neither the Agent nor the Security Agent is 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.

**29.8 Responsibility for documentation**

Neither the Agent nor the Security Agent, is responsible or liable for:

- (a) the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the Agent, the Security Agent, an Obligor or any other person in or in connection with any Finance Document or the transactions contemplated in 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;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or the Security Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Security Property; or
- (c) any determination as to whether any information provided or to be provided to any Finance Party or Secured 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.

### 29.9 No duty to monitor

Neither, the Agent nor the Security Agent shall be bound to enquire:

- (a) whether or not any Default has occurred;
- (b) as to the performance, default or any breach by any Party of its obligations under any Finance Document; or
- (c) whether any other event specified in any Finance Document has occurred.

### 29.10 Exclusion of liability

- (a) Without limiting paragraph (b) below (and without prejudice to any other provision of any Finance Document excluding or limiting the liability of the Agent, the Security Agent or any Receiver or Delegate), none of the Agent, the Security Agent nor any Receiver or Delegate will be liable (including, without limitation, for negligence or any other category of liability whatsoever) 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 under or in connection with any Finance Document or the Security Property, 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, the Security Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Finance Document or the Security Property;
  - (iii) any shortfall which arises on the enforcement or realisation of the Security Property; or
  - (iv) without prejudice to the generality of paragraphs (i) to (iii) 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, the Security Agent, that Receiver or that Delegate (as applicable)) may take any proceedings against any officer, employee or agent of the Agent, the Security Agent, a Receiver or a Delegate, in respect of any claim it might have against the Agent, the Security Agent, a Receiver or a Delegate or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document or any Security Property and any officer, employee or agent of the Agent, the Security Agent, a Receiver or a Delegate may rely on this Clause.
- (c) Neither the Agent nor the Security Agent will 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 or the Security Agent (as applicable) if the Agent or Security Agent (as applicable) 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 or the Security Agent (as applicable) for that purpose.

- (d) Nothing in this Agreement shall oblige the Agent or the Security Agent to carry out:
- (i) any "know your customer" or other checks in relation to any person; or
  - (ii) any check on the extent to which any transaction contemplated by this Agreement might be unlawful for any Finance Party,
- on behalf of any Finance Party and each Finance Party confirms to the Agent and the Security Agent 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 the Security Agent.
- (e) Without prejudice to any provision of any Finance Document excluding or limiting the liability of the Agent, the Security Agent, any Receiver or Delegate, any liability of the Agent, the Security Agent, any Receiver or Delegate arising under or in connection with any Finance Document or the Security Property 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, the Security Agent, Receiver or Delegate 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, the Security Agent, any Receiver or Delegate at any time which increase the amount of that loss. In no event shall the Agent, the Security Agent, any Receiver or Delegate 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, the Security Agent, the Receiver or Delegate has been advised of the possibility of such loss or damages.

#### **29.11 Lenders' indemnity to the Agent and Security Agent**

- (a) 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, the Security Agent and every Receiver and every Delegate, within three (3) Business Days of demand, against any cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by any of them (otherwise than by reason of the Agent's, Security Agent's Receiver's or Delegate's gross negligence or wilful misconduct) (or, in the case of any cost, loss or liability pursuant to Clause 33.11 (*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) in acting as Agent, Security Agent, Receiver or Delegate under the Finance Documents (unless the relevant Agent, Security Agent, Receiver or Delegate has been reimbursed by an Obligor pursuant to a Finance Document).
- (b) Subject to paragraph (c) below, the Borrower shall immediately on demand reimburse any Lender for any payment that Lender makes to the Agent or the Security Agent pursuant to paragraph (a) above.
- (c) Paragraph (b) above shall not apply to the extent that the indemnity payment in respect of which the Lender claims reimbursement relates to a liability of the Agent or the Security Agent to an Obligor.

#### **29.12 Resignation of the Agent and the Security Agent**

- (a) Each of the Agent and/or the Security Agent may resign and appoint one of its Affiliates as successor by giving notice to the other Finance Parties and the Borrower.

- (b) Alternatively the Agent or the Security Agent may resign by giving thirty (30) days' notice to the other Finance Parties and the Borrower, in which case the Majority Lenders (after consultation with the other Finance Parties and the Borrower) may appoint a successor Agent or Security Agent (as applicable).
- (c) If the Majority Lenders have not appointed a successor Agent or Security Agent in accordance with paragraph (b) above within twenty (20) days after notice of resignation was given, the retiring Agent or Security Agent (as applicable) (after consultation with the other Finance Parties and the Borrower) may appoint a successor Agent or Security Agent (as applicable).
- (d) The retiring Agent or Security Agent (as applicable) shall make available to the successor Agent or Security Agent (as applicable) such documents and records and provide such assistance as the successor Agent or Security Agent may reasonably request for the purposes of performing its functions as Agent or Security Agent (as applicable) under the Finance Documents. The Borrower shall, within three (3) Business Days of demand, reimburse the retiring Agent or Security Agent (as applicable) for the amount of all costs and expenses (including legal fees) properly incurred by it in making available such documents and records and providing such assistance.
- (e) The resignation notice of the Agent or Security Agent (as applicable) shall only take effect upon:
- (i) the appointment of a successor; and
  - (ii) (in the case of the Security Agent) the transfer of the Security Property to that successor.
- (f) Upon the appointment of a successor, the retiring Agent or Security Agent (as applicable) shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under paragraph (ii) of Clause 29.24 (*Winding up of trust*) and (e) above) but shall remain entitled to the benefit of Clause 14.3 (*Indemnity to the Agent*), Clause 14.4 (*Indemnity to the Security Agent*) and this Clause 29 (and any fees for the account of the retiring Agent or Security Agent (as applicable) shall cease to accrue from (and shall be payable on) that date). Any 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.
- (g) After consultation with the Borrower, the Majority Lenders may, by giving thirty (30) days' notice to the Agent or Security Agent (as applicable) (or, at any time the Agent is an Impaired Agent, by giving any shorter notice period determined by the Majority Lenders), require it to resign in accordance with paragraph (b) above. In this event, the Agent or Security Agent (as applicable) shall resign in accordance with paragraph (b) above but the cost referred to in paragraph (d) above shall be for the account of the Borrower (unless the Agent is an Impaired Agent, in which case it shall be for its account).
- (h) The Agent shall resign in accordance with paragraph (b) above (and, to the extent applicable, shall use reasonable endeavours to appoint a successor Agent pursuant to paragraph (c) above) if on or after the date which is three (3) 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 12.7 (*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 12.7 (*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.

#### **29.13 Confidentiality**

- (a) In acting as agent or trustee for the Finance Parties, the Agent or the Security Agent (as applicable) shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.
- (b) If information is received by another division or department of the Agent or Security Agent, it may be treated as confidential to that division or department and the Agent or Security Agent (as applicable) 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 the Security Agent 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 regulation or a breach of a fiduciary duty.

#### **29.14 Relationship with the other Finance Parties**

- (a) Subject to Clause 27.9 (*Pro rata interest settlement*), the Agent may treat the person shown in its records as Lender at the opening of business (in the place of the Agent's principal office as notified to the Finance Parties from time to time) as the Lender 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 (5) Business Days' prior notice from that Lender to the contrary in accordance with the terms of this Agreement.
- (b) Any Lender may by notice to the Agent appoint a person to receive on its behalf all notices, communications, information and documents to be made or despatched to that Lender under the Finance Documents. Such notice shall contain the address and electronic mail address and/or any other information required to enable the sending and receipt of information by that means (and, in each case, the department or officer, if any, for whose attention communication is to be made) and be treated as a notification of a substitute address, electronic mail address, department and officer by that Lender for the purposes of Clause 36.2 (*Addresses*) and the Agent shall be entitled to treat such person as the person entitled to receive all such notices, communications, information and documents as though that person were that Lender.
- (c) Each Finance Party shall supply the Security Agent with any information that the Security Agent may reasonably specify as being necessary or desirable to enable the Security Agent to perform its functions as Security Agent.

### **29.15 Credit appraisal by the Lenders**

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Lender confirms to the Agent and the Security Agent 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 member of the Group and the Ultimate Parent;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document, the Security Property and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Security Property;
- (c) whether that 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 Security Property, 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 the Security Property;
- (d) the adequacy, accuracy or completeness of any information provided by the Agent, the Security Agent, any Party or by any other person under or in connection with any Finance Document, the transactions contemplated by 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; and
- (e) the right or title of any person in or to, or the value or sufficiency of any part of, the Security Property, the priority of any of the Transaction Security or the existence of any Security affecting the Security Property.

### **29.16 Reference Banks**

The Agent shall (if so instructed by the Majority Lenders and in consultation with the Borrower) replace a Reference Bank with another bank or financial institution.

### **29.17 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.

### **29.18 No responsibility to perfect Transaction Security**

The Security Agent shall not be liable for any failure to:

- (a) require the deposit with it of any deed or document certifying, representing or constituting the title of any Obligor to any of the Security Property;
- (b) obtain any licence, consent or other authority for the execution, delivery, legality, validity, enforceability or admissibility in evidence of any Finance Document or the Transaction Security;
- (c) register, file or record or otherwise protect any of the Transaction Security (or the priority of any of the Transaction Security) under any law or regulation or to give notice to any person of the execution of any Finance Document or of the Transaction Security;

- (d) take, or to require any Obligor to take, any step to perfect its title to any of the Security Property or to render the Transaction Security effective or to secure the creation of any ancillary Security under any law or regulation; or
- (e) require any further assurance in relation to any Security Document.

**29.19 Insurance by Security Agent**

- (a) The Security Agent shall not be obliged:
  - (i) to insure any of the Security Property;
  - (ii) to require any other person to maintain any insurance; or
  - (iii) to verify any obligation to arrange or maintain insurance contained in any Finance Document,and the Security Agent shall not be liable for any damages, costs or losses to any person as a result of the lack of, or inadequacy of, any such insurance.
- (b) Where the Security Agent is named on any insurance policy as an insured party, it shall not be liable for any damages, costs or losses to any person as a result of its failure to notify the insurers of any material fact relating to the risk assumed by such insurers or any other information of any kind, unless the Majority Lenders request it to do so in writing and the Security Agent fails to do so within fourteen (14) days after receipt of that request.

**29.20 Custodians and nominees**

The Security Agent may appoint and pay any person to act as a custodian or nominee on any terms in relation to any asset of the trust as the Security Agent may determine, including for the purpose of depositing with a custodian this Agreement or any document relating to the trust created under this Agreement and the Security Agent shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it under this Agreement or be bound to supervise the proceedings or acts of any person.

**29.21 Delegation by the Security Agent**

- (a) Each of the Security Agent, any Receiver and any Delegate may, at any time, delegate by power of attorney or otherwise to any person for any period, all or any right, power, authority or discretion vested in it in its capacity as such.
- (b) That delegation may be made upon any terms and conditions (including the power to sub-delegate) and subject to any restrictions that the Security Agent, that Receiver or that Delegate (as the case may be) may, in its discretion, think fit in the interests of the Secured Parties.
- (c) No Security Agent, Receiver or Delegate shall be bound to supervise, or be in any way responsible for any damages, costs or losses incurred by reason of any misconduct, omission or default on the part of, any such delegate or sub-delegate.
- (d) Unless a Default is continuing, the Security Agent shall notify the Transaction Obligors of the appointment of any Delegate.

#### 29.22 Additional Security Agents

- (a) The Security Agent may, at any time, appoint (and subsequently remove) any person to act as a separate trustee or as a co-trustee jointly with it:
  - (i) if it considers that appointment to be in the interests of the Secured Parties;
  - (ii) for the purposes of conforming to any legal requirement, restriction or condition which the Security Agent deems to be relevant; or
  - (iii) for obtaining or enforcing any judgment in any jurisdiction,and the Security Agent shall give prior notice to the Borrower and the Finance Parties of that appointment.
- (b) Any person so appointed shall have the rights, powers, authorities and discretions (not exceeding those given to the Security Agent under or in connection with the Finance Documents) and the duties, obligations and responsibilities that are given or imposed by the instrument of appointment.
- (c) The remuneration that the Security Agent may pay to that person, and any costs and expenses (together with any applicable VAT) incurred by that person in performing its functions pursuant to that appointment shall, for the purposes of this Agreement, be treated as costs and expenses incurred by the Security Agent.

#### 29.23 Acceptance of title

The Security Agent shall be entitled to accept without enquiry, and shall not be obliged to investigate, any right and title that any Obligor may have to any of the Security Property and shall not be liable for, or bound to require any Obligor to remedy, any defect in its right or title.

#### 29.24 Winding up of trust

If the Security Agent, with the approval of the Agent, determines that:

- (a) all of the Secured Liabilities and all other obligations secured by the Security Documents have been fully and finally discharged; and
  - (b) no Secured Party is under any commitment, obligation or liability (actual or contingent) to make advances or provide other financial accommodation to any Obligor pursuant to the Finance Documents,
- then:
- (i) the trusts set out in this Agreement shall be wound up and the Security Agent shall release, without recourse or warranty, all of the Transaction Security and the rights of the Security Agent under each of the Security Documents; and
  - (ii) any Security Agent which has resigned pursuant to Clause 29.12 (*Resignation of the Agent and the Security Agent*) shall release, without recourse or warranty, all of its rights under each Security Document.

#### 29.25 Perpetuity period

The trusts constituted by this Agreement are governed by English law and the perpetuity period under the rule against perpetuities, if applicable to this Agreement, shall be the period of 125 years from the date of this Agreement.

#### 29.26 Powers supplemental to Trustee Acts

The rights, powers, authorities and discretions given to the Security Agent under or in connection with the Finance Documents shall be supplemental to the Trustee Act 1925 and the Trustee Act 2000 and in addition to any which may be vested in the Security Agent by law or regulation or otherwise.

#### 29.27 Disapplication of Trustee Acts

Section 1 of the Trustee Act 2000 shall not apply to the duties of the Security Agent in relation to the trusts constituted by this Agreement. Where there are any inconsistencies between the Trustee Act 1925 or the Trustee Act 2000 and the provisions of this Agreement, the provisions of this Agreement shall, to the extent permitted by law and regulation, prevail and, in the case of any inconsistency with the Trustee Act 2000, the provisions of this Agreement shall constitute a restriction or exclusion for the purposes of that Act.

#### 29.28 Parallel Debt

- (a) Each Transaction Obligor irrevocably and unconditionally undertakes to pay to the Security Agent all amounts equal to, and in the currency or currencies of, its Corresponding Debt (such amount of the relevant Transaction Obligors being its "**Parallel Debt**").
- (b) The Parallel Debt of a Transaction Obligor:
  - (i) shall become due and payable at the same time as its Corresponding Debt;
  - (ii) is independent and separate from, and without prejudice to, its Corresponding Debt.
- (c) For purposes of this Clause 29.28, the Security Agent:
  - (i) is the independent and separate creditor of each Parallel Debt;
  - (ii) acts in its own name and not as agent, representative or trustee of the Finance Parties and its claims in respect of each Parallel Debt and any security granted pursuant to the Security Documents to secure a Parallel Debt shall not be held on trust; and
  - (iii) shall have the independent and separate right to demand payment of each Parallel Debt in its own name (including, without limitation, through any suit, execution, enforcement of security, recovery of guarantees and applications for and voting in any kind of insolvency proceeding).
- (d) The Parallel Debt of a Transaction Obligor shall be:
  - (i) decreased to the extent that its Corresponding Debt has been irrevocably and unconditionally paid or discharged; and
  - (ii) increased to the extent that its Corresponding Debt has increased, and the Corresponding Debt of a Transaction Obligor shall be:
    - (iii) decreased to the extent that its Parallel Debt has been irrevocably and unconditionally paid or discharged; and
    - (iv) increased to the extent that its Parallel Debt has increased,in each case provided that the Parallel Debt of a Transaction Obligor shall never exceed its Corresponding Debt.

- (e) All amounts received or recovered by the Security Agent in connection with this Clause 29.28 to the extent permitted by applicable law, shall be applied in accordance with Clause 30.1 (*Application of receipts – Security Agent*).
- (f) This Clause 29.28 shall apply, with any necessary modifications, to each Finance Document.

### 30. Application of Proceeds

#### 30.1 Application of receipts – Security Agent

- (a) Except as expressly stated to the contrary in any Finance Document, any moneys which the Security Agent receives or recovers and which are, or are attributable to, Security Property (for the purposes of this Clause 30 (*Application of Proceeds*), the “**Recoveries**”) shall be transferred to the Agent for application in accordance with Clause 33.6 (*Application of receipts— Partial Payments*).
- (b) Paragraph (a) above is without prejudice to the rights of the Security Agent, each Receiver and each Delegate:
  - (i) to be indemnified out of the Charged Property in accordance with any provision of any Finance Document; and
  - (ii) under any Finance Document to credit any moneys received or recovered by it to any suspense account.
- (c) Any transfer by the Security Agent to the Agent in accordance with paragraph (a) above shall be a good discharge, to the extent of that payment, by the Security Agent.
- (d) The Security Agent is under no obligation to make the payments to the Agent under paragraph (a) of this Clause 30.1 (*Application of receipts – Security Agent*) in the same currency as that in which the obligations and liabilities owing to the relevant Finance Party are denominated.

#### 30.2 Deductions from receipts

- (a) Before transferring any moneys to the Agent under Clause 30.1 (*Application of Receipts – Security Agent*), the Security Agent may, in its discretion:
  - (i) deduct any sum then due and payable under this Agreement or any other Finance Documents to the Security Agent or any Receiver or Delegate and retain that sum for itself or, as the case may require, pay it to another person to whom it is then due and payable;
  - (ii) set aside by way of reserve amounts required to meet, and to make and pay, any deductions and withholdings (on account of Taxes or otherwise) which it is or may be required by any applicable law to make from any distribution or payment made by it under this Agreement; and
  - (iii) pay all Taxes which may be assessed against it in respect of any of the Security Property, or as a consequence of performing its duties, or by virtue of its capacity as Security Agent under any of the Finance Documents or otherwise (other than in connection with its remuneration for performing its duties under this Agreement).
- (b) For the purposes of paragraph 30.2(a)(i) above, if the Security Agent has become entitled to require a sum to be paid to it on demand, that sum shall be treated as due and payable, even if no demand has yet been served.

### 30.3 Prospective liabilities

Following acceleration of any of the Transaction Security, the Security Agent may, in its discretion, or at the request of the Agent, hold any Recoveries in an interest bearing suspense or impersonal account(s) in the name of the Security Agent with such financial institution (including itself) and for so long as the Security Agent shall think fit acting reasonably (the interest being credited to the relevant account) for later payment to the Agent for application in accordance with Clause 33.6 (*Application of receipts—Partial Payments*) in respect of:

- (a) any sum to the Security Agent, any Receiver or any Delegate; and
- (b) any part of the Secured Liabilities, that the Security Agent or, in the case of paragraph (b) only, the Agent, reasonably considers, in each case, might become due or owing at any time in the future.

### 30.4 Investment of proceeds

Prior to the application of the proceeds of the Recoveries in accordance with Clause 30.1 (*Application of Receipts – Security Agent*) the Security Agent may, in its discretion, hold all or part of those proceeds in an interest bearing suspense or impersonal account(s) in the name of the Security Agent with such financial institution (including itself) and for so long as the Security Agent shall think fit (the interest being credited to the relevant account) pending the application from time to time of those moneys in the Security Agent's discretion in accordance with the provisions of this Clause 30.

### 30.5 Currency Conversion

- (a) For the purpose of, or pending the discharge of, any of the Secured Liabilities the Security Agent may convert any moneys received or recovered by the Security Agent from one currency to another, at a market rate of exchange.
- (b) The obligations of any Obligor to pay in the due currency shall only be satisfied to the extent of the amount of the due currency purchased after deducting the costs of conversion.

### 30.6 Good Discharge

- (a) Any payment to be made in respect of the Secured Liabilities by the Security Agent may be made to the Agent on behalf of the Finance Parties and any payment made in that way shall be a good discharge, to the extent of that payment, by the Security Agent.
- (b) The Security Agent is under no obligation to make the payments to the Agent under paragraph (a) of this Clause 30.6 in the same currency as that in which the obligations and liabilities owing to the relevant Finance Party are denominated.

### 31. Conduct of business by the Finance Parties

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.

**32. Sharing among the Finance Parties 32.1 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 33 (*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 (3) 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 33 (*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 (3) 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 33.6 (*Application of Receipts – Partial Payments*).

**32.2 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 33.6 (*Application of Receipts – Partial Payments*) towards the obligations of that Obligor to the Sharing Finance Parties.

**32.3 Recovering Finance Party's rights**

On a distribution by the Agent under Clause 32.2 (*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.

**32.4 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.

**32.5 Exceptions**

- (a) This Clause 32 (*Sharing among the Finance Parties*) 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, 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.

### **33. Payment mechanics**

#### **33.1 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, 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 (or, in relation to euro, in a principal financial centre in such Participating Member State or London, as specified by the Agent) and with such bank as the Agent, in each case, specifies.

#### **33.2 Distributions by the Agent**

Each payment received by the Agent under the Finance Documents for another Party shall, subject to Clause 33.3 (*Distributions to an Obligor*) and Clause 33.4 (*Clawback and pre-funding*) 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 (5) Business Days' notice with a bank specified by that Party in the principal financial centre of the country of that currency (or, in relation to euro, in the principal financial centre of a Participating Member State or London, as specified by that Party).

#### **33.3 Distributions to an Obligor**

The Agent may (with the consent of an Obligor or in accordance with Clause 34 (*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.

#### **33.4 Clawback and pre-funding**

- (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) Unless paragraph (c) below applies, 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.
- (c) If the Agent is willing to make available amounts for the account of the Borrower before receiving funds from the Lenders then if and to the extent that the Agent does so but it proves to be the case that it does not then receive funds from a Lender in respect of a sum which it paid to the Borrower:

- (i) the Agent shall notify the Borrower of that Lender's identity and the Borrower shall on demand refund it to the Agent; and
- (ii) the Lender by whom those funds should have been made available or, if that Lender fails to do so, the Borrower, shall on demand pay to the Agent the amount (as certified by the Agent) which will indemnify the Agent against any funding cost incurred by it as a result of paying out that sum before receiving those funds from that Lender.

**33.5 Impaired Agent**

- (a) If, at any time, the Agent becomes an Impaired Agent, an Obligor or a Lender which is required to make a payment under the Finance Documents to the Agent in accordance with Clause 33.1 (*Payments to the Agent*) may instead either:
  - (i) pay that amount direct to the required recipient(s); or
  - (ii) if in its absolute discretion it considers that it is not reasonably practicable to pay that amount direct to the required recipient(s), pay that amount or the relevant part of that amount to an interest-bearing account held with an Acceptable Bank (as defined in paragraph (f) below) and in relation to which no Insolvency Event has occurred and is continuing, in the name of the Obligor or the Lender making the payment (the "**Paying Party**") and designated as a trust account for the benefit of the Party or Parties beneficially entitled to that payment under the Finance Documents (the "**Recipient Party**" or "**Recipient Parties**").In each case such payments must be made on the due date for payment under the Finance Documents.
- (b) All interest accrued on the amount standing to the credit of the trust account shall be for the benefit of the Recipient Party or the Recipient Parties *pro rata* to their respective entitlements.
- (c) A Party which has made a payment in accordance with this Clause 33.5 shall be discharged of the relevant payment obligation under the Finance Documents and shall not take any credit risk with respect to the amounts standing to the credit of the trust account.
- (d) Promptly upon the appointment of a successor Agent in accordance with Clause 29.12 (*Resignation of the Agent or the Security Agent*), each Paying Party shall (other than to the extent that that Party has given an instruction pursuant to paragraph (e) below) give all requisite instructions to the bank with whom the trust account is held to transfer the amount (together with any accrued interest) to the successor Agent for distribution to the relevant Recipient Party or Recipient Parties in accordance with Clause 33.2 (*Distributions by the Agent*).
- (e) A Paying Party shall, promptly upon request by a Recipient Party and to the extent:
  - (i) that it has not given an instruction pursuant to paragraph (d) above; and
  - (ii) that it has been provided with the necessary information by that Recipient Party,give all requisite instructions to the bank with whom the trust account is held to transfer the relevant amount (together with any accrued interest) to that Recipient Party.

- (f) For the purposes of this Clause, an "Acceptable Bank" is a bank or financial institution which has a rating for its long-term unsecured and non-credit-enhanced debt obligations of A- or higher by Standard & Poor's Rating Services or Fitch Ratings Ltd or A3 or higher by Moody's Investor Services Limited or a comparable rating from an internationally recognised credit rating agency.

**33.6 Application of Receipts – Partial Payments**

If the Agent receives a payment that is insufficient to discharge all the amounts then due and payable by an Obligor under the Finance Documents, the Agent shall apply that payment towards the obligations of that Obligor under the Finance Documents in the following order:

- (a) FIRST, in or towards payment pro rata of any unpaid fees, costs and expenses of, and any other amounts owing to, the Agent, the Security Agent, any Receiver and any Delegate under the Finance Documents;
- (b) SECOND, in or towards payment pro rata of any accrued interest and fees due but unpaid to the Lenders under this Agreement;
- (c) THIRD, in or towards payment pro rata of any principal due but unpaid to the Lenders under this Agreement; and
- (d) FOURTH, in or towards payment pro rata of any other sum due to any Finance Party but unpaid under the Finance Documents.

**33.7 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.

**33.8 Business Days**

- (a) Any payment (including, for the avoidance of doubt, any payment under Clause 24.5(a)(i)) 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.

**33.9 Currency of account**

- (a) Subject to paragraphs (b) and (c) below, US\$ is the currency of account and payment for any sum due from an Obligor under any Finance Document.
- (b) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.
- (c) Any amount expressed to be payable in a currency other than US\$ shall be paid in that other currency.

**33.10 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 Relevant Interbank Market and otherwise to reflect the change in currency.

**33.11 Disruption to Payment Systems etc.**

If either the Agent determines (in its discretion) that a Disruption Event has occurred or the Agent is notified by the Borrower that a 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 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) 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) 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 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 40 (*Amendments and waivers*);
- (e) the Agent shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability 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 33.11; and
- (f) the Agent shall notify the Finance Parties of all changes agreed pursuant to paragraph (d) above.

**34. 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.

**35. Contractual recognition of bail-in**

Notwithstanding any other term of any Finance Document or any other agreement, arrangement or understanding between the Parties, each Party 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.

### **36. Notices**

#### **36.1 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 email or letter.

#### **36.2 Addresses**

The address and email address (and the department or officer, if any, for whose attention the communication is to be made) of each 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 the Borrower, that specified in Schedule 1 (*The Original Parties*);
- (b) in the case of each Lender, that specified in Schedule 1 (*The Original Parties*) or, if it becomes a Party after the date of this Agreement, that notified in writing to the Agent on or before the date it becomes a Party;
- (c) in the case of the Agent and the Security Agent, that specified in Schedule 1 (*The Original Parties*),  
or, in each case, any substitute address or email address or department or officer as the 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 (5) Business Days' notice.

#### **36.3 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 letter, when it has been left at the relevant address or five (5) Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address;
  - (ii) if by way of email, when received in readable form.  
and, if a particular department or officer is specified as part of its address details provided under Clause 36.2 (*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 with the Agent's or the Security Agent's signature below (or any substitute department or officer as the Agent or 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.
- (e) Any communication or document which becomes effective, in accordance with paragraphs (a) to (d) above, after 5 p.m. in the place of receipt shall be deemed only to become effective on the following day.

**36.4 Notification of address and email address**

Promptly upon receipt of notification of an address or email address or change of address or email address pursuant to Clause 36.2 (*Addresses*) or changing its own address or email address, the Agent shall notify the other Parties.

**36.5 Communication when Agent is Impaired Agent**

If the Agent is an Impaired Agent the parties may, instead of communicating with each other through the Agent, communicate with each other directly and (while the Agent is an Impaired Agent) all the provisions of the Finance Documents which require communications to be made or notices to be given to or by the Agent shall be varied so that communications may be made and notices given to or by the relevant parties directly. This provision shall not operate after a replacement Agent has been appointed.

**36.6 Electronic communication**

- (a) Any communication to be made between any two parties under or in connection with the Finance Documents may be made 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 sending and receipt 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 (5) Business Days' notice.
- (b) Any such electronic communication 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.
- (c) Any electronic communication as specified in paragraph (a) above made between any two parties will be effective only when actually received (or made available) in readable form and in the case of any electronic communication made by a party to the Agent or Security Agent only if it is addressed in such a manner as the Agent or Security Agent shall specify for this purpose.
- (d) Any electronic communication 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 is sent or made available has its address for the purpose of this Agreement 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 shall be construed to include that communication being made available in accordance with this Clause 36.6.

**36.7 English language**

- (a) Any notice given under or in connection with any Finance Document must be in English.
- (b) All other documents provided under or in connection with any Finance Document must 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.

**37. Calculations and certificates**

**37.1 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.

**37.2 Certificates and Determinations**

Any certification or determination by a Finance Party 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.

**37.3 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 three hundred and sixty (360) days or, in any case where the practice in the Relevant Interbank Market differs, in accordance with that market practice.

**38. 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.

**39. Remedies and waivers**

No failure to exercise, nor any delay in exercising, on the part of any Finance Party, any right or remedy under the Finance Documents 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 this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

**40. Amendments and waivers 40.1 Required consents**

- (a) Subject to Clause 40.5 (*All Lender matters*) and Clause 40.6 (*Other exceptions*), any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and the Transaction Obligors and any such amendment or waiver will be binding on all Parties.
- (b) The Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause 40.
- (c) Without prejudice to the generality of paragraphs (c), (d) and (e) of Clause 29.7 (*Rights and discretions*), the Agent may engage, pay for and rely on the services of lawyers in determining the consent level required for and effecting any amendment, waiver or consent under this Agreement.
- (d) Each Transaction Obligor agrees to any such amendment or waiver permitted by this Clause 40.1 which is agreed to by the Borrower. This includes any amendment or waiver which would, but for this paragraph (d), require the consent of all of the Transaction Obligors.

**40.2 Excluded Commitments**

If:

- (a) any Defaulting Lender fails to respond to a request for a consent, waiver, amendment of or in relation to any term of any Finance Document or any other vote of Lenders under the terms of this Agreement within ten (10) Business Days of that request being made; or
- (b) any Lender which is not a Defaulting Lender fails to respond to such a request or such a vote within fifteen (15) Business Days of that request being made, (unless, in either case, the Borrower and the Agent agree to a longer time period in relation to any request):
  - (i) its Commitment and/or participation in the Loan then outstanding shall not be included for the purpose of calculating the Total Commitments or participations under the Facility when ascertaining whether any relevant percentage (including, for the avoidance of doubt, unanimity) of Total Commitments 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.

**40.3 Disenfranchisement of Defaulting Lenders**

- (a) For so long as a Defaulting Lender has any Available Commitment, in ascertaining:
  - (i) the Majority Lenders; or
  - (ii) whether:
    - (A) any given percentage (including, for the avoidance of doubt, unanimity) of the Total Commitments; or
    - (B) the agreement of any specified group of Lenders,

has been obtained to approve any request for a consent, waiver, amendment or other vote of Lenders under the Finance Documents, that Defaulting Lender's Commitments will be reduced by the amount of its Available Commitments and, to the extent that that reduction results in that Defaulting Lender's Total Commitments being zero, that Defaulting Lender shall be deemed not to be a Lender for the purposes of paragraphs (i) and (ii) above.

- (b) For the purposes of this Clause ", the Agent may assume that the following Lenders are Defaulting Lenders:
- (i) any Lender which has notified the Agent that it has become a Defaulting Lender;
  - (ii) 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.

#### 40.4 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 five (5) Business Days' prior 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) transfer pursuant to Clause 27 (*Changes to the Lenders*) all (and not part only) of its rights and obligations under this Agreement to an Eligible Institution (a "**Replacement Lender**") which confirms its willingness to assume and does assume all the obligations, or all the relevant obligations, of the transferring Lender in accordance with Clause 27 (*Changes to the Lenders*) for a purchase price in cash payable at the time of transfer which is either:
- (i) in an amount equal to the outstanding principal amount of such Lender's participation in the outstanding Loan and all accrued interest, Break Costs and other amounts payable in relation thereto under the Finance Documents; or
  - (ii) in an amount agreed between that Defaulting Lender, the Replacement Lender and the Borrower and which does not exceed the amount described in paragraph (i) above.
- (b) Any transfer of rights and obligations of a Defaulting Lender pursuant to this Clause 40.4 shall be subject to the following conditions:
- (i) the Borrower shall have no right to replace the Agent or Security 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 ten (10) Business Days after the notice referred to in paragraph (a) above;
  - (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; and
  - (v) the Defaulting Lender shall only be obliged to transfer its rights and obligations pursuant to paragraph (a) 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 transfer to the Replacement Lender.

- (c) The Defaulting Lender shall perform the checks described in paragraph 40.4(b)(v) above as soon as reasonably practicable following delivery of a notice referred to in paragraph (a) above and shall notify the Agent and the Borrower when it is satisfied that it has complied with those checks.

#### 40.5 All Lender matters

An amendment, waiver or (in the case of a Security Document) a consent of, or in relation to, any term of any Finance Document that has the effect of changing or which relates to:

- (a) the definition of "Majority Lenders" in Clause 1.1 (*Definitions*);
- (b) a postponement or extension to the date of payment of any amount under the Finance Documents;
- (c) a reduction in the Margin or a reduction in the amount of any payment of principal, interest, fees or commission payable;
- (d) a change in currency of payment of any amount under the Finance Documents;
- (e) an increase in any Commitment or the Total Commitments, an extension of any Availability Period or any requirement that a cancellation of Commitments reduces the Commitments rateably under the Facility;
- (f) a change to any Obligor;
- (g) any provision which expressly requires the consent of all the Lenders;
- (h) any change to the preamble (*Background*), Clause 2.1 (*The Facility*), Clause 3 (*Purpose*), Clause 5 (*Utilisation*), Clause 8 (*Interest*), Clause 27 (*Changes to Lenders*), this Clause 40, Clause 43 (*Governing law*) or Clause 44.1 (*Jurisdiction*).
- (i) (other than as expressly permitted by the provisions of any Finance Document) the nature or scope of:
  - (i) the guarantee and indemnity granted under Clause 17 (*Guarantee and indemnity*);
  - (ii) the Security Property; or
  - (iii) the manner in which the proceeds of enforcement of the Transaction Security are distributed(except in the case of paragraphs (ii) and (iii) above, insofar as it relates to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is expressly permitted under this Agreement or any other Finance Document); or
- (j) the release of, or material variation to, any guarantee and indemnity granted under Clause 17 (*Guarantee and indemnity*) or of any Transaction Security unless permitted under this Agreement or any other Finance Document or relating to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is expressly permitted under this Agreement or any other Finance Document,  
shall not be made, or given, without the prior consent of all the Lenders.

#### 40.6 Other exceptions

An amendment or waiver which relates to the rights or obligations of the Agent or the Security Agent (each in their capacity as such) may not be effected without the consent of the Agent or, as the case may be, the Security Agent.

#### 40.7 Replacement of Screen Rate

- (a) Subject to Clause 40.6 (*Other exceptions*), if a Screen Rate Replacement Event has occurred in relation to any Screen Rate which can be selected for the Loan, any amendment or waiver which relates to:
- (i) providing for the use of a Replacement Benchmark in place of that Screen Rate; and
  - (ii) any or all of the following:
    - (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 fall-back (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 30 June 2021, this Agreement provides that the rate of interest for the Loan is to be determined by reference to the Screen Rate:
- (i) a Screen Rate Replacement Event shall be deemed to have occurred on that date; and
  - (ii) the Agent (acting on the instructions of the Majority Lenders) and the Obligors shall enter into negotiations in good faith with a view to agreeing the use of a Replacement Benchmark from and including a date no later than 30 December 2021 with the terms relating to the use of that Replacement Benchmark including a floor which, to the extent reasonably practicable, replicates the economic effect of the floor relating to the use of that Screen Rate.

## 41. Confidentiality

### 41.1 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 41.2 (*Disclosure of Confidential Information*) and Clause 41.3 (*Disclosure to numbering service providers*), 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.

### 41.2 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, 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 paragraph (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 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 paragraph 41.2(b)(i) or 41.2(b)(ii) above applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf (including, without limitation, any person appointed under paragraph (b) of Clause 29.14(b) (*Relationship with the other Finance Parties*));
  - (iv) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in paragraph 41.2(b)(i) or 41.2(b)(ii) above;
  - (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 27.8 (*Security over Lenders' rights*);
- (viii) who is a Party, a member of the Group or any Affiliate of an Obligor; or
- (ix) with the consent of the Borrower;

in each case, such Confidential Information as that Finance Party shall consider appropriate if:

- (A) in relation to paragraphs 41.2(b)(i), 41.2(b)(ii) and 41.2(b)(iii) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking except that there shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information;
  - (B) in relation to paragraph 41.2(b)(iv) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive and is informed that some or all of such Confidential Information may be price-sensitive information;
  - (C) in relation to paragraphs 41.2(b)(v), and (b)(vi) and 41.2(b)(vii) above, the person to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of that Finance Party, it is not practicable so to do in the circumstances;
- (c) to any person appointed by that Finance Party or by a person to whom paragraph 41.2(b)(i) or 41.2(b)(ii) above 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 paragraph (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;
  - (d) to any rating agency (including its professional advisers) such Confidential Information as may be required to be disclosed to enable such rating agency to carry out its normal rating activities in relation to the Finance Documents and/or the Obligors if the rating agency to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information.

#### **41.3 Disclosure to numbering service providers**

- (a) Any Finance Party may disclose to any national or international numbering service provider appointed by that Finance Party to provide identification numbering services in respect of this Agreement, the Facility and/or one or more Obligors the following information:
  - (i) names of Obligors;

- (ii) country of domicile of Obligors;
  - (iii) place of incorporation or formation, as applicable, of Obligors;
  - (iv) date of this Agreement;
  - (v) the name of the Agent;
  - (vi) date of each amendment of this Agreement;
  - (vii) amount of Total Commitments;
  - (viii) currency of the Facility;
  - (ix) type of Facility;
  - (x) ranking of Facility;
  - (xi) Termination Date for Facility;
  - (xii) changes to any of the information previously supplied pursuant to paragraphs (i) to (xi) above; and
  - (xiii) such other information agreed between such Finance Party and the Ultimate Parent, to enable such numbering service provider to provide its usual syndicated loan numbering identification services.
- (b) The Parties acknowledge and agree that each identification number assigned to this Agreement, the Facility and/or one or more Obligors by a numbering service provider and the information associated with each such number may be disclosed to users of its services in accordance with the standard terms and conditions of that numbering service provider.
- (c) Each Transaction Obligor represents that none of the information set out in paragraphs (i) to 41.3(a)(xiii) of paragraph (a) above is, nor will at any time be, unpublished price-sensitive information.
- (d) The Agent shall notify the Borrower and the other Finance Parties of:
- (i) the name of any numbering service provider appointed by the Agent in respect of this Agreement, the Facility and/or one or more Obligors; and
  - (ii) the number or, as the case may be, numbers assigned to this Agreement, the Facility and/or one or more Obligors by such numbering service provider.

**41.4 Entire agreement**

This Clause 41 (*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.

**41.5 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.

#### **41.6 Notification of disclosure**

Each of the Finance Parties agrees (to the extent permitted by law and regulation) to inform the Borrower:

- (a) of the circumstances of any disclosure of Confidential Information made pursuant to paragraph 41.2(b)(iv) of Clause 41.2 (*Disclosure of Confidential Information*) except where such disclosure is made to any of the persons referred to in that paragraph 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 41 (*Confidentiality*).

#### **41.7 Continuing obligations**

The obligations in this Clause 41 (*Confidentiality*) are continuing and, in particular, shall survive and remain binding on each Finance Party for a period of 12 months from the earlier of:

- (a) the date on which all amounts payable by the Obligors under or in connection with the Finance Documents 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.

#### **42. 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.

#### **43. Governing law**

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

#### **44. Enforcement**

##### **44.1 Jurisdiction**

- (a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with 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 44.1 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.

##### **44.2 Service of process**

- (a) Without prejudice to any other mode of service allowed under any relevant law, each Transaction Obligor:

- (i) irrevocably appoints GSLS acting through its office from time to time currently at 25 Wilton Place, London SW1V 1LW, as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document; and
  - (ii) agrees that failure by a process agent to notify the relevant Transaction Obligor of the process will not invalidate the proceedings concerned.
- (b) If any person appointed as an agent for service of process is unable for any reason to act as agent for service of process, the Borrower (on behalf of all the Transaction Obligors) must promptly (and in any event within fifteen (15) 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 ORIGINAL PARTIES  
PART I  
THE OBLIGORS**

**BORROWER**

<u>Name of Borrower</u>		<u>Jurisdiction of Formation</u>	<u>Registered Address and, if applicable, Registration No.</u>
Knausen Holding	LLC	Republic of the Marshall Islands	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Republic of the Marshall Islands, MH 96960 Registration No.: 965049

**PARENT**

<u>Name of Parent</u>		<u>Jurisdiction of Formation</u>	<u>Registered Address and, if applicable, Registration No.</u>
GSL Legacy LLC	Holding	Republic of the Marshall Islands	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Republic of the Marshall Islands, MH 96960 Registration No.: 965048

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**Address for Communication**

c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England  
Email: [notices@globalshiplease.com](mailto:notices@globalshiplease.com)

With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece  
Email: [legalconfidential@technomar.gr](mailto:legalconfidential@technomar.gr) and [ipsaropoulos@technomar.gr](mailto:ipsaropoulos@technomar.gr)

**Address for Communication**

c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England  
Email: [notices@globalshiplease.com](mailto:notices@globalshiplease.com)

With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece  
Email: [legalconfidential@technomar.gr](mailto:legalconfidential@technomar.gr) and [ipsaropoulos@technomar.gr](mailto:ipsaropoulos@technomar.gr)

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**ULTIMATE PARENT**

<b>Name of Ultimate Parent</b>	<b>Jurisdiction of Incorporation</b>	<b>Registered Address and, if applicable, Registration No.</b>
Global Ship Lease, Inc.	Republic of the Marshall Islands	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Republic of the Marshall Islands, MH 96960 Registration No.: 28891

**VESSEL OWNERS**

<b>Name of Vessel Owner</b>	<b>Jurisdiction of Formation / Incorporation</b>	<b>Registered Address and, if applicable, Registration No.</b>
c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England Email: <a href="mailto:notices@globalshiplease.com">notices@globalshiplease.com</a> With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece Email: <a href="mailto:legalconfidential@technomar.gr">legalconfidential@technomar.gr</a> ; <a href="mailto:finance@technomar.gr">finance@technomar.gr</a> and <a href="mailto:tpsaropoulos@technomar.gr">tpsaropoulos@technomar.gr</a>		

		<b>Address for Communication</b>	
Global Ship Lease 40 LLC	Liberia	80 Broad Street, Monrovia, Liberia Registered No.: LLC- 960161	c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England Email: <a href="mailto:notices@globalshiplease.com">notices@globalshiplease.com</a> With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece Email: <a href="mailto:legalconfidential@technomar.gr">legalconfidential@technomar.gr</a> ; <a href="mailto:finance@technomar.gr">finance@technomar.gr</a> and <a href="mailto:tpsaropoulos@technomar.gr">tpsaropoulos@technomar.gr</a>

Global Ship Lease 41 Liberia LLC

Global Ship Lease 45 Liberia LLC

Global Ship Lease 44 Liberia LLC  
80 Broad Street, Monrovia, Liberia

Registered No.: LLC-  
960162

80 Broad Street, Monrovia, Liberia Registered No.: LLC- 960166

80 Broad Street, Monrovia, Liberia Registered No.: LLC- 960165

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c/o Global Ship Lease Services Limited of 25 Wilton  
Place, London  
SW1V 1LW, England

Email: [notices@globalshiplease.com](mailto:notices@globalshiplease.com)

With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece Email: [legalconfidential@technomar.gr](mailto:legalconfidential@technomar.gr); [finance@technomar.gr](mailto:finance@technomar.gr) and [tpsaropoulos@technomar.gr](mailto:tpsaropoulos@technomar.gr)

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Email: [legalconfidential@technomar.gr](mailto:legalconfidential@technomar.gr); [finance@technomar.gr](mailto:finance@technomar.gr) and [tpsaropoulos@technomar.gr](mailto:tpsaropoulos@technomar.gr)

c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England

Email: [notices@globalshiplease.com](mailto:notices@globalshiplease.com)

With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece

Email: [legalconfidential@technomar.gr](mailto:legalconfidential@technomar.gr)

[omar.gr](mailto:omar.gr); [finance@technomar.gr](mailto:finance@technomar.gr) and [tpsaropoulos@technomar.gr](mailto:tpsaropoulos@technomar.gr)

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Global Ship Lease 46 Liberia LLC

Global Ship Lease 38 Liberia LLC

Global Ship Lease 49 Liberia LLC

80 Broad Street, Monrovia, Liberia Registered No.: LLC- 960167

80 Broad Street, Monrovia, Liberia Registered No.: LLC- 960154

80 Broad Street, Monrovia, Liberia Registered No.: LLC- 960170

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c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England

Email: [notices@globalshiplease.com](mailto:notices@globalshiplease.com)

With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece

Email: [legalconfidential@technomar.gr](mailto:legalconfidential@technomar.gr), [finance@technomar.gr](mailto:finance@technomar.gr) and [tpсарopoulos@technomar.gr](mailto:tpсарopoulos@technomar.gr)

c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England

Email: [notices@globalshiplease.com](mailto:notices@globalshiplease.com)

With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece

Email: [legalconfidential@technomar.gr](mailto:legalconfidential@technomar.gr), [finance@technomar.gr](mailto:finance@technomar.gr) and [tpсарopoulos@technomar.gr](mailto:tpсарopoulos@technomar.gr)

c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England

Email: [notices@globalshiplease.com](mailto:notices@globalshiplease.com)

With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece

Email: [legalconfidential@technomar.gr](mailto:legalconfidential@technomar.gr), [finance@technomar.gr](mailto:finance@technomar.gr) and [tpсарopoulos@technomar.gr](mailto:tpсарopoulos@technomar.gr)

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Global Ship Lease 51  
LLC

Liberia

80 Broad Street, Monrovia, Liberia

Registered No.: LLC- 960172

Global Ship Lease 50  
LLC

Liberia

80 Broad Street, Monrovia, Liberia

Registered No.: LLC- 960171

-137-

c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England

Email: [notices@globalshiplease.com](mailto:notices@globalshiplease.com)

With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece

Email: [legalconfidential@technomar.gr](mailto:legalconfidential@technomar.gr); [finance@technomar.gr](mailto:finance@technomar.gr); and [tpsaropoulos@technomar.gr](mailto:tpsaropoulos@technomar.gr)

c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England

Email: [notices@globalshiplease.com](mailto:notices@globalshiplease.com)

With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece

Email: [legalconfidential@technomar.gr](mailto:legalconfidential@technomar.gr); [finance@technomar.gr](mailto:finance@technomar.gr); and [tpsaropoulos@technomar.gr](mailto:tpsaropoulos@technomar.gr)

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GSL Alcazar Inc. Marshall Islands Trust Company

Complex, Ajeltake Road, Ajeltake  
Island, Majuro, the Republic of the  
Marshall Islands, MH 96960  
Registered No.: 26711

Global Ship Lease 47  
LLC

Liberia

80 Broad Street, Monrovia, Liberia

Registered No.: LLC- 960168

Tasman Marine LLC Marshall Islands Trust Company

Complex, Ajeltake Road, Ajeltake  
Island, Majuro, the Republic of the  
Marshall Islands, MH 96960  
Registered No.: 963174

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c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England  
Email: [notices@globalshiplease.com](mailto:notices@globalshiplease.com)

With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece  
Email: [legalconfidential@technomar.gr](mailto:legalconfidential@technomar.gr), [finance@technomar.gr](mailto:finance@technomar.gr) and [psaropoulos@technomar.gr](mailto:psaropoulos@technomar.gr)  
c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England

Email: [notices@globalshiplease.com](mailto:notices@globalshiplease.com)

With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece  
Email: [legalconfidential@technomar.gr](mailto:legalconfidential@technomar.gr), [finance@technomar.gr](mailto:finance@technomar.gr) and [psaropoulos@technomar.gr](mailto:psaropoulos@technomar.gr)  
c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England  
Email: [notices@globalshiplease.com](mailto:notices@globalshiplease.com)

With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece  
Email: [legalconfidential@technomar.gr](mailto:legalconfidential@technomar.gr), [finance@technomar.gr](mailto:finance@technomar.gr) and [psaropoulos@technomar.gr](mailto:psaropoulos@technomar.gr)

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Hudson Marine LLC Marshall Islands Trust Company

Complex, Ajeltake Road, Ajeltake  
Island, Majuro, the Republic of the  
Marshall Islands, MH 96960  
Registered No.: 963182

Drake Marine LLC Marshall Islands Trust Company

Complex, Ajeltake Road, Ajeltake  
Island, Majuro, the Republic of the  
Marshall Islands, MH 96960  
Registered No.: 963184

Global Ship Lease 48  
LLC

Liberia

80 Broad Street, Monrovia, Liberia

Registered No.: LLC-960169

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c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England  
Email: [notices@globalshiplease.com](mailto:notices@globalshiplease.com)

With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece  
Email: [legalconfidential@technomar.gr](mailto:legalconfidential@technomar.gr), [finance@technomar.gr](mailto:finance@technomar.gr) and [tpsaropoulos@technomar.gr](mailto:tpsaropoulos@technomar.gr)  
c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England  
Email: [notices@globalshiplease.com](mailto:notices@globalshiplease.com)

With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece  
Email:  
[legalconfidential@technomar.gr](mailto:legalconfidential@technomar.gr), [finance@technomar.gr](mailto:finance@technomar.gr) and [tpsaropoulos@technomar.gr](mailto:tpsaropoulos@technomar.gr)  
c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England  
Email:  
[notices@globalshiplease.com](mailto:notices@globalshiplease.com)

With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece  
Email: [legalconfidential@technomar.gr](mailto:legalconfidential@technomar.gr), [finance@technomar.gr](mailto:finance@technomar.gr) and [tpsaropoulos@technomar.gr](mailto:tpsaropoulos@technomar.gr)

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Global Ship Lease 35  
LLC

Liberia

80 Broad Street, Monrovia, Liberia

Registered No.: LLC-960151

Global Ship Lease 36  
LLC

Liberia

80 Broad Street, Monrovia, Liberia

Registered No.: LLC-960152

-140-

c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England

Email: [notices@globalshiplease.com](mailto:notices@globalshiplease.com)

With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece

Email: [legalconfidential@technomar.gr](mailto:legalconfidential@technomar.gr); [finance@technomar.gr](mailto:finance@technomar.gr) and [tpсарopoulos@technomar.gr](mailto:tpсарopoulos@technomar.gr)

c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England

Email: [notices@globalshiplease.com](mailto:notices@globalshiplease.com)

With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece

Email: [legalconfidential@technomar.gr](mailto:legalconfidential@technomar.gr); [finance@technomar.gr](mailto:finance@technomar.gr) and [tpсарopoulos@technomar.gr](mailto:tpсарopoulos@technomar.gr)

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Global Ship Lease 53  
LLC

Liberia

80 Broad Street, Monrovia, Liberia

Registered No.: LLC-960174

Global Ship Lease 52  
LLC

Liberia

80 Broad Street, Monrovia, Liberia

Registered No.: LLC-960173

-141-

c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England

Email: [notices@globalshiplease.com](mailto:notices@globalshiplease.com)

With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece

Email: [legalconfidential@technomar.gr](mailto:legalconfidential@technomar.gr); [finance@technomar.gr](mailto:finance@technomar.gr) and [tsaropoulos@technomar.gr](mailto:tsaropoulos@technomar.gr)

c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England

Email: [notices@globalshiplease.com](mailto:notices@globalshiplease.com)

With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece

Email: [legalconfidential@technomar.gr](mailto:legalconfidential@technomar.gr); [finance@technomar.gr](mailto:finance@technomar.gr) and [tsaropoulos@technomar.gr](mailto:tsaropoulos@technomar.gr)

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Global Ship Lease 43  
LLC

Liberia

80 Broad Street, Monrovia, Liberia

Registered No.: LLC-960164

Global Ship Lease 54  
LLC

Liberia

80 Broad Street, Monrovia, Liberia

Registered No.: LLC-960175

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c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England

Email: [notices@globalshiplease.com](mailto:notices@globalshiplease.com)

With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece

Email: [legalconfidential@technomar.gr](mailto:legalconfidential@technomar.gr), [finance@technomar.gr](mailto:finance@technomar.gr) and [tsaropoulos@technomar.gr](mailto:tsaropoulos@technomar.gr)

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Email: [notices@globalshiplease.com](mailto:notices@globalshiplease.com)

With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece

Email: [legalconfidential@technomar.gr](mailto:legalconfidential@technomar.gr), [finance@technomar.gr](mailto:finance@technomar.gr) and [tsaropoulos@technomar.gr](mailto:tsaropoulos@technomar.gr)

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**PART II**  
**THE ORIGINAL LENDERS**

**ORIGINAL LENDERS**

Name of Original Lender	Total Commitment (USD)	Address for Communication
Hayfin DLF III Luxco 1 Sarl	131,838,026.59	One Eagle Place, London, SW1Y 6AF Fax: +44 207 692 4641 E-mail: <a href="mailto:loanops@hayfin.com">loanops@hayfin.com</a> ; <a href="mailto:gc@hayfin.com">gc@hayfin.com</a> ; <a href="mailto:ks.breakwater@hayfin.com">ks.breakwater@hayfin.com</a> ; <a href="mailto:rp.breakwater@hayfin.com">rp.breakwater@hayfin.com</a>
Hayfin Sapphire IV Luxco SCA	14,780,780.23	One Eagle Place, London, SW1Y 6AF Fax: +44 207 692 4641 E-mail: <a href="mailto:loanops@hayfin.com">loanops@hayfin.com</a> ; <a href="mailto:gc@hayfin.com">gc@hayfin.com</a> ; <a href="mailto:ks.breakwater@hayfin.com">ks.breakwater@hayfin.com</a> ; <a href="mailto:rp.breakwater@hayfin.com">rp.breakwater@hayfin.com</a>
SC HCM EU PD Sarl	14,780,780.23	One Eagle Place, London, SW1Y 6AF Fax: +44 207 692 4641 E-mail: <a href="mailto:loanops@hayfin.com">loanops@hayfin.com</a> ; <a href="mailto:gc@hayfin.com">gc@hayfin.com</a> ; <a href="mailto:ks.breakwater@hayfin.com">ks.breakwater@hayfin.com</a> ; <a href="mailto:rp.breakwater@hayfin.com">rp.breakwater@hayfin.com</a>
Hayfin Big Cypress Luxco Sarl	8,981,727.73	One Eagle Place, London, SW1Y 6AF Fax: +44 207 692 4641 E-mail: <a href="mailto:loanops@hayfin.com">loanops@hayfin.com</a> ; <a href="mailto:gc@hayfin.com">gc@hayfin.com</a> ; <a href="mailto:ks.breakwater@hayfin.com">ks.breakwater@hayfin.com</a> ; <a href="mailto:rp.breakwater@hayfin.com">rp.breakwater@hayfin.com</a>
Hayfin Opal 2020 (A) LP	1,970,770.70	One Eagle Place, London, SW1Y 6AF Fax: +44 207 692 4641 E-mail: <a href="mailto:loanops@hayfin.com">loanops@hayfin.com</a> ; <a href="mailto:gc@hayfin.com">gc@hayfin.com</a> ; <a href="mailto:ks.breakwater@hayfin.com">ks.breakwater@hayfin.com</a> ; <a href="mailto:rp.breakwater@hayfin.com">rp.breakwater@hayfin.com</a>
Hayfin Opal 2020 (B) LP	2,956,156.05	One Eagle Place, London, SW1Y 6AF Fax: +44 207 692 4641 E-mail: <a href="mailto:loanops@hayfin.com">loanops@hayfin.com</a> ; <a href="mailto:gc@hayfin.com">gc@hayfin.com</a> ; <a href="mailto:ks.breakwater@hayfin.com">ks.breakwater@hayfin.com</a> ; <a href="mailto:rp.breakwater@hayfin.com">rp.breakwater@hayfin.com</a>
Hayfin PT Luxco 2 S.à r.l.	13,641,403.79	One Eagle Place, London, SW1Y 6AF Fax: +44 207 692 4641 E-mail: <a href="mailto:loanops@hayfin.com">loanops@hayfin.com</a> ; <a href="mailto:gc@hayfin.com">gc@hayfin.com</a> ; <a href="mailto:ks.breakwater@hayfin.com">ks.breakwater@hayfin.com</a> ; <a href="mailto:rp.breakwater@hayfin.com">rp.breakwater@hayfin.com</a>
Hayfin Garnet Luxco Sarl	15,718,023.52	One Eagle Place, London, SW1Y 6AF Fax: +44 207 692 4641 E-mail: <a href="mailto:loanops@hayfin.com">loanops@hayfin.com</a> ; <a href="mailto:gc@hayfin.com">gc@hayfin.com</a> ; <a href="mailto:ks.breakwater@hayfin.com">ks.breakwater@hayfin.com</a> ; <a href="mailto:rp.breakwater@hayfin.com">rp.breakwater@hayfin.com</a>
Infinity HoldCo Private Debt II Sarl	6,897.697.44	One Eagle Place, London, SW1Y 6AF Fax: +44 207 692 4641 E-mail: <a href="mailto:loanops@hayfin.com">loanops@hayfin.com</a> ; <a href="mailto:gc@hayfin.com">gc@hayfin.com</a> ; <a href="mailto:ks.breakwater@hayfin.com">ks.breakwater@hayfin.com</a> ; <a href="mailto:rp.breakwater@hayfin.com">rp.breakwater@hayfin.com</a>
VG HCM EU PD S.à r.l.	24,634,633.72	One Eagle Place, London, SW1Y 6AF Fax: +44 207 692 4641 E-mail: <a href="mailto:loanops@hayfin.com">loanops@hayfin.com</a> ; <a href="mailto:gc@hayfin.com">gc@hayfin.com</a> ; <a href="mailto:ks.breakwater@hayfin.com">ks.breakwater@hayfin.com</a> ; <a href="mailto:rp.breakwater@hayfin.com">rp.breakwater@hayfin.com</a>
<b>Total</b>	<b>236,200,000</b>	

**PART III**  
**AGENT AND SECURITY AGENT**

**AGENT**

**Name of Agent**  
Hayfin Services LLP

**Address for Communication**  
One Eagle Place, London, SW1Y 6AF, England  
Fax: +44 207 785 6829  
E-mail: [loanops@hayfin.com](mailto:loanops@hayfin.com)  
Attention: Loan Operations

**SECURITY AGENT**

**Name of Security Agent**  
Hayfin Services LLP

**Address for Communication**  
One Eagle Place, London, SW1Y 6AF, England  
Fax: +44 207 785 6829  
E-mail: [loanops@hayfin.com](mailto:loanops@hayfin.com)  
Attention: Loan Operations  
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**SCHEDULE 2  
CONDITIONS PRECEDENT**

**PART I  
CONDITIONS PRECEDENT TO UTILISATION REQUEST**

- (1) **Constitutional documents.** Copies of the constitutional documents of each Obligor, together with such other evidence as the Agent may reasonably require that each Obligor is duly incorporated or formed, as applicable, in its country of incorporation or formation, as applicable, and remains in existence with power to enter into, and perform its obligations under, the Relevant Documents to which it is or is to become a party.
- (2) **Certificates of good standing.** A certificate of good standing in respect of each Transaction Obligor (or equivalent evidence of good standing available in the Obligor's jurisdiction of incorporation) dated no more than fourteen (14) days before the Utilisation Date.
- (3) **Board resolutions.** A copy of the resolutions of the board of directors or member, as applicable, of each Obligor:
- i. approving the terms of, and the transactions contemplated by, the Relevant Documents to which it is a party and resolving that it execute those Relevant Documents; and
  - ii. authorising a specified person or persons to execute those Relevant Documents (and all documents and notices to be signed and/or dispatched under those documents) on its behalf.
- (4) **Shareholder resolutions.**  
If required as a matter of law of any Obligor's jurisdiction of incorporation, a copy of a resolution signed by all the holders of the issued shares or limited liability company interests, as applicable, in that Obligor, approving the terms of, and the transactions contemplated by, the Relevant Documents to which it is a party.
- (5) **Specimen signatures.** A specimen of the signature of each person who executes the Finance Documents pursuant to the resolutions referred to in paragraph (3) above.
- (6) **Officer's certificates.** A certificate of a duly authorised officer of each Obligor:
- i. certifying that each copy document relating to it specified in this Part I of Schedule 2 is correct, complete and in full force and effect;
  - ii. setting out the names of the directors, officers, member and (other than the Ultimate Parent) shareholders of that Obligor and the proportion of shares held by each shareholder; and
  - iii. confirming that borrowing or guaranteeing or securing, as appropriate, the Loan would not cause any borrowing, guarantee, security or similar limit binding on that Obligor to be exceeded.
- (7) **Evidence of registration.** Where such registration is required or permitted under the laws of the relevant jurisdiction, evidence that the names of the directors, officers, member and shareholders of each Obligor are duly registered in the companies registry or other registry in the country of incorporation or jurisdiction of incorporation, as applicable, of that Obligor.
- (8) **Powers of attorney.** A copy of the (if required) notarially attested power of attorney of each of the Obligors under which the Relevant Documents to which it is or is to become a party are to be executed or transactions undertaken by that Obligor.
- (9) **Facility Agreement.** A duly executed copy of this Agreement.

- (10) **Share Charge.** Duly executed Share Charge in respect of the Borrower and the ancillary documents thereunder.
- (11) **Accounts Security.** Duly executed Accounts Security in relation to the Dry Docking Reserve Accounts and the Minimum Liquidity Account (and each document to be delivered thereunder).
- (12) **Mandates.** Such duly signed forms of mandate, and/or other evidence of the opening of the Accounts described in paragraph 11 above, as the Security Agent may require.
- (13) **Subordination and Assignment Agreement.** A duly executed Subordination and Assignment Agreement.

**Other documents and evidence**

- (14) **Process agent.** Evidence that any process agent referred to in Clause 44.2 (*Service of process*) and any process agent appointed under any other Finance Document has accepted its appointment.
- (15) **Other authorisations.** 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 Relevant Document or for the validity and enforceability of any Relevant Document.
- (16) **Financial statements.** Copies of the Original Financial Statements.
- (17) **Fees.** The Fee Letter and evidence that the fees, costs and expenses then due from the Borrower under Clause 11 (*Fees*) and Clause 16 (*Costs and expenses*) have been paid or will be paid by the Utilisation Date.
- (18) **“Know your customer” documents.** Such documentation and other evidence as is reasonably requested by the Agent in order for the Lenders to comply with all necessary “know your customer” or similar identification procedures, anti-money laundering regulations, and Sanctions, in relation to the transactions contemplated in the Finance Documents.

**PART II**  
**CONDITIONS PRECEDENT TO UTILISATION**

- (1) **Officer's certificate.** A certificate of a duly authorised officer of the Borrower certifying that:
  - i. each copy document relating to it specified in Part I of Schedule 2 remains correct, complete and in full force and effect on the Utilisation Date;
  - ii. each copy document relating to it specified in this Part II of Schedule 2 remains correct, complete and in full force and effect on the Utilisation Date.
- (2) **Evidence of Vessel Owners' title.** Certificate of ownership and encumbrance (or equivalent) issued by the Registrar of Ships (or equivalent official) of each Vessel's Approved Flag confirming that such Vessel is owned by the relevant Vessel Owner and is free of registered Security other than Permitted Security.
- (3) **Registration of Mortgages – Pool A Vessels.** Evidence that a Mortgage and, if applicable Deed of Covenants collateral thereto, has been registered against each Pool A Vessel with first priority.
- (4) **Evidence of insurance.** Evidence that each Vessel is insured in the manner required by the Finance Documents and that letters of undertaking will be issued in the manner required by the Finance Documents, together with (if required by the Agent) the written approval of the Insurances in respect of each Vessel by an insurance adviser appointed by the Agent.
- (5) **Confirmation of class.** A Certificate of Confirmation of Class confirming that each Vessel is classed with the classification and with the Classification Society described in Schedule 9 (*Details of Vessels*) free of overdue recommendations affecting class (except as disclosed to and approved by the Agent prior to the Utilisation Date), dated no more than three (3) Business Days prior to the Utilisation Date.
- (6) **Inspection report.** If required by the Agent, inspection reports in respect of each Vessel.
- (7) **Insurance report.** An opinion from independent insurance consultants appointed by the Agent on the Insurances in respect of each Vessel.
- (8) **Valuations.** Two Valuations of each Vessel from Approved Brokers nominated by the Agent, addressed to the Agent on behalf of the Finance Parties and dated not earlier than twenty (20) Business Days before the Utilisation Date, which show compliance with the Maximum Loan Amount.
- (9) **Operating Expenses budget.** Operating Expenses budget for each Vessel.
- (10) **Vessel documents.** In respect of each Vessel, copies of:
  - i. any charterparty (including any Charter);
  - ii. in respect of each Pool A Vessel only, any Management Agreements in respect of that Pool A Vessel;
  - iii. that Vessel's current Safety Construction, Safety Equipment, Safety Radio and Load Line Certificates;
  - iv. (if applicable) evidence of that Vessel's current Certificate of Financial Responsibility issued pursuant to the United States Oil Pollution Act 1990;
  - v. that Vessel's current SMC;
  - vi. the ISM Company's current DOC;
  - vii. that Vessel's current ISSC;

- viii. that Vessel's current IAPPC; and
- ix. that Vessel's current Tonnage Certificate,
- in each case together with all addenda, amendments or supplements.
- (11) **Security Documents – Pool A Vessels.** In respect of each Pool A Vessel, the following duly executed documents:
- i. the Mortgage in respect of that Pool A Vessel;
  - ii. if applicable, the Deed of Covenants in respect of that Pool A Vessel;
  - iii. the General Assignment in respect of that Pool A Vessel; and
  - iv. the Manager's Undertakings in respect of that Pool A Vessel,
- together with all other documents required by any of them, including, without limitation, all notices of assignment and/or charge and evidence that those notices will be duly acknowledged by the recipients.
- (12) **Charter Assignments.** If applicable, a duly executed Charter Assignment in respect of each Pool A Vessel, together with the duly executed notice of assignment to charterer.
- (13) **Share Charges.** Duly executed Share Charges in respect of the Vessel Owners of each Pool A Vessel and the ancillary documents thereunder.
- (14) **Accounts Security.** Duly executed Accounts Security in relation to the Earnings Accounts held in the names of the Vessel Owners which own each of the Pool A Vessels (and each document to be delivered thereunder).
- (15) **Signed undated documents.** The following signed but undated documents:
- i. the Mortgage in respect of each Pool B Vessel;
  - ii. the Deed of Covenants in respect of each Pool B Vessel;
  - iii. the General Assignment in respect of each Pool B Vessel;
  - iv. the Manager's Undertakings in respect of each Pool B Vessel;
  - v. if applicable, the Charter Assignment in respect of each Pool B Vessel;
  - vi. the Share Charge in respect of the Vessel Owner owning each Pool B Vessel; and
  - vii. the Accounts Security in relation to the Earnings Account held in the name of each Vessel Owner owning a Pool B Vessel.
- (16) **Utilisation Request.** The duly completed Utilisation Request.
- (17) **Evidence of compliance with covenant requirements.** Evidence that the relevant Obligors are in compliance with the financial covenants in Clause 20.1 (*Financial Covenants*) on the Utilisation Date.
- (18) **Minimum liquidity amount.** Evidence that an amount of US\$350,000 in respect of each Vessel has been deposited into the Minimum Liquidity Account.
- (19) **Special surveys and dry dockings.** The estimated timings of all scheduled dry docks and special surveys for each Vessel from the Utilisation Date until the end of the Facility Period, in each case to the extent available from class or other records.

- (20) **Permitted Intercompany Debt.** If applicable, copies of any executed documents in respect of any Permitted Intercompany Debt
- (21) **Tonnage.** Evidence of the lightweight tonnage of each Vessel and that the aggregate lightweight tonnage of the Vessels is not less 462,158 metric tonnes
- (22) **Shares Purchase Agreement.** A duly executed copy of any Shares Purchase Agreement.
- (23) **Instruments of Transfer.**
- i. In respect of the Vessel Owners owning the Pool A Vessels, duly executed instruments of transfer of shares or limited liability company interests (as applicable) transferring 100% of the legal and beneficial interest in all of the issued shares or limited liability company interests (as applicable) of each such Vessel Owner to the Borrower.
  - ii. In respect of the Vessel Owners owning the Pool B Vessels, signed but undated instruments of transfer of shares or limited liability company interests (as applicable) transferring 100% of the legal and beneficial interest in all of the issued shares or limited liability company interests (as applicable) of each such Vessel Owner to the Borrower.
- (24) **New share certificates.** A duly executed original of the new share certificate or limited liability company interests certificate (as applicable) for each Vessel Owner owning a Pool A Vessel.
- (25) **Structure Charts.**
- i. A chart showing the current structure of the Group.
  - ii. A draft chart showing the structure of the Group following execution of all the instruments of transfer referred to in paragraph (23) above.
- (26) **Top up capital.** Receipt by the Agent from (or on behalf of) the Borrower of:
- i. funds in an amount equal to the shortfall between (i) the net amount of the Utilisation (net of any agreed deductions or withholdings) and (ii) the amount required by Citibank N.A., London Branch in order to redeem the Senior Secured Notes; and
  - ii. funds in an amount sufficient to cover any interest that may be payable by the Ultimate Parent to Citibank N.A., London Branch in the event that the redemption of the Senior Secured Notes does not occur within two (2) Business Days of the Utilisation Date.
- (27) **Sweep of existing accounts.** Evidence that the balances standing to the credit of any existing accounts held by the Vessel Owners with Joh. Berenberg, Gossler & Co. KG and Hellenic Bank Public Company Ltd have been transferred to the relevant Earnings Accounts.
- (28) **Secured Notes Redemption Notice.** A copy of the duly executed Secured Notes Redemption Notice in the agreed form.

#### **Legal opinions**

- (29) **Legal opinions.** The following legal opinions, each addressed to the Agent, the Security Agent and the Lenders and capable of being relied upon by any persons who become Lenders pursuant to the primary syndication of the Loan or confirmation satisfactory to the Agent that such opinions will be given:
- i. legal opinion of Reed Smith LLP, legal advisers to the Finance Parties in respect of English law, substantially in the form distributed to the Original Lenders prior to Utilisation;

- ii. legal opinion of Reed Smith LLP, legal advisers to the Finance Parties in respect of Marshall Islands law, substantially in the form distributed to the Original Lenders prior to Utilisation;
- iii. legal opinion of Reed Smith LLP, legal advisers to the Finance Parties in respect of Liberian law, substantially in the form distributed to the Original Lenders prior to Utilisation
- iv. legal opinion of Arias Fábrega & Fábrega, legal advisers to the Finance Parties in respect of Panamanian law, substantially in the form distributed to the Original Lenders prior to Utilisation;
- v. legal opinion of Ganado Advocates, legal advisers to the Finance Parties in respect of the Maltese law, substantially in the form distributed to the Original Lenders prior to Utilisation;
- vi. legal opinion of Higgs & Johnson, legal advisers to the Finance Parties in respect of the Bahamas law, substantially in the form distributed to the Original Lenders prior to Utilisation;
- vii. legal opinion of Loyens & Loeff N.V., legal advisers to the Finance Parties in respect of Dutch law, substantially in the form distributed to the Original Lenders prior to Utilisation.

**PART III  
CONDITIONS SUBSEQUENT**

- (1) **Letters of undertaking.** Letters of undertaking in respect of the Insurances as required by the Security Documents together with copies of the relevant policies or cover notes or entry certificates duly endorsed with the interest of the Finance Parties.
- (2) **Acknowledgements of notices.** The Borrower shall use reasonable endeavours to obtain acknowledgements of the notices of assignment and/or charge given pursuant to any Security Documents received by the Agent pursuant to Part I or Part II (as the case may be) of this Schedule 2.
- (3) **Legal opinions.** Such of the legal opinions specified in Part II of this Schedule 2 as have not already been provided to the Agent.
- (4) **Companies Act registrations.** Evidence that the prescribed particulars of any Security Documents received by the Agent pursuant to Part I or Part II (as the case may be) of this Schedule 2 have been delivered to, and registered with, any relevant Registry of Companies/Corporations within the statutory time limit.
- (5) **Master's receipt.** The master's receipt for each Mortgage (if applicable).
- (6) **Closure of existing accounts.** Evidence that all bank accounts held in the names of the Obligor, other than the Accounts, have been closed (including but not limited to any accounts held by the Vessel Owners (or any of them) with Joh. Berenberg, Gossler & Co. KG and Hellenic Bank Public Company Ltd).
- (7) **Cancelled share certificates.** A copy of the cancelled share certificate or limited liability company interests certificate (as applicable) for each Vessel Owner.
- (8) **Registration of Mortgages – Pool B Vessels.** Evidence that a Mortgage and, if applicable Deed of Covenants collateral thereto, has been registered against each Pool B Vessel with first priority.
- (9) **Security Documents – Pool B Vessels.** In respect of each Pool B Vessel, the following duly executed documents:
  - i. the Mortgage in respect of that Pool B Vessel;
  - ii. if applicable, the Deed of Covenants in respect of that Pool B Vessel;
  - iii. the General Assignment in respect of that Pool B Vessel; and
  - iv. the Manager's Undertakings in respect of that Pool B Vessel,together with all other documents required by any of them, including, without limitation, all notices of assignment and/or charge and evidence that those notices will be duly acknowledged by the recipients.
- (10) **Charter Assignments.** If applicable, a duly executed Charter Assignment in respect of each Pool B Vessel, together with the duly executed notice of assignment to charterer
- (11) **Share Charges.** Duly executed Share Charges in respect of the Vessel Owners of each Pool B Vessel and the ancillary documents thereunder.
- (12) **Accounts Security.** Duly executed Accounts Security in relation to the Earnings Accounts held in the names of the Vessel Owners which own each of the Pool B Vessels (and each document to be delivered thereunder).

- (13) **Management Agreements.** In respect of each Pool B Vessel, copies of any Management Agreements in respect of that Pool B Vessel, together with all addenda, amendments or supplements.
- (14) **Instruments of Transfer.** In respect of the Vessel Owners owning the Pool B Vessels, duly executed instruments of transfer of shares or limited liability company interests (as applicable) transferring 100% of the legal and beneficial interest in all of the issued shares or limited liability company interests (as applicable) of each such Vessel Owner to the Borrower.
- (15) **New share certificates.** A duly executed original of the new share certificate or limited liability company interests certificate (as applicable) for each Vessel Owner owning a Pool B Vessel
- (16) **Structure Chart.** A chart showing the structure of the Group (such chart to show the structure following execution of the instruments of transfer referred to in paragraph (13) above and in paragraph (23)(i) of Part II of this Schedule 2).

**SCHEDULE 3  
UTILISATION REQUEST**

From: [Borrower]

To: [Agent]

Dated:

Dear Sirs

**Facility Agreement dated [•] for up to the amount of US\$236,200,000, as amended and restated from time to time (the "Agreement")**

- (1) We refer to the Agreement. This is the Utilisation Request. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.
- (2) We wish to borrow the Loan on the following terms:  
  
Proposed Utilisation Date: [•] (or, if that is not a Business Day, the next Business Day)  
  
Amount: [•] or, if less, the Available Facility
- (3) We confirm that each condition specified in Clause 4.1 (*Initial Conditions Precedent*) is satisfied on the date of this Utilisation Request.
- (4) The proceeds of the Utilisation should be credited to [account details].
- (5) We confirm that you may disburse the Loan and deduct from the Loan (although the amount of the Loan will remain the amount requested above):
  - (a) [the Agency Fee payable on the Utilisation Date being US\$[•]];
  - (b) [the Commitment Fee payable up to the Utilisation Date, being US\$[•]];
  - (c) [other costs/fees].
- (6) This Utilisation Request is irrevocable.

Yours faithfully

.....  
authorised signatory for  
[Borrower]

**SCHEDULE 4  
FORM OF TRANSFER CERTIFICATE**

To: [•] as Agent

From: [*The Existing Lender*] (the "Existing Lender") and [*The New Lender*] (the "New Lender")

Dated:

**Facility Agreement dated [•] for up to the amount of US\$236,200,000, as amended and restated from time to time (the "Agreement")**

- (1) 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.
- (2) We refer to 27.5 (*Procedure for transfer*) of the Agreement:
  - (a) The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation and in accordance with Clause 27.5 (*Procedure for transfer*) all of the Existing Lender's rights and obligations under the Agreement and the other Finance Documents which relate to that portion of the Existing Lender's Commitment and participation in Loans under the Agreement as specified in the Schedule.
  - (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 36.2 (*Addresses*) of the Agreement are set out in the Schedule.
- (3) The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in paragraph (iii) of Clause 27.4 (*Limitation of responsibility of Existing Lenders*) of the Agreement.
- (4) 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.
- (5) This Transfer Certificate and any non-contractual obligations arising out of or in connection with it are governed by English law.
- (6) This Transfer Certificate has been entered into on the date stated at the beginning of this Transfer Certificate.

**Note:** The execution of this Transfer Certificate may not transfer a proportionate share of the Existing Lender's interest in the Transaction Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to perfect a transfer of such a share in the Existing Lender's Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.

**COMMITMENT/RIGHTS AND OBLIGATIONS TO BE TRANSFERRED**

*[insert relevant details]*

*[Facility Office address, fax number and attention details for notices and account details for payments.]*

[Existing Lender]

[New Lender]

By:

By:

This Transfer Certificate is accepted by the Agent and the Transfer Date is confirmed as [\*].

[Agent]

By:

**SCHEDULE 5  
FORM OF ASSIGNMENT AGREEMENT**

To: [•] as Agent and [•] as Borrower, for and on behalf of each Obligor

From: [the *Existing Lender*] (the "**Existing Lender**") and [the *New Lender*] (the "**New Lender**")

Dated:

**Facility Agreement dated [•] for up to the amount of US\$236,200,000, as amended and restated from time to time (the "Agreement")**

- (1) We refer to the Agreement. This is an Assignment Agreement. Terms defined in the Agreement have the same meaning in this Assignment Agreement unless given a different meaning in this Assignment Agreement.
- (2) We refer to Clause 27.6 (*Procedure for assignment*) of the Agreement:
  - (a) The Existing Lender assigns absolutely to the New Lender all the rights of the Existing Lender under the Agreement and the other Finance Documents which relate to that portion of the Existing Lender's Commitment and participations in Loans under the Agreement as specified in the Schedule.
  - (b) The Existing Lender is released from all the obligations of the Existing Lender which correspond to that portion of the Existing Lender's Commitment and participations in Loans under the Agreement specified in the Schedule.
  - (c) The New Lender becomes a Party as a Lender and is bound by obligations equivalent to those from which the Existing Lender is released under paragraph (b) above.
- (3) The proposed Transfer Date is [•].
- (4) On the Transfer Date the New Lender becomes Party to the Finance Documents as a Lender.
- (5) The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 36.2 (*Addresses*) of the Agreement are set out in the Schedule.
- (6) The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in paragraph (c) of Clause 27.4 (*Limitation of responsibility of Existing Lenders*) of the Agreement.
- (7) This Assignment Agreement acts as notice to the Agent (on behalf of each Finance Party) and, upon delivery in accordance with Clause 27.7 (*Copy of Transfer Certificate or Assignment Agreement*) of the Agreement, to the Borrower (on behalf of each Obligor who is a party) of the assignment referred to in this Assignment Agreement.
- (8) This Assignment Agreement 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 Assignment Agreement.
- (9) This Assignment Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.
- (10) This Assignment Agreement has been entered into on the date stated at the beginning of this Assignment Agreement.

**RIGHTS TO BE ASSIGNED AND OBLIGATIONS TO BE RELEASED AND UNDERTAKEN**

*[insert relevant details]*

*[Facility office address, fax number and attention details for notices and account details for payments]*

[Existing Lender]

[New Lender]

By:  
By:

This Assignment Agreement is accepted by the Agent and the Transfer Date is confirmed as [•].

Signature of this Assignment Agreement by the Agent constitutes confirmation by the Agent of receipt of notice of the assignment referred to herein, which notice the Agent receives on behalf of each Finance Party.

[Agent]

By:

**Note:** The execution of this Assignment Agreement may not transfer a proportionate share of the Existing Lender's interest in the Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to perfect a transfer of such a share in the Existing Lender's Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.

**SCHEDULE 6  
FORM OF COMPLIANCE CERTIFICATE**

To: [Agent]

From: [Ultimate Parent]

Dated: [•]

Dear Sirs

**Facility Agreement dated [•] for up to the amount of US\$236,200,000, as amended and restated from time to time (the "Agreement")**

- (1) 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.
- (2) We confirm that:
  - (a) [•]; [and]
  - (b) [•]; [and]
  - (c) [•].
- (3) We set out below calculations establishing the figures in paragraph (2): [•].
- (4) 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.]***

Signed: .....

Authorised Officer  
of Ultimate Parent

**SCHEDULE 7  
FORM OF MERGER CONDITIONS CERTIFICATE**

To: [Agent]

From: [Ultimate Parent]

Dated: [•]

Dear Sirs

**Facility Agreement dated [•] for up to the amount of US\$236,200,000, as amended and restated from time to time (the "Agreement")**

- (1) We refer to the Agreement. This is a Merger Conditions Certificate. Terms defined in the Agreement have the same meaning when used in this Merger Conditions Certificate unless given a different meaning in this Merger Conditions Certificate.
- (2) We confirm that:
  - (a) [•]; [and]
  - (b) [•]; [and]
  - (c) [•].
- (3) We set out below calculations establishing the figures in paragraph (2):  
[•].
- (4)

Signed: .....

[Chief Financial Officer]  
of Ultimate Parent

Delivery of a duly completed Utilisation Request (Clause 5.1 (*Delivery of the Utilisation Request*))  
Agent notifies the Lenders of the Loan in accordance with Clause 5.4 (*Lenders' participation*)

LIBOR is fixed

**SCHEDULE 8  
TIMETABLES**

By 9.30 a.m. (London time) three (3) Business Days before the intended Utilisation Date

Three (3) Business Days before the intended Utilisation Date

Quotation Day as of 11:00 a.m. (London time)

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**SCHEDULE 9  
DETAILS OF VESSELS**

**VESSEL A**  
**1. Name of Vessel:** Keta  
**2. Description:** Fully cellular containership built in 2003  
**3. Owner:** Global Ship Lease 40 LLC  
**4. Flag State:** Liberia  
**5. IMO Number:** 9225782  
**6. Registered/Official Number:** 19862  
**7. Classification:** I HULL MACH Container ship Unrestricted navigation VeriSTAR- HULL, AUT-IMS, AUT-PORT, MON-SHAFT, ERS-S, INWATERSURVEY, LASHING, SDS  
**8. Classification Society:** Bureau Veritas

**VESSEL B**  
**1. Name of Vessel:** Julie  
**2. Description:** Fully cellular containership built in 2002  
**3. Owner:** Global Ship Lease 41 LLC  
**4. Flag State:** Liberia  
**5. IMO Number:** 9225770  
**6. Registered/Official Number:** 19863  
**7. Classification:** I HULL MACH Container ship Unrestricted navigation VeriSTAR- HULL, AUT-IMS, AUT-PORT, MON-SHAFT, ERS-S, INWATERSURVEY, LASHING, SDS  
**8. Classification Society:** Bureau Veritas

**VESSEL C**  
**1. Name of Vessel:** Kumasi  
**2. Description:** Fully cellular containership built in 2002  
**3. Owner:** Global Ship Lease 45 LLC

**4. Flag State:** Bahamas  
**5. IMO Number:** 9220859  
**6. Registered/Official Number:** 8001953  
**7. Classification:** I HULL MACH Container ship Unrestricted navigation VeriSTAR- HULL, AUT-IMS, AUT-PORT, MON-SHAFT, ERS-S, INWATERSURVEY, LASHING, SDS  
**8. Classification Society:** Bureau Veritas

**VESSEL D**  
**1. Name of Vessel:** Marie Delmas  
**2. Description:** Fully cellular containership built in 2002  
**3. Owner:** Global Ship Lease 44 LLC  
**4. Flag State:** Liberia  
**5. IMO Number:** 9220847  
**6. Registered/Official Number:** 19864  
**7. Classification:** I HULL MACH Container ship Unrestricted navigation VeriSTAR- HULL, AUT-IMS, AUT-PORT, MON-SHAFT, ERS-S, INWATERSURVEY, LASHING, SDS  
**8. Classification Society:** Bureau Veritas

**VESSEL E**  
**1. Name of Vessel:** La Tour  
**2. Description:** Fully cellular containership built in 2001  
**3. Owner:** Global Ship Lease 46 LLC  
**4. Flag State:** Liberia  
**5. IMO Number:** 9224946  
**6. Registered/Official Number:** 19861  
**7. Classification:** I HULL MACH Container ship Unrestricted navigation F, VeriSTAR- HULL, AUT-UMS, AUT-PORT, MON-SHAFT, ERS-S, LASHING  
**8. Classification Society:** Bureau Veritas

**VESSEL F**

**1. Name of Vessel:** Manet  
**2. Description:** Fully cellular containership built in 2001  
**3. Owner:** Global Ship Lease 38 LLC  
**4. Flag State:** Liberia  
**5. IMO Number:** 9224958  
**6. Registered/Official Number:** 19770  
**7. Classification:** I HULL MACH Container ship Unrestricted navigation F, VeriSTAR- HULL, AUT-UMS, AUT-PORT, MON-SHAFT, ERS-S, LASHING  
**8. Classification Society:** Bureau Veritas

**VESSEL G**

**1. Name of Vessel:** CMA CGM Sambhar  
**2. Description:** Fully cellular containership built in 2006  
**3. Owner:** Global Ship Lease 49 LLC  
**4. Flag State:** Malta  
**5. IMO Number:** 9295969  
**6. Registered/Official Number:** 9295969  
**7. Classification:** 100A1 Container Ship, ShipRight(SDA, FDA,CM), \*IWS, LI LMC, UMS (Suspended)  
**8. Classification Society:** Descriptive Note: ShipRight(BWWMP(S),SCM, IHM-EU+) Lloyd's Register

**VESSEL H**

**1. Name of Vessel:** CMA CGM America  
**2. Description:** Fully cellular containership built in 2006

3. Owner: Global Ship Lease 51 LLC  
4. Flag State: Malta  
5. IMO Number: 9295971  
6. Registered/Official Number: 9295971  
7. Classification: 100A1 Container Ship, ShipRight (SDA, FDA, CM), \*IWS, LI. LMC, UMS  
Descriptive Note: ShipRight( BWMP (S), SCM, MPMS  
Lloyd's Register

8. Classification Society:

VESSEL I

1. Name of Vessel: CMA CGM Jamaica  
2. Description: Fully cellular containership built in 2006  
3. Owner: Global Ship Lease 50 LLC  
4. Flag State: Malta  
5. IMO Number: 9326770  
6. Registered/Official Number: 9326770  
7. Classification: 100 A5 Container ship BWM-F SOLAS-II-2,Reg.19 IW NAV-OC MC AUT  
8. Classification Society: DNV GL

VESSEL J

1. Name of Vessel: CMA CGM Alcazar  
2. Description: Fully cellular containership built in 2007  
3. Owner: GSL Alcazar Inc.  
4. Flag State: Panama  
5. IMO Number: 9335197  
6. Registered/Official Number: 33881-08-C  
7. Classification: I HULL MACH Container ship Unrestricted navigation AUT-UMS, MON-SHAFT, ERS-S,  
INWATERSURVEY  
Bureau Veritas

8. Classification Society:

**VESSEL K**

**1. Name of Vessel:** GSL Chateau d'If  
**2. Description:** Fully cellular containership built in 2007  
**3. Owner:** Global Ship Lease 47 LLC  
**4. Flag State:** Malta  
**5. IMO Number:** 9335202  
**6. Registered/Official Number:** 9335202  
**7. Classification:** I HULL MACH Container ship Unrestricted navigation AUT-UMS, MON-SHAFT, INWATERSURVEY  
**8. Classification Society:** Bureau Veritas

**VESSEL L**

**1. Name of Vessel:** Tasman  
**2. Description:** Fully cellular containership built in 2000  
**3. Owner:** Tasman Marine LLC  
**4. Flag State:** Marshall Islands  
**5. IMO Number:** 9189342  
**6. Registered/Official Number:** 6111  
**7. Classification:** I HULL MACH Container ship Unrestricted navigation AUT-UMS, MON-SHAFT, INWATERSURVEY  
**8. Classification Society:** Bureau Veritas

**VESSEL M**

**1. Name of Vessel:** Dimitris Y  
**2. Description:** Fully cellular containership built in 2000  
**3. Owner:** Hudson Marine LLC  
**4. Flag State:** Liberia  
**5. IMO Number:** 9189354  
**6. Registered/Official Number:** 16979  
**7. Classification:** I HULL MACH Container ship Unrestricted navigation AUT-UMS, MON-SHAFT, GREEN  
PASSPORT, INWATERSURVEY  
Bureau Veritas

**8. Classification Society:**

**VESSEL N**

**1. Name of Vessel:** Ian H  
**2. Description:** Fully cellular containership built in 2000  
**3. Owner:** Drake Marine LLC  
**4. Flag State:** Liberia  
**5. IMO Number:** 9189500  
**6. Registered/Official Number:** 16980  
**7. Classification:** I HULL MACH Container ship Unrestricted navigation AUT-UMS, MON-SHAFT,  
INWATERSURVEY  
Bureau Veritas

**8. Classification Society:**

**VESSEL O**

**1. Name of Vessel:** CMA CGM Berlioz  
**2. Description:** Fully cellular containership built in 2001  
**3. Owner:** Global Ship Lease 48 LLC  
**4. Flag State:** Liberia  
**5. IMO Number:** 9222297  
**6. Registered/Official Number:** 19868  
**7. Classification:** I HULL MACH Container ship Unrestricted navigation F, VeriSTAR- HULL, AUT-UMS,  
AUT-PORT MON SHAFT, ERS-S, LASHING  
Bureau Veritas

**8. Classification Society:**

**VESSEL P**

- 1. **Name of Vessel:** GSL Nicoletta
- 2. **Description:** Fully cellular containership built in 2002
- 3. **Owner:** Global Ship Lease 35 LLC
- 4. **Flag State:** Liberia
- 5. **IMO Number:** 9229348
- 6. **Registered/Official Number:** 19673
- 7. **Classification:** C container ship, unrestricted navigation AUT-UMS, INWATERSURVEY
- 8. **Classification Society:** Registro Italiano Navale

**VESSEL Q**

- 1. **Name of Vessel:** GSL Christen
- 2. **Description:** Fully cellular containership built in 2002
- 3. **Owner:** Global Ship Lease 36 LLC
- 4. **Flag State:** Liberia
- 5. **IMO Number:** 9229324
- 6. **Registered/Official Number:** 19760
- 7. **Classification:** 100A1 Container Ship, \*IWS, LI, ShipRight (SDA, FDA, CM) LMC UMS
- 8. **Classification Society:** Descriptive Note: Part High Tensile Steel, ShipRight (SCM)  
Lloyd's Register

**VESSEL R**

**1. Name of Vessel:** MSC Tianjin  
**2. Description:** Fully cellular containership built in 2005  
**3. Owner:** Global Ship Lease 53 LLC  
**4. Flag State:** Liberia  
**5. IMO Number:** 9285471  
**6. Registered/Official Number:** 19332  
**7. Classification:** C Container ship; unrestricted navigation  
AUT-UMS  
RINA

**8. Classification Society:**

**VESSEL S**

**1. Name of Vessel:** MSC Qingdao  
**2. Description:** Fully cellular containership built in 2004  
**3. Owner:** Global Ship Lease 52 LLC  
**4. Flag State:** Liberia  
**5. IMO Number:** 9256470  
**6. Registered/Official Number:** 19331  
**7. Classification:** I HULL MACH Container ship Unrestricted navigation AUT-UMS, MON-SHAFT  
**8. Classification Society:** Bureau Veritas

**VESSEL T**

**1. Name of Vessel:** GSL Ningbo  
**2. Description:** Fully cellular containership built in 2004  
**3. Owner:** Global Ship Lease 43 LLC  
**4. Flag State:** Liberia  
**5. IMO Number:** 9256482

6. Registered/Official Number: 19407  
7. Classification: I HULL MACH Container ship Unrestricted navigation AUT-UMS, MON-SHAFT, ALP  
8. Classification Society: Bureau Veritas

**VESSEL U**

1. Name of Vessel: CMA CGM Thalassa  
2. Description: Fully cellular containership build in 2008  
3. Owner: Global Ship Lease 54 LLC  
4. Flag State: Malta  
5. IMO Number: 9356294  
6. Registered/Official Number: 9356294  
7. Classification: I HULL MACH Container ship Unrestricted navigation VeriSTAR- HULL, AUT-UMS, AUT-PORT, SYS-NEQ-1, MON-SHAFT, ERS-S, INWATERSURVEY, LASHING, SDS  
8. Classification Society: Bureau Veritas

**SCHEDULE 10**  
**NOTIONAL VESSEL TRANCHE AMOUNTS**

Vessel	Notional Vessel Tranche Amount (US\$)	Notional Vessel Tranche % of the Loan
Keta (Vessel A)	3,770,000	1.60%
Julie (Vessel B)	3,490,000	1.48%
Kumasi (Vessel C)	3,490,000	1.48%
Marie Delmas (Vessel D)	3,490,000	1.48%
La Tour (Vessel E)	3,070,000	1.30%
Manet (Vessel F)	3,070,000	1.30%
CMA CGM Sambhar (Vessel G)	8,660,000	3.67%
CMA CGM America (Vessel H)	8,660,000	3.67%
CMA CGM Jamaica (Vessel I)	8,660,000	3.67%
CMA CGM Alcazar (Vessel J)	10,050,000	4.25%
GSL Chateau d' If (Vessel K)	10,050,000	4.25%
Tasman (Vessel L)	9,550,000	4.04%
Dimitris Y (Vessel M)	9,550,000	4.04%
Ian H (Vessel N)	9,550,000	4.04%
CMA CGM Berlioz (Vessel O)	10,230,000	4.33%
GSL Nicoletta (Vessel P)	11,900,000	5.04%
GSL Christen (Vessel Q)	11,900,000	5.04%
MSC Tianjin (Vessel R)	23,340,000	9.88%
MSC Qingdao (Vessel S)	24,510,000	10.38%
GSL Ningbo (Vessel T)	21,720,000	9.20%
CMA CGM Thalassa (Vessel U)	37,490,000	15.87%

**SCHEDULE 11  
INITIAL BUDGETED OPEX**

<u>Vessel</u>	<u>Agreed Daily Operating Expenses Amount (US\$)</u>
Keta (Vessel A)	6,145
Julie (Vessel B)	5,754
Kumasi (Vessel C)	5,875
Marie Delmas (Vessel D)	5,835
La Tour (Vessel E)	5,968
Manet (Vessel F)	5,924
CMA CGM Sambhar (Vessel G)	6,525
CMA CGM America (Vessel H)	6,532
CMA CGM Jamaica (Vessel I)	6,184
CMA CGM Alcazar (Vessel J)	6,480
GSL Chateau d' If (Vessel K)	6,649
Tasman (Vessel L)	7,151
Dimitris Y (Vessel M)	6,677
Ian H (Vessel N)	6,758
CMA CGM Berlioz (Vessel O)	6,875
GSL Nicoletta (Vessel P)	6,805
GSL Christen (Vessel Q)	6,798
MSC Tianjin (Vessel R)	7,156
MSC Qingdao (Vessel S)	7,209
GSL Ningbo (Vessel T)	6,908
CMA CGM Thalassa (Vessel U)	7,411

**SCHEDULE 12  
QUARTERLY DD CONTRIBUTIONS**

Vessel	Total DD	DD RESERVE PER QUARTER															
	amount																
	(US\$)	2021			2022			2023			2024			2025			
	31	January	1 April	1 July	1 Oct.	1 Jan.	1 April	1 July	1 Oct.	1 Jan.	1 April	1 July	1 Oct.	1 Jan.	1 April	1 July	1 Oct.
Keta (Vessel A)	1,170,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000
Julie (Vessel B)	1,200,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Kumasi (Vessel C)	1,200,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
Marie Delmas (Vessel D)	1,200,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
La Tour (Vessel E)	1,200,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Manet (Vessel F)	1,200,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
CMA CGM Sambhar (Vessel G)	1,140,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000
CMA CGM America (Vessel H)	1,140,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000
CMA CGM Jamaica (Vessel I)	1,050,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
CMA CGM Alcazar (Vessel J)	1,120,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
GSL Chateau d' If (Vessel K)	1,120,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000

Tasman (Vessel L)	1,190,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Dimitris Y (Vessel M)	1,260,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Ian H (Vessel N)	1,200,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
CMA CGM Berlioz (Vessel O)	1,410,000	470,000	470,000	470,000															
GSL Nicoletta (Vessel P)	1,200,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000									
GSL Christen (Vessel Q)	1,170,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000								
MSC Tianjin (Vessel R)	1,200,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
MSC Qingdao (Vessel S)	1,260,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000			
GSL Ningbo (Vessel T)	1,260,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000			
CMA CGM Thalassa (Vessel U)	1,200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000											
<b>Total</b>	<b>4,440,000</b>	<b>4,440,000</b>	<b>3,840,000</b>	<b>2,260,000</b>	<b>1,960,000</b>	<b>1,480,000</b>	<b>1,280,000</b>	<b>1,280,000</b>	<b>700,000</b>	<b>440,000</b>	<b>440,000</b>	<b>440,000</b>	<b>440,000</b>	<b>440,000</b>	<b>260,000</b>	<b>260,000</b>	<b>260,000</b>	<b>190,000</b>	<b>120,000</b>

SCHEDULE 13  
SCREEN RATE CONTINGENCY PERIODS

Screen Rate

Period  
LIBOR  
15 Business Days

-174-

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SCHEDULE 14  
EXAMPLE BUDGET

	<u>Vessel Owning Company</u>		
	<u>Vessel's Name</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<u>OPERATING EXPENSES</u>			
Crew Wages			
Crew Expenses			
Insurances			
Lubricants			
Consumables/Stores			
Repairs & Maintenance			
Vessel specific administration expenses			
Technical management fees			
<b>Total</b>			
<b>USD/Day</b>			

**BORROWER**

Signed by Aikaterini Emmanouil )  
for and on behalf of )  
**KNAUSEN HOLDING LLC** )



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**PARENT**

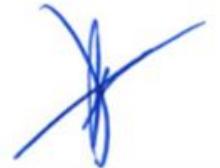
Signed by Aikaterini Emmanouil )  
for and on behalf of )  
**GSL LEGACY HOLDING LLC** )



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**ULTIMATE PARENT**

Signed by G. Giouroukos )  
for and on behalf of )  
**GLOBAL SHIP LEASE, INC.** )



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**VESSEL OWNERS**

Signed by Aikaterini Emmanouil )  
for and on behalf of )  
**GLOBAL SHIP LEASE 45 LLC** )



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Signed by Aikaterini Emmanouil )  
for and on behalf of )  
**GLOBAL SHIP LEASE 40 LLC** )



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Signed by Aikaterini Emmanouil )  
for and on behalf of )  
**GLOBAL SHIP LEASE 41 LLC** )



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Signed by <u>Aikaterini Emmanouil</u> for and on behalf of <b>GLOBAL SHIP LEASE 44 LLC</b>	
Signed by <u>Aikaterini Emmanouil</u> for and on behalf of <b>GLOBAL SHIP LEASE 46 LLC</b>	
Signed by <u>Aikaterini Emmanouil</u> for and on behalf of <b>GLOBAL SHIP LEASE 38 LLC</b>	
Signed by <u>Aikaterini Emmanouil</u> for and on behalf of <b>HUDSON MARINE LLC</b>	
Signed by <u>Aikaterini Emmanouil</u> for and on behalf of <b>DRAKE MARINE LLC</b>	
Signed by <u>Aikaterini Emmanouil</u> for and on behalf of <b>GLOBAL SHIP LEASE 48 LLC</b>	
Signed by <u>Aikaterini Emmanouil</u> for and on behalf of <b>GLOBAL SHIP LEASE 35 LLC</b>	
Signed by <u>Aikaterini Emmanouil</u> for and on behalf of <b>GLOBAL SHIP LEASE 36 LLC</b>	
	-177-










Signed by <u>Aikaterini Emmanouil</u> for and on behalf of <b>GLOBAL SHIP LEASE 53 LLC</b>	
Signed by <u>Aikaterini Emmanouil</u> for and on behalf of <b>GLOBAL SHIP LEASE 52 LLC</b>	
Signed by <u>Aikaterini Emmanouil</u> for and on behalf of <b>GLOBAL SHIP LEASE 43 LLC</b>	
Signed by <u>Aikaterini Emmanouil</u> for and on behalf of <b>GLOBAL SHIP LEASE 49 LLC</b>	
Signed by <u>Aikaterini Emmanouil</u> for and on behalf of <b>GLOBAL SHIP LEASE 51 LLC</b>	
Signed by <u>Aikaterini Emmanouil</u> for and on behalf of <b>GLOBAL SHIP LEASE 50 LLC</b>	
Signed by <u>Aikaterini Emmanouil</u> for and on behalf of <b>GLOBAL SHIP LEASE 47 LLC</b>	




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Signed by Aikaterini Emmanouil  
for and on behalf of  
GLOBAL SHIP LEASE 54 LLC

)  
)  
)



Signed by Aikaterini Emmanouil  
for and on behalf of  
TASMAN MARINE LLC

)  
)  
)



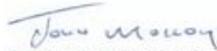
Signed by Aikaterini Emmanouil  
for and on behalf of  
GSL ALCAZAR INC.

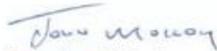
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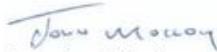


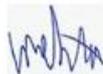


Signed by <u>John Molloy</u>	)
for and on behalf of	)
<b>HAYFIN PT LUXCO 2 S.A.R.L.</b>	)
Signed by <u>John Molloy</u>	)
for and on behalf of	)
<b>HAYFIN GARNET LUXCO SARL</b>	)
Signed by <u>John Molloy</u>	)
for and on behalf of	)
<b>INFINITY HOLDCO PRIVATE DEBT II SARL</b>	)
Signed by <u>Vikas Mehta</u>	)
for and on behalf of	)
<b>VG HCM EU PD S.A.R.L.</b>	)
acting by its manager	)
<b>HAYFIN CAPITAL MANAGEMENT LLP</b>	)
	-184-

  
 Authorised Signatory

  
 Authorised Signatory

  
 Authorised Signatory

  
 Authorised Signatory

<b>AGENT</b>		
Signed by Vikas Mehta	)	
for and on behalf of	)	
<b>HAYFIN SERVICES LLP</b>	)	
		Authorised Signatory
<b>SECURITY AGENT</b>		
Signed by Vikas Mehta	)	
for and on behalf of	)	
<b>HAYFIN SERVICES LLP</b>	)	
		Authorised Signatory
	-182-	

Dated 13 April 2021

**US\$51,700,000**

**TERM LOAN FACILITY**

**PENELOPE MARINE LLC**  
as Borrower

and

**GLOBAL SHIP LEASE, INC.**  
**POSEIDON CONTAINERS HOLDINGS LLC**  
as Guarantors

and

**THE BANKS AND FINANCIAL INSTITUTIONS**  
listed in Part B of Schedule 1  
as Lenders

and

**CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK**  
as Bookrunner and Arranger

and

**CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK**  
**CTBC BANK CO., LTD.**  
**BANK SINOPAC CO., LTD.**  
as Mandated Lead Arrangers

and

**CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK**  
as Facility Agent

and

**CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK**  
as Security Agent

**FACILITY AGREEMENT**

relating to  
refinancing part of certain existing indebtedness  
secured on (inter alia) the Ship and  
for general corporate purposes

**WATSON FARLEY**  
&  
**WILLIAMS**

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**THIS AGREEMENT** is made on 13 April 2021

## **PARTIES**

- (1) **PENELOPE MARINE LLC**, a limited liability company duly formed in the Republic of the Marshall Islands whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 and registered as a foreign maritime entity in the Republic of Liberia as borrower (the **“Borrower”**)
- (2) **GLOBAL SHIP LEASE, INC.**, a corporation incorporated in the Republic of the Marshall Islands, whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 as a guarantor (**“GSL”**)
- (3) **POSEIDON CONTAINERS HOLDINGS LLC**, a limited liability company formed in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960 as the parent guarantor (the **“Parent Guarantor”**)
- (4) **THE BANKS AND FINANCIAL INSTITUTIONS** listed in Part B of Schedule 1 (*The Parties*) as lenders (the **“Original Lenders”**)
- (5) **CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK** as bookrunner (the **“Bookrunner”**)
- (6) **CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK** as arranger (the **“Arranger”**)
- (7) **CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK** and **CTBC BANK CO., LTD.** and **BANK SINOPAC CO., LTD.**, as mandated lead arrangers (each a **“Mandated Lead Arranger”** and together, the **“Mandated Lead Arrangers”**)
- (8) **CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK** as agent of the other Finance Parties (the **“Facility Agent”**)
- (9) **CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK** as security agent for the Secured Parties (the **“Security Agent”**)

## **BACKGROUND**

The Lenders have agreed to make available to the Borrower a senior secured term loan facility in an amount of up to the lower of (i) \$51,700,000 and (ii) 65 per cent. of the Initial Market Value of the Ship for the purposes of refinancing part of the Existing Indebtedness secured on (inter alia) the Ship and for general corporate purposes.

## **OPERATIVE PROVISIONS**

## SECTION 1

### INTERPRETATION

#### 1 DEFINITIONS AND INTERPRETATION

##### 1.1 Definitions

In this Agreement:

**“Account Bank”** means Credit Agricole Corporate and Investment Bank, a French societe anonyme, acting in such capacity through its office at 12, place des Etats-Unis, CS 70052, 92547 Montrouge Cedex, France, registered under the SIREN No. 304 187 701 of the Registre du Commerce et des Societes of Nanterre or any replacement bank or other financial institution as may be approved by the Facility Agent acting with the authorisation of the Majority Lenders.

**“Accounts”** means the Earnings Account and the Retention Account, as specified in Schedule 7 (*Accounts*).

**“Account Security”** means a document creating Security over any Account in agreed form.

**“Accounting Period”** means each consecutive period of (a) in the case of the Parent Guarantor, six (6) months or (b) in the case of GSL, three (3) months of each of the Parent Guarantor’s and GSL’s financial years (as the case may be) during the Security Period for which each of the Parent Guarantor and GSL is required to deliver financial statements pursuant to Clause 19.2 (*Financial statements*).

**“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.

**“Approved Brokers”** means any firm or firms of insurance brokers approved in writing by the Facility Agent, such approval not to be unreasonably withheld.

**“Approved Classification”** means, as at the date of this Agreement, the classification in relation to the Ship specified in Schedule 7 (*Details of the Ship*) or the equivalent classification with another Approved Classification Society.

**“Approved Classification Society”** means, as at the date of this Agreement, the classification society in relation to the Ship specified in Schedule 7 (*Details of the Ship*) or any other classification society which is a member of the International Association of Classification Societies (but excluding the Russian Register of Shipping and China Classification Society) approved in writing by the Facility Agent acting with the authorisation of the Majority Lenders.

**“Approved Commercial Manager”** means, as at the date of this Agreement, Conchart Commercial Inc. or any other person approved in writing by the Facility Agent acting with the authorisation of the Majority Lenders as the commercial manager of the Ship.

**“Approved Flag”** means, as at the date of this Agreement, the flag of the Republic of Liberia or such other flag approved in writing by the Facility Agent acting with the authorisation of the Majority Lenders.

**“Approved Manager”** means the Approved Commercial Manager or the Approved Technical Manager of the Ship.

**“Approved Technical Manager”** means, as at the date of this Agreement, Technomar Shipping Inc. or any other person approved in writing by the Facility Agent acting with the authorisation of the Majority Lenders as the technical manager of the Ship.

**“Approved Valuer”** means any of Maersk Brokers K/S, Barry Rogliano Salles, Kontiki Valuations Ltd, Howe Robinson and, in the event that three or more (or, in relation to the proviso contained in the definition of market value, two or more) of such sale and purchase shipbrokers cease, or are unable, to provide a valuation:

- (i) in relation to the Ship, any other firm or firms of independent and reputable sale and purchase shipbrokers which have knowledge and experience of valuing new design wide beam-high specification-reefers or containerships; or
- (ii) in relation to any other vessel which does not have the same characteristics as the Ship, any other firm or firms of independent and reputable sale and purchase shipbrokers, which is, or as the case may be, are mutually agreed in writing by the Borrower and the Facility Agent (with the authorisation of the Lenders with such approval not to be unreasonably withheld).

**“Article 55 BRRD”** means Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms.

**“Assignable Charter”** means a Charter in respect of the Ship which has or is capable of having, by virtue of any optional extensions, a duration of 12 months or more.

**“Assignment Agreement”** means an agreement substantially in the form set out in Schedule 5 (*Form of Assignment Agreement*) or any other form agreed between the relevant assignor and assignee.

**“Authorisation”** means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation, legalisation or registration.

**“Availability Period”** means the period from and including the date of this Agreement to and including the earlier of:

- (a) the date falling 30 days after the Closing Date;
- (b) 15 May 2021;
- (c) the Utilisation Date; and
- (d) the date on which the Lenders’ obligation to advance the Loan is cancelled or terminated,

or such longer period as the Facility Agent may accept in writing on the instruction of all the Lenders.

**“Available Facility”** means the aggregate for the time being of each Lender’s Commitment in respect of the Loan.

**“Bail-In Action”** means the exercise of any Write-down and Conversion Powers.

**“Bail-In Legislation”** means:

- (a) in relation to an EEA Member Country which has implemented, or which at any time implements, Article 55 BRRD, the relevant implementing law or regulation as described in the EU Bail-In Legislation Schedule from time to time; and
- (b) in relation to any state other than such an EEA Member Country or (to the extent that the United Kingdom is not such an EEA Member Country) the United Kingdom, any analogous law or regulation from time to time which requires contractual recognition of any Write-down and Conversion Powers contained in that law or regulation.

**“Break Costs”** means the amount (if any) by which:

- (a) the interest which a Lender should have received for the period from the date of receipt of all or any part of its participation in the Loan or an Unpaid Sum to the last day of the current Interest Period in relation to the Loan, the relevant part of the Loan or that 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 Relevant 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, Paris, Athens and New York.

**“Carbon Intensity and Climate Alignment Certificate”** means a certificate from a Recognised Organisation relating to the Ship and a calendar year setting out:

- (a) the average efficiency ratio of the Ship 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; and
- (b) the climate alignment of the Ship for such calendar year: in each case as calculated in accordance with the Poseidon Principles.

**“Charter”** means any charter relating to the Ship (including, without limitation, the Initial Charter or any Assignable Charter relating to the Ship), or other contract for its employment, whether or not already in existence.

**“Charter Guarantee”** means any guarantee, bond, letter of credit or other instrument (if any and whether or not already issued) supporting a Charter, the form of which shall not be subject to the Facility Agent’s prior approval.

**“Charterparty Assignment”** means, in relation to the Initial Charter or an Assignable Charter, a specific deed of assignment of the rights, title and interests of the Borrower under the Initial Charter or that Assignable Charter (as the case may be) in the agreed form.

**“Closing Date”** means the earlier of (i) the date on which all conditions precedent are satisfied pursuant to Part A of Schedule 2 (*Conditions Precedent*) and (ii) 15 April 2021.

**“Code”** means the US Internal Revenue Code of 1986.

**“Commercial Management Agreement”** means the agreement entered into between the Parent Guarantor for and on behalf of the Borrower and the Approved Commercial Manager regarding the commercial management of the Ship.

**“Commitment”** means:

- (a) in relation to an Original Lender, the amount set opposite its name under the heading “Commitment” in Part **B** of Schedule 1 (*The Parties*) and the amount of any other Commitment transferred to it under this Agreement; and
- (b) in relation to any other Lender, the amount of any Commitment transferred to it under this Agreement,

to the extent not cancelled, reduced or transferred by it under this Agreement.

**“Compliance Certificate”** means a certificate in the form set out in Schedule 6 (*Form of Compliance Certificate*) or in any other form agreed between the Parent Guarantor, GSL and the Facility Agent.

**“Confidential Information”** means all information relating to any Transaction 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:

- (i) information that:
  - (A) is or becomes public information other than as a direct or indirect result of any breach by that Finance Party of Clause 43 (*Confidential Information*); or
  - (B) is identified in writing at the time of delivery as non-confidential by any member of the Group or any of its advisers; or
  - (C) is known by that Finance Party before the date the information is disclosed to it in accordance with paragraph (a) or (b) 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; and

- (ii) any Funding Rate or Reference Bank Quotation.

**“Confidentiality Undertaking”** means a confidentiality undertaking in substantially the appropriate form recommended by the LMA from time to time or in any other form agreed between the Borrower and the Facility Agent.

**“Consolidated Liquidity”** means, in respect of an Accounting Period of the Parent Guarantor, the aggregate amount of free, unencumbered cash held by the Parent Guarantor and/or its Subsidiaries, including cash equivalents.

**“Corresponding Debt”** means any amount, other than any Parallel Debt, which an Obligor owes to a Secured Party under or in connection with the Finance Documents.

**“Deed of Release”** means a partial deed of release and reassignment in a form acceptable to the Facility Agent releasing and discharging (inter alios) the Borrower from its obligations and liabilities under each of the Existing Facility Agreements and releasing, discharging and reassigning (as the case may be) the Existing Security and, in the plural means, all of them.

**“Default”** means an Event of Default or a Potential Event of Default.

**“Delegate”** means any delegate, agent, attorney or co-trustee appointed by the Security Agent.

**“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, if applicable, any Transaction Obligor; 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 or, if applicable, any Transaction Obligor preventing that, or any other, Party or, if applicable, any Transaction Obligor:
  - (i) from performing its payment obligations under the Finance Documents; or
  - (ii) from communicating with other Parties or, if applicable, any Transaction Obligor 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 or, if applicable, any Transaction Obligor whose operations are disrupted.

**“Dividend Payment”** means, in relation to an Obligor, any of the following:

- (a) a declaration, making or payment of any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its equity interests;

- (b) a repayment or distribution of any dividend or share premium reserve; or
- (c) a redemption, repurchase, defeasance, retirement or repayment of any of its issued shares or a resolution to do any of the foregoing.

**“Document of Compliance”** has the meaning given to it in the ISM Code.

**“dollars”** and **“\$”** mean the lawful currency, for the time being, of the United States of America.

**“Earnings”** means all moneys whatsoever which are now, or later become, payable (actually or contingently) to the Borrower or the Security Agent and which arise out of or in connection with or relate to the use or operation of the Ship, including (but not limited to):

- (a) the following, save to the extent that any of them is, with the prior written consent of the Facility Agent, pooled or shared with any other person:
  - (i) all freight, hire and passage moneys including, without limitation, all moneys payable under, arising out of or in connection with a Charter or a Charter Guarantee;
  - (ii) the proceeds of the exercise of any lien on sub-freights;
  - (iii) compensation payable to the Borrower or the Security Agent in the event of requisition of the Ship for hire or use;
  - (iv) remuneration for salvage and towage services;
  - (v) demurrage and detention moneys;
  - (vi) without prejudice to the generality of sub-paragraph (i) above, damages for breach (or payments for variation or termination) of any charterparty or other contract for the employment of the Ship;
  - (vii) all moneys which are at any time payable under any Insurances in relation to loss of hire;
  - (viii) all monies which are at any time payable to the Borrower in relation to general average contribution; and
- (b) if and whenever the Ship is employed on terms whereby any moneys falling within sub-paragraphs (i) to (viii) of paragraph (a) above are pooled or shared with any other person, that proportion of the net receipts of the relevant pooling or sharing arrangement which is attributable to the Ship.

**“Earnings Account”** means:

- (a) an account in the name of the Borrower with the Account Bank designated “Earnings Account”;
- (b) any other account in the name of the Borrower with the Account Bank which may, with the prior written consent of the Facility Agent, be opened in the place of the account referred to in paragraph (a) above, irrespective of the number or designation of such replacement account; or

(c) any sub-account of any account referred to in paragraph (a) or (b) above

**“EBITDA”** means, for the relevant period, the sum of the Earnings, less the sum of the Operating Expenses (excluding drydocking expenses or other capitalised expenses and non-cash items) of the Borrower as the same are shown in the Borrower’s profit and loss statements.

**“EEA Member Country”** means any member state of the European Union, Iceland, Liechtenstein and Norway.

**“Environmental Approval”** means any present or future permit, ruling, variance or other Authorisation required under Environmental Laws.

**“Environmental Claim”** means any claim by any governmental, judicial or regulatory authority or any other person which arises out of an Environmental Incident or an alleged Environmental Incident or which relates to any Environmental Law and, for this purpose, **“claim”** includes a claim for damages, compensation, contribution, injury, fines, losses and penalties or any other payment of any kind, including in relation to clean-up and removal, whether or not similar to the foregoing; an order or direction to take, or not to take, certain action or to desist from or suspend certain action; and any form of enforcement or regulatory action, including the arrest or attachment of any asset.

**“Environmental Incident”** means:

- (a) any release, emission, spill or discharge of Environmentally Sensitive Material whether within the Ship or from the Ship into any other vessel or into or upon the air, water, land or soils (including the seabed) or surface water; or
- (b) any incident in which Environmentally Sensitive Material is released, emitted, spilled or discharged into or upon the air, water, land or soils (including the seabed) or surface water from a vessel other than the Ship and which involves a collision between the Ship and such other vessel or some other incident of navigation or operation, in either case, in connection with which the Ship is actually or potentially liable to be arrested, attached, detained or enjoined and/or the Ship and/or any Transaction Obligor and/or any operator or manager of the Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action; or
- (c) any other incident in which Environmentally Sensitive Material is released, emitted, spilled or discharged into or upon the air, water, land or soils (including the seabed) or surface water otherwise than from the Ship and in connection with which the Ship is actually or potentially liable to be arrested and/or where any Transaction Obligor and/or any operator or manager of the Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action, other than in accordance with an Environmental Approval.

**“Environmental Law”** means any present or future law relating to pollution or protection of human health or the environment, to conditions in the workplace, to the carriage, generation, handling, storage, use, release or spillage of Environmentally Sensitive Material or to actual or threatened releases of Environmentally Sensitive Material.

**“Environmentally Sensitive Material”** means and includes all contaminants, oil, oil products, toxic substances and any other substance (including any chemical, gas or other hazardous or noxious substance) which is (or is capable of being or becoming) polluting, toxic or hazardous.

**“EU Bail-In Legislation Schedule”** means the document described as such and published by the LMA from time to time.

**“Event of Default”** means any event or circumstance specified as such in Clause 26 (*Events of Default*).

**“Existing Facility Agreement”** mean:

- (a) the senior facility agreement dated 9 November 2018 (as from time to time amended and/or supplemented) and made among, (i) the Borrower as borrower, (ii) certain banks and financial institutions, as lenders and (iii) Deutsche Bank AG, London Branch, as arranger and (iv) Wilmington Trust (London) Limited as facility agent and security agent, in respect of a facility of (originally) up to US\$180,500,000; and
- (b) the junior facility agreement dated 31 December 2018 (as from time to time amended and/or supplemented) and made among, (i) the Borrower as borrower, (ii) certain banks and financial institutions, as lenders and (iii) Wilmington Trust (London) Limited as facility agent and security agent, in respect of a facility of (originally) up to US\$38,600,000, and in plural means both of them.

**“Existing Indebtedness”** means, at the Utilisation Date, any outstanding indebtedness attributable to the Borrower on that date under the relevant Existing Facility Agreement.

**“Existing Security”** means any Security relating to the Borrower and the Ship created to secure the Existing Indebtedness.

**“Facility”** means the term loan facility made available under this Agreement as described in Clause 2 (*The Facility*).

**“Facility Office”** means the office or offices notified by a Lender to the Facility Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than 5 Business Days’ written notice) as the office or offices through which it will perform its obligations under this Agreement.

**“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 paragraph (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

**“FATCA Deduction”** means a deduction or withholding from a payment under a Finance Document required by FATCA.

**“FATCA Exempt Party”** means a Party that is entitled to receive payments free from any FATCA Deduction.

**“Fee Letter”** means any letter or letters dated on or about the date of this Agreement between any of the Mandated Lead Arrangers, the Facility Agent and the Security Agent and any Obligor setting out the amount of any of the fees referred to in Clause 11 (*Fees*) and the time of payment of the same.

**“Finance Document”** means:

- (a) this Agreement;
- (b) any Fee Letter;
- (c) the Utilisation Request;
- (d) any Security Document;
- (e) any Managers’ Undertaking;
- (f) any Subordination Agreement;
- (g) any other document which is executed for the purpose of establishing any priority or subordination arrangement in relation to the Secured Liabilities; or
- (h) any other document designated as such by the Facility Agent and the Borrower.

**“Finance Party”** means the Facility Agent, the Security Agent, the Bookrunner, the Arranger, a Mandated Lead Arranger, the Account Bank and/or a Lender.

**“Financial Indebtedness”** means any indebtedness for or in relation to:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit 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 amount raised under any other transaction (including any forward sale or purchase agreement) of a type not referred to in any other paragraph of this definition having the commercial effect of a borrowing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any

derivative 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 derivative transaction, that amount) shall be taken into account);

- (h) any counter-indemnity obligation in relation to a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (i) the amount of any liability in relation to any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

**“Fleet Vessels”** means, together, the Ship and all of the ships from time to time wholly owned by Subsidiaries of the Parent Guarantor and, in the singular, means any of them.

**“Funding Rate”** means any individual rate notified by a Lender to the Facility Agent pursuant to paragraph Clause 10 (*Changes to the calculation of interest*).

**“GAAP”** means generally accepted accounting principles in the United States of America including IFRS.

**“General Assignment”** means the general assignment creating first ranking Security over:

- (a) the Earnings, the Insurances and any Requisition Compensation in relation to the Ship; and
- (b) any Assignable Charter and any Charter Guarantee in relation to any Assignable Charter in respect of the Ship,

in agreed form.

**“Green Passport”** means, in relation to the Ship, a green passport statement of compliance or any other equivalent or superseding document acceptable to the Facility Agent (acting on the instructions of the Majority Lenders), issued by a classification society being a member of the International Association of Classification Societies (IACS) which includes a list of any and all materials known to be potentially hazardous utilised in the construction of the Ship and specifies their precise location on board the Ship.

**“Group”** means the Parent Guarantor, GSL and their Subsidiaries for the time being.

**“Guarantor”** means the Parent Guarantor or GSL and, in the plural, means both of them.

**“Holding Company”** means, in relation to a person, any other person in relation to which it is a Subsidiary.

**“IFRS”** means international accounting standards within the meaning of the IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

**“Indemnified Person”** has the meaning given to it in Clause 14.2 (*Other indemnities*).

**“Initial Market Value”** means, in relation to the Ship, the Market Value thereof determined pursuant to paragraph 6.2 of Part A of Schedule 2 (*Conditions Precedent*).

**“Initial Charter”** means, in relation to the Ship, a time charter dated 30 July 2020 and made between the Borrower and the Initial Charterer, for a period of up to 23 months having an actual commencement date of 11 August 2020 with an earliest expiration date of 11 April 2022 at a gross charter hire rate of \$31,650 per day.

**“Initial Charterer”** means Ocean Network Express Pte. Ltd., of 7 Straits View, Marine One East Tower, #16-01, Singapore, 018936.

**“Insurances”** means:

- (a) all policies and contracts of insurance, including entries of the Ship in any protection and indemnity or war risks association, effected in relation to the Ship, the Earnings or otherwise in relation to the Ship whether before, on or after the date of this Agreement; and
- (b) all rights and other assets relating to, or derived from, any of such policies, contracts or entries, including any rights to a return of premium and any rights in relation to any claim whether or not the relevant policy, contract of insurance or entry has expired on or before the date of this Agreement.

**“Interest Payment Date”** has the meaning given to it in paragraph (a) of Clause 8.2 (*Payment of interest*).

**“Interest Period”** means, in relation to the Loan or any part of the 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 8.3 (*Default interest*).

**“Interpolated Screen Rate”** means, in relation to the Loan or any part of the Loan, the rate (rounded to the same number of decimal places as the two relevant Screen Rates) 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 the Loan or that part of the Loan; and
- (b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the Interest Period of the Loan or that part of the Loan, each as of the Specified Time for dollars.

**“ISM Code”** means the International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention (including the guidelines on its implementation), adopted by the International Maritime Organisation, as the same may be amended or supplemented from time to time.

**“ISPS Code”** means the International Ship and Port Facility Security (ISPS) Code as adopted by the International Maritime Organization’s (IMO) Diplomatic Conference of December 2002, as the same may be amended or supplemented from time to time.

**“ISSC”** means an International Ship Security Certificate issued under the ISPS Code.

**“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 Acts, 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;
- (c) similar principles, rights and defences under the laws of any Relevant Jurisdiction; and
- (d) any other matters which are set out as qualifications or reservations as to matters of law of general application in any legal opinion delivered pursuant to Clause 4 (*Conditions of Utilisation*).

**“Lender”** means:

- (a) any Original Lender; and
- (b) any bank, financial institution, trust, fund or other entity which has become a Party as a Lender in accordance with Clause 27 (*Changes to the Lenders*), which in each case has not ceased to be a Party as such in accordance with this Agreement.

**“LIBOR”** means, in relation to the Loan or any part of the Loan:

- (a) the applicable Screen Rate as of the Specified Time for dollars and for a period equal in length to the Interest Period of the Loan or that part of the Loan; or
- (b) as otherwise determined pursuant to Clause 42.5 (*Replacement of Screen Rate*), and if, in either case, that rate is less than zero, LIBOR shall be deemed to be zero.

**“LLC Shares”** means, in respect of the Borrower and the Parent Guarantor, shall have the meaning ascribed thereto in the Borrower’s or the Parent Guarantor’s limited liability company agreement.

**“LMA”** means the Loan Market Association or any successor organisation.

**“Loan”** means the principal amount for the time being outstanding of the borrowings advanced under the Facility and a **“part of the Loan”** any part of the Loan as the context may require.

**“Major Casualty”** means any casualty to the Ship in relation to which the claim or the aggregate of the claims against all insurers, before adjustment for any relevant franchise or deductible, exceeds \$1,000,000 or the equivalent in any other currency.

**“Majority Lenders”** means:

- (a) if the Loan has not yet been made, a Lender or Lenders whose Commitments aggregate more than 66% per cent. of the Total Commitments; or
- (b) at any other time, a Lender or Lenders whose participations in the Loan aggregate more than 66% per cent. of the amount of the Loan then outstanding or, if the Loan has been repaid or prepaid in full, a Lender or Lenders whose participations in the Loan

immediately before repayment or prepayment aggregate more than 66% per cent. of the Loan immediately before such repayment.

**“Management Agreement”** means a Technical Management Agreement or a Commercial Management Agreement.

**“Manager’s Undertaking”** means the letter of undertaking from the Approved Technical Manager and the letter of undertaking from the Approved Commercial Manager subordinating the rights of the Approved Technical Manager and the Approved Commercial Manager respectively against the Ship and the Borrower to the rights of the Finance Parties in agreed form.

**“Margin”** means 2.75 per cent. per annum.

**“Market Value”** means, in relation to the Ship or any other vessel (including, without limitation, any Fleet Vessel), at any date, an amount equal to the market value of the Ship or that vessel shown by the arithmetic average of two valuations, addressed and provided to the Facility Agent and prepared:

- (a) as at a date not more than 30 days previously;
- (b) by two Approved Valuers;
- (c) with or without physical inspection of the Ship or that vessel (as the Facility Agent may require (acting on the instructions of the Majority Lenders)); and
- (d) on the basis of a sale for prompt delivery for cash on normal arm’s length commercial terms as between a willing seller and a willing buyer, free of any Charter.

**Provided that** if the higher of the two valuations is more than 110 per cent. of the lower of the two valuations, a third valuation shall be carried out at the Borrower’s cost and on the same terms as the first two valuations. The Market Value of the Ship or that vessel shall then be determined as the arithmetic average of the three valuations.

**“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 as a whole; or
- (b) the ability of any Transaction Obligor to perform its obligations under any Finance Document to which it is a party; or
- (c) the validity or enforceability of, or the effectiveness or ranking of any Security granted or intended 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.

**“Member”** means Odysia NB LLC, a Marshall Islands limited liability company, as holder of all 500 LLC Shares in the Borrower and being a wholly owned Subsidiary of Odysia Containers Holdings LLC, which is a wholly owned Subsidiary of K&T Marine LLC, being a wholly owned Subsidiary of the Parent Guarantor.

**“Merger”** means a reverse triangular merger involving the Parent Guarantor and GSL, as a result of which the Parent Guarantor became the indirect, wholly-owned Subsidiary of GSL.

**“Month”** means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

- (a) (subject to paragraph (c) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;
- (b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and
- (c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end.

The above rules will only apply to the last Month of any period.

**“Mortgage”** means a first preferred Liberian ship mortgage on the Ship in agreed form.

**“Net Worth”** means equity payments already advanced in respect of the Fleet Vessels less accumulated dividends plus retained earnings of the Fleet Vessels as such term is defined in the applicable financial statements of the Parent Guarantor determined in accordance with GAAP.

**“Obligor”** means the Borrower or a Guarantor.

**“Operating Expenses”** means the aggregate expenditure necessarily incurred by the Borrower in operating, insuring, maintaining, repairing and generally trading the Ship (including, without limitation any crewing fees paid under a Management Agreement) and general and administrative expenses paid in respect of the Ship.

**“Original Financial Statements”** means, in relation to GSL, the audited consolidated financial statements of the Group for its financial year ended 2020.

**“Original Jurisdiction”** means, in relation to an Obligor, the jurisdiction under whose laws that Obligor is formed as at the date of this Agreement.

**“Overseas Regulations”** means the Overseas Companies Regulations 2009 (SI 2009/1801)

**“Parallel Debt”** means any amount which an Obligor owes to the Security Agent under Clause 30.2 (*Parallel Debt (Covenant to pay the Security Agent)*) or under that Clause as incorporated by reference or in full in any other Finance Document.

**“Participating Member State”** means any member state of the European Union that has the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

**“Party”** means a party to this Agreement.

**“Perfection Requirements”** means the making or procuring of filings, stampings, registrations, notarisations, endorsements, translations and/or notifications of any Finance Document (and/or any Security created under it) necessary for the validity, enforceability (as against the relevant Obligor or any relevant third party) and/or perfection of that Finance Document.

**“Permitted Charter”** means a Charter (other than an Initial Charter or an Assignable Charter relative thereto):

- (a) which is a time, voyage or consecutive voyage charter;
- (b) the duration of which does not exceed and is not capable of exceeding, by virtue of any optional extensions, 12 months plus a redelivery allowance of not more than 30 days unless prior approval has been obtained from the Facility Agent;
- (c) which is entered into on *bona fide* arm’s length terms at the time at which the Ship is fixed; and
- (d) in relation to which not more than two months’ hire is payable in advance, and any other Charter which is approved in writing by the Facility Agent acting with the authorisation of the Majority Lenders which authorisation no Lender shall unreasonably withhold or delay.

**“Permitted Financial Indebtedness”** means:

- (a) until (and including) the Utilisation Date, any Existing Indebtedness;
- (b) any Financial Indebtedness incurred under the Finance Documents;
- (c) any Financial Indebtedness that is subordinated to all Financial Indebtedness incurred under the Finance Documents pursuant to a Subordination Agreement and which is, in the case of any such Financial Indebtedness of the Borrower, the subject of Subordinated Debt Security;
- (d) any normal trading debt of the Borrower incurred in the ordinary course of its business operations of owning *and* operating the Ship and issuing guarantees thereunder; and
- (e) in respect of the Parent Guarantor, any guarantees that have already been issued or may be issued in the context of supporting its respective Subsidiaries (including Subsidiaries formed after the date of this Agreement) in obtaining financing or acquiring vessels.

**“Permitted Security”** means:

- (a) until the Utilisation Date, any Existing Security;
- (b) Security created by the Finance Documents;
- (c) liens for unpaid master’s and crew’s wages in accordance with first class ship ownership and management practice and not being enforced through arrest;
- (d) liens for salvage;

- (e) liens for master's disbursements incurred in the ordinary course of trading in accordance with first class ship ownership and management practice; and
- (f) any other lien arising by operation of law or otherwise in the ordinary course of the operation, repair or maintenance of any Ship:
  - (i) not as a result of any default or omission by the Borrower; and
  - (ii) subject, in the case of liens for repair or maintenance, to Clause 23.14 (*Restrictions on chartering, appointment of managers etc.*),

provided such lien does not secure amounts more than 60 days overdue (unless the overdue amount is being contested in good faith by appropriate steps and for the payment of which adequate reserves are held and provided further that such proceedings do not give rise to a material risk of the relevant Ship or any interest in it being seized, sold, forfeited or lost).

**"Poseidon Principles"** means the financial industry framework for assessing and disclosing the climate alignment of ship finance portfolios published in 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.

**"Potential Event of Default"** means any event or circumstance specified in Clause 26 (*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 any of the foregoing) be an Event of Default.

**"Prohibited Person"** means a person that is:

- (a) listed on, or owned or controlled by a person listed on any Sanctions List;
- (b) located in, incorporated under the laws of, or owned or controlled by, or acting on behalf of, a person located in or organised under the laws of a Sanctioned Country; or
- (c) otherwise a target of Sanctions

**"Protected Party"** has the meaning given to it in Clause 12.1 (*Definitions*).

**"Quotation Day"** means, in relation to any period for which an interest rate is to be determined, two Business Days (in London, England) before the first day of that period unless market practice differs in the Relevant Interbank Market in which case the Quotation Day will be determined by the Facility Agent in accordance with market practice in the Relevant Interbank Market (and if quotations would normally be given by leading banks in the Relevant Interbank Market on more than one day, the Quotation Day will be the last of those days).

**"Receiver"** means a receiver or receiver and manager or administrative receiver of the whole or any part of the Security Assets.

**"Recognised Organisation"** means an organisation representing the Ship's flag state and, for the purposes of Clause 23.21 (*Poseidon Principles*) duly authorized to determine whether the Borrower has complied with regulation 22A of Annex VI.

**“Reference Bank Quotation”** means any quotation supplied to the Facility Agent by a Reference Bank.

**“Reference Bank Rate”** means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Facility Agent at its request by the Reference Banks:

- (a) if:
  - (i) the Reference Bank is a contributor to the Screen Rate; and
  - (ii) it consists of a single figure,  
as the rate (applied to the relevant Reference Bank and the relevant currency and period) which contributors to the Screen Rate are asked to submit to the relevant administrator; or
- (b) in any other case, as the rate at which the relevant Reference Bank could fund itself in dollars for the relevant period with reference to the unsecured wholesale funding market.

**“Reference Banks”** means any banks as may be appointed by the Facility Agent (acting on the instructions of the Majority Lenders) in consultation with the Borrower.

**“Related Fund”** in relation to a fund (the “first fund”), means a fund which is managed or advised by the same investment manager or investment adviser as the first fund or, if it is managed by a different investment manager or investment adviser, a fund whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the first fund.

**“Relevant Interbank Market”** means the London interbank market.

**“Relevant Jurisdiction”** means, in relation to a Transaction Obligor:

- (a) its Original Jurisdiction;
- (b) any jurisdiction where any asset subject to, or intended to be subject to, any of the Transaction Security created, or intended to be created, by it is situated;
- (c) any jurisdiction where it conducts its business; and
- (d) the 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.

**“Repayment Date”** means each date on which a Repayment Instalment is required to be paid under Clause 6.1 (*Repayment of Loan*).

**“Repayment Instalment”** has the meaning given to it in Clause 6.1 (*Repayment of Loan*).

**“Repeating Representation”** means each of the representations set out in Clause 18 (*Representations*) except Clause 18.10 (*Insolvency*), Clause 18.11 (*No filing or stamp taxes*),

Clause 18.12 (*Deduction of Tax*) and Clause 19.20 (*Initial Charter*) and any representation of any Transaction Obligor made in any other Finance Document that is expressed to be a “Repeating Representation” or is otherwise expressed to be repeated.

“**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.

“**Replacement Charter**” shall have the meaning given to this term in Clause 7.6(b) (Termination of Initial Charter).

“**Representative**” means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.

“**Requisition**” means:

- (a) any expropriation, confiscation, requisition (excluding a requisition for hire or use which does not involve a requisition for title) or acquisition of the Ship, whether for full consideration, a consideration less than its proper value, a nominal consideration or without any consideration, which is effected (whether *de jure* or *de facto*) by any government or official authority or by any person or persons claiming to be or to represent a government or official authority unless it is within 45 days redelivered to the full control of Borrower (or any other longer period as the Facility Agent may agree at the request of the Borrower); and
- (b) any capture or seizure of the Ship (including any hijacking or theft) by any person whatsoever (unless it is within 45 days redelivered to the full control of the Borrower (or any other longer period as the Facility Agent may agree at the request of the Borrower)).

“**Requisition Compensation**” includes all compensation or other moneys payable to the Borrower by reason of any Requisition or any arrest or detention of the Ship in the exercise or purported exercise of any lien or claim.

**“Resolution Authority”** means any body which has authority to exercise any Write-down and Conversion Powers.

**“Retention Account”** means:

- (a) an account in the name of the Borrower with the Account Bank designated “Retention Account”;
- (b) any other account in the name of the Borrower with the Account Bank which may, with the prior written consent of the Facility Agent, be opened in the place of the account referred to in paragraph (a) above, irrespective of the number or designation of such replacement account; or
- (c) any sub-account of any account referred to in paragraph (a) or (b) above.

**“Safety Management Certificate”** has the meaning given to it in the ISM Code.

**“Safety Management System”** has the meaning given to it in the ISM Code.

**“Sanctions”** means any trade, economic or financial sanctions laws, regulations, embargoes or restrictive measures administered, enacted or enforced by a Sanctions Authority.

**“Sanctions Authority”** means:

- (a) the Security Council of the United Nations;
- (b) the United States;
- (c) the United Kingdom;
- (d) the European Union;
- (e) any member state of the European Union (including, without limitation, The Netherlands and France);
- (f) any country to which any member of the Group or an Approved Manager is registered or has material (financial or otherwise) interests or operations; and
- (g) the governments and official institutions or agencies of any of the foregoing paragraphs, including without limitation the U.S. Office of Foreign Asset Control (**“OFAC”**), the U.S. Department of State, and Her Majesty’s Treasury (**“HMT”**).

**“Sanctioned Country”** means a country or territory that is the subject or the target of Sanctions (including, without limitation, Cuba, Iran, North Korea, Syria, Sudan and Crimea).

**“Sanctions List”** means the Specially Designated Nationals and Blocked Persons list maintained by OFAC, the Consolidated List of Financial Sanctions Targets maintained by HMT, or any similar list maintained by, or public announcement of a Sanctions designation made by, a Sanctions Authority, each as amended, supplemented or substituted from time to time.

**“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 for the relevant period displayed (before any correction, recalculation or republication by the administrator) on page LIBOR01 or LIBOR02 of the Thomson Reuters

screen (or any replacement Thomson Reuters page which displays that rate) or on 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 Facility Agent may specify another page or service displaying the relevant rate after consultation with the Borrower.

**“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; or
- (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; or
  - (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; or
  - (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 15 Business Days; or

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.

**“Secured Liabilities”** means all present and future obligations and liabilities, (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Transaction Obligor to any Secured Party under or in connection with each Finance Document.

**“Secured Party”** means each Finance Party from time to time party to this Agreement, a Receiver or any Delegate.

**“Security”** means a mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having the effect of conferring security.

**“Security Assets”** means all of the assets of the Transaction Obligors which from time to time are, or are expressed to be, the subject of the Transaction Security.

**“Security Document”** means:

- (a) the Shares Security;
- (b) the Mortgage;
- (c) the General Assignment;
- (d) any Charterparty Assignment;
- (e) any Account Security;
- (f) any Subordinated Debt Security;
- (g) any other document (whether or not it creates Security) which is executed as security for the Secured Liabilities; or
- (h) any other document designated as such by the Facility Agent and the Borrower.

**“Security Period”** means the period starting on the date of this Agreement and ending on the date on which the Facility Agent is satisfied that there is no outstanding Commitment in force and that the Secured Liabilities have been irrevocably and unconditionally paid and discharged in full.

**“Security Property”** means:

- (a) the Transaction Security expressed to be granted in favour of the Security Agent as trustee for the Secured Parties and all proceeds of that Transaction Security;
- (b) all obligations expressed to be undertaken by a Transaction Obligor to pay amounts in relation to the Secured Liabilities to the Security Agent as trustee for the Secured Parties and secured by the Transaction Security together with all representations and warranties expressed to be given by a Transaction Obligor or any other person in favour of the Security Agent as trustee for the Secured Parties;
- (c) the Security Agent’s interest in any turnover trust created under the Finance Documents;

- (d) any other amounts or property, whether rights, entitlements, choses in action or otherwise, actual or contingent, which the Security Agent is required by the terms of the Finance Documents to hold as trustee on trust for the Secured Parties,
- except:
- (i) rights intended for the sole benefit of the Security Agent; and
  - (ii) any moneys or other assets which the Security Agent has transferred to the Facility Agent or (being entitled to do so) has retained in accordance with the provisions of this Agreement.

**“Selection Notice”** means a notice substantially in the form set out in Part B of Schedule 3 (*Requests*) given in accordance with Clause 9 (*Interest Periods*).

**“Servicing Party”** means the Facility Agent or the Security Agent.

**“Shares Security”** means a document creating Security over the LLC Shares in the Borrower in agreed form.

**“Ship”** means m.v. “MAIRA XL”, details of which are set out opposite its name in Schedule 7 (*Details of the Ship*).

**“Specified Time”** means a day or time determined in accordance with Schedule 9 (*Timetables*).

**“Subordinated Creditor”** means:

- (a) a Transaction Obligor; or
- (b) any other person who becomes a Subordinated Creditor in accordance with this Agreement.

**“Subordinated Debt Security”** means a Security over Subordinated Liabilities entered into or to be entered into by a Subordinated Creditor in favour of the Security Agent in an agreed form.

**“Subordinated Finance Document”** means:

- (a) a Subordinated Loan Agreement; and
- (b) any other document relating to or evidencing Subordinated Liabilities.

**“Subordinated Liabilities”** means all indebtedness owed or expressed to be owed by the Borrower to a Subordinated Creditor whether under the Subordinated Finance Documents or otherwise.

**“Subordinated Loan Agreement”** means any loan agreement made between (i) the Borrower and (ii) a Subordinated Creditor.

**“Subordination Agreement”** means a subordination agreement entered into or to be entered into by a Subordinated Creditor and the Security Agent, subordinating, *inter alia* all the Subordinated Creditor’s rights and interests under any Subordinated Loan Agreement to the rights and interests of the Finance Parties in agreed form.

“**Subsidiary**” means a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006.

“**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**” has the meaning given to it in Clause 12.1 (*Definitions*).

“**Tax Deduction**” has the meaning given to it in Clause 12.1 (*Definitions*).

“**Tax Payment**” has the meaning given to it in Clause 12.1 (*Definitions*).

“**Technical Management Agreement**” means the agreement entered into between the Borrower and the Approved Technical Manager regarding the technical management of the Ship.

“**Termination Date**” means the date falling on the earlier of (i) the fifth anniversary of the Utilisation Date and (ii) 30 July 2026.

“**Testing Date**” means each date falling on the earlier of (a) the date on which the audited or, as the case may be, unaudited, financial statements referred to in Clause 20.2 (*Financial statements*) are actually delivered to the Facility Agent pursuant to the provisions of that Clause and (b) the latest date by which each such financial statements are required to be delivered to the Facility Agent pursuant to Clause 20.2 (*Financial statements*), commencing with the financial statements for the 3-month period ending on 30 June 2021 in relation to GSL and the 6-month period ending on 30 June 2021 in relation to the Parent Guarantor.

“**Third Parties Act**” has the meaning given to it in Clause 1.5 (*Third party rights*).

“**Total Assets**” means, in respect of each Accounting Period, the total assets of the Parent Guarantor on a consolidated basis as stated in the most recent financial statements produced in accordance with Clause 18.15 (*Financial Statements*).

“**Total Borrowings**” means at any relevant time the total long-term borrowings, inclusive of current portion of long-term borrowings as stated in the most recent financial statements of the Parent Guarantor on a consolidated basis produced in accordance with Clause 18.15 (*Financial Statements*).

“**Total Commitments**” means the aggregate of the Commitments, being \$51,700,000.

“**Total Loss**” means:

- (a) actual, constructive, compromised, agreed or arranged total loss of the Ship; or
- (b) any Requisition of the Ship unless the Ship is returned to the full control of the Borrower within 45 days of such Requisition (or such longer period as may be requested by the Borrower and agreed to by the Facility Agent).

“**Total Loss Date**” means, in relation to the Total Loss:

- (a) in the case of an actual loss of the Ship, the date on which it occurred or, if that is unknown, the date when the Ship was last heard of;

- (b) in the case of a constructive, compromised, agreed or arranged total loss of the Ship, the earlier of:
  - (i) the date on which a notice of abandonment is given (or deemed or agreed to be given) to the insurers; and
  - (ii) the date of any compromise, arrangement or agreement made by or on behalf of the Borrower with the Ship's insurers in which the insurers agree to treat the Ship as a total loss; and
- (c) in the case of any other type of Total Loss, the date (or the most likely date) on which it appears to the Facility Agent that the event constituting the total loss occurred.

**“Transaction Document”** means:

- (a) a Finance Document;
- (b) a Subordinated Finance Document;
- (c) any Assignable Charter; or
- (d) any other document designated as such by the Facility Agent and the Borrower.

**“Transaction Obligor”** means an Obligor or any other member of the Group who executes a Transaction Document.

**“Transaction Security”** means the Security created or evidenced or expressed to be created or evidenced under the Security Documents.

**“Transfer Certificate”** means a certificate substantially in the form set out in Schedule 4 (*Form of Transfer Certificate*) or any other form agreed between the Facility Agent and the Borrower.

**“Transfer Date”** means, in relation to an assignment or a transfer, the later of:

- (a) the proposed Transfer Date specified in the relevant Assignment Agreement or Transfer Certificate; and
- (b) the date on which the Facility Agent executes the relevant Assignment Agreement or Transfer Certificate.

**“UK Bail-In Legislation”** means (to the extent that the United Kingdom is not an EEA Member Country which has implemented, or implements, Article 55 BRRD) Part 1 of the United Kingdom Banking Act 2009 and any other law or regulation applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutes or their affiliates (otherwise than through liquidation, administration or other insolvency proceedings).

**“UK Establishment”** means a UK establishment as defined in the Overseas Regulations.

**“Unpaid Sum”** means any sum due and payable but unpaid by a Transaction Obligor under the Finance Documents.

**“US”** means the United States of America.

**“US Tax Obligor”** means:

- (a) the Borrower which is resident for tax purposes in the US; or
- (b) an Obligor some or all of whose payments under the Finance Documents are from sources within the US for US federal income tax purposes.

**“Utilisation”** means the utilisation of any part of the Facility.

**“Utilisation Date”** means the date of the Utilisation, being the date on which the Loan is to be made.

**“Utilisation Request”** means the notice substantially in the form set out in Part A of Schedule 3 (*Requests*).

**“Value Adjusted Leverage Ratio”** means at any time the ratio (expressed as a percentage) of:

- (a) the Total Borrowings divided by
- (b) the Value Adjusted Total Assets.

**“Value Adjusted Total Assets”** means the Total Assets of the Parent Guarantor adjusted (upwards or downwards) in each case for the difference of the book value of all Fleet Vessels (as evidenced in the most recent financial statements produced in accordance with Clause 18.15 (*Financial Statements*)) and the aggregate Market Value of all Fleet Vessels.

**“VAT”** means:

- (a) any value added tax imposed by the Value Added Tax Act 1994;
- (b) 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
- (c) 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;
- (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

- (ii) any similar or analogous powers under that Bail-In Legislation; and
- (c) in relation to any UK Bail In Legislation:
  - (i) any powers under that UK 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 UK Bail-In Legislation that are related to or ancillary to any of those powers; and
  - (ii) any similar or analogous powers under that UK Bail In Legislation.

## 1.2 Construction

- (a) Unless a contrary indication appears, a reference in this Agreement to:
  - (i) the “**Account Bank**”, any “**Arranger**”, any “**Mandated Lead Arranger**”, any “**Bookrunner**”, the “**Facility Agent**”, any “**Finance Party**”, any “**Lender**”, any “**Obligor**”, any “**Party**”, any “**Secured Party**”, the “**Security Agent**”, any “**Transaction Obligor**” or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees to, or of, its rights and/or obligations under the Finance Documents;
  - (ii) “**assets**” includes present and future properties, revenues and rights of every description;
  - (iii) a liability which is “**contingent**” means a liability which is not certain to arise and/or the amount of which remains unascertained;
  - (iv) “**document**” includes a deed and also a letter, fax, email or telex;
  - (v) “**expense**” means any kind of cost, charge or expense (including all legal costs, charges and expenses) and any applicable Tax including VAT;
  - (vi) a “**Finance Document**”, a “**Security Document**” or “**Transaction Document**” or any other agreement or instrument is a reference to that Finance Document, Security Document or Transaction Document or other agreement or instrument as amended, novated, supplemented, extended or restated;
  - (vii) a “**group of Lenders**” includes all the Lenders;
  - (viii) “**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;

- (ix) “**law**” includes any order or decree, any form of delegated legislation, any treaty or international convention and any regulation or resolution of the Council of the European Union, the European Commission, the United Nations or its Security Council;
  - (x) “**proceedings**” means, in relation to any enforcement provision of a Finance Document, proceedings of any kind, including an application for a provisional or protective measure;
  - (xi) a “**person**” includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium, partnership or other entity (whether or not having separate legal personality);
  - (xii) 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;
  - (xiii) a provision of law is a reference to that provision as amended or re-enacted;
  - (xiv) a time of day is a reference to London time;
  - (xv) any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall, in respect of a jurisdiction other than England, be deemed to include that which most nearly approximates in that jurisdiction to the English legal term;
  - (xvi) words denoting the singular number shall include the plural and vice versa; and
  - (xvii) “**including**” and “**in particular**” (and other similar expressions) shall be construed as not limiting any general words or expressions in connection with which they are used.
- (b) The determination of the extent to which a rate is “**for a period equal in length**” to an Interest Period shall disregard any inconsistency arising from the last day of that Interest Period being determined pursuant to the terms of this Agreement.
  - (c) Section, Clause and Schedule headings are for ease of reference only and are not to be used for the purposes of construction or interpretation of the Finance Documents.
  - (d) 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.
  - (e) A Potential 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 the Facility Agent deems that is capable of remedy, has not been remedied within the period of time specified by the Facility Agent.

### 1.3 Construction of insurance terms

In this Agreement:

“**approved**” means, for the purposes of Clause 22 (*Insurance Undertakings*), approved in writing by the Facility Agent.

**“excess risks”** means the proportion of claims for general average, salvage and salvage charges not recoverable under the hull and machinery policies in respect of the Ship in consequence of its insured value being less than the value at which the Ship is assessed for the purpose of such claims.

**“obligatory insurances”** means all insurances effected, or which the Borrower is obliged to effect, under Clause 22 (*Insurance Undertakings*) or any other provision of this Agreement or of another Finance Document.

**“policy”** includes a slip, cover note, certificate of entry or other document evidencing the contract of insurance or its terms.

**“protection and indemnity risks”** means the usual risks covered by a protection and indemnity association managed in London, including pollution risks and the proportion (if any) of any sums payable to any other person or persons in case of collision which are not recoverable under the hull and machinery policies by reason of the incorporation in them of clause 6 of the International Hull Clauses (1/11/02) (1/11/03), clause 8 of the Institute Time Clauses (Hulls) (1/10/83) (1/11/95) or the Institute Amended Running Down Clause (1/10/71) or any equivalent provision.

**“war risks”** includes the risk of mines and all risks excluded by clause 29 of the International Hull Clauses (1/11/02 or 1/11/03), clause 24 of the Institute Time Clauses (Hulls) (1/11/95) or clause 23 of the Institute Time Clauses (Hulls) (1/10/83).

#### **1.4 Agreed forms of Finance Documents**

References in Clause 1.1 (*Definitions*) to any Finance Document being in “agreed form” are to that Finance Document:

- (a) in a form attached to a certificate dated the same date as this Agreement (and signed by the Borrower and the Facility Agent); or
- (b) in any other form agreed in writing between the Borrower and the Facility Agent acting with the authorisation of the Majority Lenders or, where Clause 42.2 (*All Lender matters*) applies, all the Lenders.

#### **1.5 Third party rights**

- (a) Unless expressly provided to the contrary in a Finance Document, a person who is not a Party 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 this Agreement.
- (b) Subject to Clause 42.3 (*Other exceptions*) but otherwise notwithstanding any term of any Finance Document, the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.
- (c) Any Affiliate, Receiver, Delegate or any other person described in paragraph (d) of Clause 14.2 (*Other indemnities*), paragraph (b) of Clause 29.11 (*Exclusion of liability*), or paragraph (b) of Clause 30.11 (*Exclusion of liability*), Clause 29.19 (*Role of Reference Banks*), Clause 29.20 (*Third Party Reference Banks*) or paragraph (b) of Clause 29.11 (*Exclusion of liability*), may subject to this Clause 1.5 (*Third party rights*) and the Third Parties Act, rely on any Clause of this Agreement which expressly confers rights on it.

## SECTION 2

### THE FACILITY

#### 2 THE FACILITY

##### 2.1 The Facility

Subject to the terms of this Agreement, the Lenders make available to the Borrower a dollar term loan facility in an amount not exceeding the Total Commitments.

##### 2.2 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 a Transaction Obligor is a separate and independent debt in respect of which a Finance Party shall be entitled to enforce its rights 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 the Loan or any other amount owed by a Transaction 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 Facility Agent on its behalf) is a debt owing to that Finance Party by that Transaction Obligor.
- (c) A Finance Party may, except as specifically provided in the Finance Documents, separately enforce its rights under or in connection with the Finance Documents.

##### 2.3 Borrower's Agent

- (a) The Borrower by its execution of this Agreement irrevocably appoints the Parent Guarantor to act on its behalf as its agent in relation to the Finance Documents and irrevocably authorises:
  - (i) the Parent Guarantor on its behalf to supply all information concerning itself contemplated by this Agreement to the Finance Parties and to give all notices and instructions (including the Utilisation Request), to make such agreements and to effect the relevant amendments, supplements and variations capable of being given, made or effected by the Borrower notwithstanding that they may affect the Borrower, without further reference to or the consent of the Borrower; and
  - (ii) each Finance Party to give any notice, demand or other communication to the Borrower pursuant to the Finance Documents to the Parent Guarantor,

and in each case the Borrower shall be bound as though the Borrower itself had given the notices and instructions (including, without limitation, the Utilisation Request) or executed or made the agreements or effected the amendments, supplements or variations, or received the relevant notice, demand or other communication.

- (b) Every act, omission, agreement, undertaking, settlement, waiver, amendment, supplement, variation, notice or other communication given or made by the Parent Guarantor or given to

the Parent Guarantor under any Finance Document on behalf of the Borrower or in connection with any Finance Document (whether or not known to any Borrower) shall be binding for all purposes on the Borrower as if the Borrower had expressly made, given or concurred with it. In the event of any conflict between any notices or other communications of the Parent Guarantor and the Borrower, those of the Parent Guarantor shall prevail.

### **3 PURPOSE**

#### **3.1 Purpose**

The Borrower shall apply all amounts borrowed by it under the Facility only for the purposes stated in the preamble (Background) to this Agreement.

#### **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 Borrower may not deliver the Utilisation Request unless the Facility Agent has received all of the documents and other evidence listed in Part A of Schedule 2 (*Conditions Precedent*) in form and substance satisfactory to the Facility Agent.

#### **4.2 Further conditions precedent**

The Lenders will only be obliged to comply with Clause 5.4 (*Lenders' participation*) if:

- (a) on the date of the Utilisation Request and on the proposed Utilisation Date and before the Loan is made available:
  - (i) no Default is continuing or would result from the borrowing of the Loan;
  - (ii) the Repeating Representations to be made by each Obligor on its own behalf or on behalf of any other Transaction Obligor or any Approved Manager are true;
  - (iii) the know-your-customer checks for each of the Obligors have been conducted to the Facility Agent's and the Lenders' satisfaction; and
- (b) the Facility Agent has received on or before the Utilisation Date, or is satisfied it will receive when the Loan is made available, all of the documents and other evidence listed in Part B of Schedule 2 (*Conditions Precedent*) in form and substance satisfactory to the Facility Agent.

#### **4.3 Notification of satisfaction of conditions precedent**

- (a) The Facility Agent shall notify the Borrower and the Lenders promptly upon being satisfied as to the satisfaction of the conditions precedent referred to in Clause 4.1 (*Initial conditions precedent*) and Clause 4.2 (*Further conditions precedent*).
- (b) Other than to the extent that the Majority Lenders notify the Facility Agent in writing to the contrary before the Facility Agent gives the notification described in paragraph (a) above, the Lenders authorise (but do not require) the Facility Agent to give that notification. The Facility

Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving any such notification.

#### **4.4 Waiver of conditions precedent**

If the Majority Lenders, at their discretion, permit the Loan to be borrowed before any of the conditions precedent referred to in Clause 4.1 (*Initial conditions precedent*) or Clause 4.2 (*Further conditions precedent*) has been satisfied, the Borrower shall ensure that that condition is satisfied within five Business Days after the Utilisation Date or such later date as the Facility Agent, acting with the authorisation of the Majority Lenders, may agree in writing with the Borrower.

## SECTION 3

### UTILISATION

#### 5 UTILISATION

##### 5.1 Delivery of Utilisation Request

- (a) The Borrower may utilise the Loan by delivery to the Facility Agent of a duly completed Utilisation Request not later than the Specified Time.
- (b) The Borrower may not deliver more than one Utilisation Request.

##### 5.2 Completion of Utilisation Request

- (a) The Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:
  - (i) the proposed Utilisation Date is a Business Day within the Availability Period;
  - (ii) the currency and amount of the Utilisation comply with Clause 5.3 (*Currency and amount*);
  - (iii) all applicable deductible items have been completed; and
  - (iv) the proposed Interest Period complies with Clause 9 (*Interest Periods*).
- (b) There will be only one Utilisation in respect of the Loan.

##### 5.3 Currency and amount

- (a) The currency specified in the Utilisation Request must be dollars.
- (b) The amount of the Loan shall not exceed the lesser of (i) \$51,700,000 and (ii) 65 per cent. of the Initial Market Value of the Ship.

##### 5.4 Lenders' participation

- (a) If the conditions set out in this Agreement have been met, each Lender shall make its participation in the Loan available by the Utilisation Date through its Facility Office.
- (b) The amount of each Lender's participation in the Loan will be equal to the proportion borne by its Commitment to the Available Facility immediately before making the Loan.
- (c) The Facility Agent shall notify each Lender of the amount of the Loan and the amount of its participation in the Loan by the Specified Time.

##### 5.5 Cancellation of Commitments

The Commitments which are not utilised at the end of the Availability Period shall then be cancelled.

**5.6 Payment to third parties**

The Borrower irrevocably authorises the Facility Agent on the Utilisation Date, to pay to, or for the account of, the Borrower the amounts which the Facility Agent receives from the Lenders in respect of the Loan. That payment shall be made in like funds as the Facility Agent received from the Lenders to any of the accounts which the Borrower specifies in the Utilisation Request for the purpose of refinancing part of the Existing Indebtedness and for general corporate purposes.

**5.7 Disbursement of Loan to third party**

Payment by the Facility Agent under Clause 5.6 (*Payment to third parties*) to a person other than the Borrower shall constitute the making of the Loan and the Borrower shall at that time become indebted, as principal and direct obligor, to each Lender in an amount equal to that Lender's participation in the Loan.

**5.8 Prepositioning of funds**

If required, the Lenders, at the request of the Borrower and on terms acceptable to all the Lenders and in their absolute discretion, preposition funds with any bank, the Borrower and each Guarantor:

- (a) agrees to pay interest on the amount of the funds so prepositioned at the rate described in Clause 8.1 (*Calculation of interest*) on the basis of successive interest periods of one day and so that interest shall be paid together with the first payment of interest on the Loan after the Utilisation Date or, if such Utilisation Date does not occur, within three Business Days of demand by the Facility Agent; and
- (b) shall, without duplication, indemnify each Finance Party against any costs, loss or liability it may incur in connection with such arrangement.

## SECTION 4

### REPAYMENT, PREPAYMENT AND CANCELLATION

#### 6 REPAYMENT

##### 6.1 Repayment of Loan

The Borrower shall repay the Loan by 20 equal consecutive quarterly repayment instalments, each in an amount of \$1,275,000, the first of which shall be repaid on the date falling three Months after the Utilisation Date, each subsequent repayment instalment shall be repaid at three-monthly intervals thereafter and the last one together with a balloon instalment in the amount of \$26,200,000 (the “**Balloon**”) on the Termination Date; and each such instalment shall be a “**Repayment Instalment**”.

##### 6.2 Effect of cancellation and prepayment on scheduled repayments

- (a) If the Borrower cancels the whole or any part of any Commitment in accordance with Clause 7.5 (*Right of repayment and cancellation in relation to a single Lender*) or if the Available Commitment of any Lender is cancelled under Clause 7.1 (*Illegality*) then the Repayment Instalments falling after that cancellation will be reduced *pro rata* by the amount of the Available Commitments so cancelled.
- (b) If any part of any Commitment is cancelled pursuant to Clause 5.5 (*Cancellation of Commitments*), the Repayment Instalments for each Repayment Date falling after that cancellation will be reduced *pro rata* by the amount of the Commitments so cancelled.
- (c) If any part of the Loan is repaid or prepaid in accordance with Clause 7.5 (*Right of repayment and cancellation in relation to a single Lender*) or Clause 7.1 (*Illegality*) then the Repayment Instalments (including the Balloon) for each Repayment Date falling due after that repayment or prepayment will be reduced *pro rata* by the amount of the Loan repaid or prepaid.
- (d) If any part of the Loan is prepaid in accordance with Clause 7.2 (*Voluntary prepayment of Loan*) then the Repayment Instalments falling after that prepayment will be reduced according to the Borrower’s determination.

##### 6.3 Termination Date

On the Termination Date, the Borrower shall additionally pay to the Facility Agent for the account of the Finance Parties all other sums then accrued and owing under the Finance Documents.

##### 6.4 Reborrowing

The Borrower may not reborrow any part of the Facility which is repaid

#### 7 PREPAYMENT AND CANCELLATION

##### 7.1 Illegality

If it becomes unlawful in any applicable jurisdiction for a Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in the

Loan or any part of the Loan or any part thereof or it becomes unlawful for any Affiliate of a Lender for that Lender to do so:

- (a) that Lender shall promptly notify the Facility Agent upon becoming aware of that event;
- (b) upon the Facility Agent notifying the Borrower, the Available Commitment of that Lender will be immediately cancelled; and
- (c) the Borrower shall prepay that Lender's participation in the Loan on the last day of the Interest Period applicable to the Loan occurring after the Facility Agent has notified the Borrower or, if earlier, the date specified by that Lender in the notice delivered to the Facility Agent (being no earlier than the last day of any applicable grace period permitted by law) and that Lender's corresponding Commitment shall be cancelled in the amount of the participation prepaid.

## 7.2 Voluntary prepayment of Loan

The Borrower may, if it gives the Facility Agent not less than 15 Business Day's prior indicative notice and 10 Business Days' prior confirmative and irrevocable notice, prepay the whole or any part of the Loan (but, if in part, being a minimum amount of \$1,000,000 or a multiple of that amount).

## 7.3 Mandatory prepayment on sale or Total Loss

- (a) If the Ship is sold (without prejudice to paragraph (a) of Clause 21.12 (*Disposals*)) or becomes a Total Loss the Borrower shall prepay the Loan on the Relevant Date.
- (b) Provided that no Default has occurred and is continuing, any remaining proceeds of the sale or Total Loss of the Ship after the prepayment referred to in paragraph (a) above has been made, together with all other amounts that are payable on any such prepayment pursuant to the Finance Documents, shall be paid to the Borrower.
- (c) The Borrower undertakes, in the case of a sale or Total Loss of the Ship, to deposit the sale proceeds relating to such sale or the insurance proceeds relating to such Total Loss (as the case may be) to the Earnings Account to be applied towards the prepayment of the Loan as required to be made by the Borrower pursuant to paragraph (a) above.

In this Clause 7.3 (*Mandatory prepayment on sale or Total Loss*):

**"Relevant Date"** means:

- (a) in the case of a sale of the Ship, the date falling on the earlier of:
  - (i) the date on which the sale is completed by delivery of the Ship to the buyer of the Ship; and
  - (ii) the date of receipt by the Borrower or the Security Agent of the proceeds relating to such sale;
- (b) in the case of a Total Loss of the Ship, the date falling on the earlier of:
  - (i) the date falling 120 days after the Total Loss Date; and

- (ii) the date of receipt by the Security Agent of the proceeds of insurance relating to such Total Loss.

#### 7.4 **Change of Control**

If a Change of Control occurs the Borrower and the Guarantors shall promptly notify the Facility Agent upon becoming aware of that event and if the Majority Lenders so require, the Facility Agent shall (acting on the instructions of the Majority Lenders), by not less than 15 days' notice to the Borrower, cancel the Facility and declare the Loan, together with accrued interest, and all other amounts accrued under the Finance Documents immediately due and payable, whereupon the Facility will be cancelled and the Loan and all such outstanding interest and other amounts will become immediately due and payable.

For the purpose of this clause, a "**Change of Control**" occurs if, during the Security Period:

- (a) a change occurs in the direct or indirect legal or beneficial ownership or control of the Borrower (other than a change in the legal or beneficial ownership or control of GSL which does not otherwise constitute a Change of Control in accordance with this definition);
- (b) the Parent Guarantor ceases to be a wholly-owned direct or indirect Subsidiary of, and controlled by, GSL;
- (c) Mr George Giouroukos ceases to own at least 50 per cent. of the number of shares of GSL (either directly or through one or more affiliates) held by him on the date of the completion of the Merger (excluding any share split or reverse split) other than by reason of death or other incapacity in managing his affairs;
- (d) Mr George Giouroukos ceases to be the Executive Chairman of (or to hold an equivalent executive officer position in) GSL other than by reason of death or other incapacity in managing his affairs; or
- (e) any person(s) own(s) more than 35 per cent. of the shares in GSL, unless such person(s) owned such shares on the date of the completion of the Merger.

#### 7.5 **Right of repayment and cancellation in relation to a single Lender**

- (a) If:
  - (i) any sum payable to any Lender by a Transaction Obligor is required to be increased under paragraph (c) of Clause 12.2 (*Tax gross-up*) or under that Clause as incorporated by reference or in full in any other Finance Document; or
  - (ii) any Lender claims indemnification from the Borrower under Clause 12.3 (*Tax indemnity*) or Clause 13.1 (*Increased costs*),the Borrower may, whilst the circumstance giving rise to the requirement for that increase or indemnification continues, give the Facility Agent notice of cancellation of the Commitment of that Lender and its intention to procure the repayment of that Lender's participation in the Loan.
- (b) On receipt of a notice of cancellation referred to in paragraph (a) above, the Commitment of that Lender shall immediately be reduced to zero.

- (c) On the last day of each Interest Period which ends after the Borrower has given notice of cancellation under paragraph (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 Loan.

#### **7.6 Termination of Initial Charter**

- (a) If the Initial Charter is frustrated, terminated (except by mere effluxion of time or in the case of Total Loss of the Ship), cancelled or rescinded or purported to be cancelled or rescinded prior to its expiration date, the Borrower shall prepay the Loan.
- (b) No such prepayment will need to be made if, as soon as possible after (and in any event within 60 days after) such cancellation, rescission, termination or withdrawal the Borrower has entered into a charter (which shall, without limitation, include a binding and unconditional recapitulation of terms, a "Replacement Charter") in respect of the Ship on terms (including, without limitation, as to the tenor and charter hire) acceptable to the Facility Agent in its absolute discretion and, promptly after the entry into such Replacement Charter, the Borrower has granted in favour of the Security Agent a Charterparty Assignment in respect of such Replacement Charter.

#### **7.7 Restrictions**

- (a) Any notice of cancellation or prepayment given by any Party under this Clause 7 (*Prepayment and Cancellation*) 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, the amount of that cancellation or prepayment and, if relevant, the part of the Loan to be prepaid or cancelled.
- (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.
- (c) The Borrower may not reborrow any part of the Facility which is prepaid.
- (d) The Borrower shall not repay or prepay all or any part of the 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) No amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.
- (f) If the Facility Agent receives a notice under this Clause 7 (*Prepayment and Cancellation*) it shall promptly forward a copy of that notice to either the Borrower and/or the affected Lenders, as appropriate.
- (g) If all or part of any Lender's participation in the Loan is repaid or prepaid, an amount of that Lender's Commitment (equal to the amount of the participation which is repaid or prepaid) will be deemed to be cancelled on the date of repayment or prepayment.

#### **7.8 Application of prepayments**

Subject to Clause 6.2 (d) (*Effect of cancellation and prepayment on scheduled repayments*), any prepayment of any part of the Loan (other than a prepayment pursuant to Clause 7.1

*(Illegality)* or Clause 7.5 (*Right of repayment and cancellation in relation to a single Lender*) shall be applied pro rata to each Lender's participation in that part of the Loan.

## SECTION 5

### COSTS OF UTILISATION

#### 8 INTEREST

##### 8.1 Calculation of interest

The rate of interest on the Loan or any part of the Loan for each Interest Period is the percentage rate per annum which is the aggregate of:

- (a) the Margin; and
- (b) LIBOR.

##### 8.2 Payment of interest

- (a) The Borrower shall pay accrued interest on the Loan or any part of the Loan on the last day of each Interest Period (each an "Interest Payment Date").
- (b) If an Interest Period is longer than three Months, the Borrower shall also pay interest then accrued on the Loan or the relevant part of the Loan on the dates falling at three Monthly intervals after the first day of the Interest Period.
- (c) If an Interest Period is shorter than three Months, the Borrower shall also pay any additional funding costs of the Lenders.

##### 8.3 Default interest

- (a) If a Transaction Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the Unpaid Sum from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to paragraph (b) below, is 2 per cent. per annum higher than the rate which would have been payable if the Unpaid Sum had, during the period of non-payment, constituted part of the Loan in the currency of the Unpaid Sum for successive Interest Periods, each of a duration selected by the Facility Agent. Any interest accruing under this Clause 8.3 (*Default interest*) shall be immediately payable by the Obligor on demand by the Facility Agent.
- (b) If an Unpaid Sum consists of all or part of the Loan which became due on a day which was not the last day of an Interest Period relating to the Loan or that part of the Loan:
  - (i) the first Interest Period for that Unpaid Sum shall have a duration equal to the unexpired portion of the current Interest Period relating to the Loan or that part of the Loan; and
  - (ii) the rate of interest applying to that Unpaid Sum during that first Interest Period shall be 2 per cent. per annum higher than the rate which would have applied if that Unpaid Sum had not become due.
- (c) Default interest (if unpaid) arising on an Unpaid Sum will be compounded with the Unpaid Sum at the end of each Interest Period applicable to that Unpaid Sum but will remain immediately due and payable.

#### **8.4 Notification of rates of interest**

- (a) The Facility Agent shall promptly notify the Lenders and the Borrower of the determination of a rate of interest under this Agreement.
- (b) The Facility Agent shall promptly notify the Borrower of each Funding Rate relating to the Loan, any part of the Loan or any Unpaid Sum.

### **9 INTEREST PERIODS**

#### **9.1 Selection of Interest Periods**

- (a) The Borrower may select the Interest Period for the Loan in the Utilisation Request. Subject to paragraph (f) below and Clause 9.2 (*Changes to Interest Periods*), the Borrower may select each subsequent Interest Period for the Loan in a Selection Notice.
- (b) Each Selection Notice is irrevocable and must be delivered to the Facility Agent by the Borrower not later than the Specified Time.
- (c) If the Borrower fails to select an Interest Period in the Utilisation Request or fails to deliver a Selection Notice to the Facility Agent in accordance with paragraphs (a) and (b) above, the relevant Interest Period will, subject to paragraph (f) below and Clause 9.2 (*Changes to Interest Periods*), be three Months.
- (d) Subject to this Clause 9 (*Interest Periods*), the Borrower may select an Interest Period of 3 Months or any other period agreed between the Borrower and the Facility Agent (acting on the instructions of all the Lenders).
- (e) An Interest Period in respect of the Loan or any part of the Loan shall not extend beyond the Termination Date.
- (f) In respect of a Repayment Instalment, the Borrower may request in the relevant Selection Notice that an Interest Period for a part of the Loan equal to such Repayment Instalment shall end on the Repayment Date relating to it and, subject to paragraph (d) above, select a longer Interest Period for the remaining part of the Loan.
- (g) The first Interest Period for the Loan shall start on the Utilisation Date and each subsequent Interest Period shall start on the last day of the preceding Interest Period.
- (h) Except for the purposes of paragraph above and Clause 9.2 (*Changes to Interest Periods*), the Loan shall have one Interest Period only at any time.

#### **9.2 Changes to Interest Periods**

- (a) In respect of a Repayment Instalment, prior to determining the interest rate for the Loan, the Facility Agent may establish an Interest Period for a part of the Loan equal to such Repayment Instalment to end on the Repayment Date relating to it and the remaining part of the Loan shall have the Interest Period selected in the relevant Selection Notice, subject to paragraph (d) of Clause 9.1 (*Selection of Interest Periods*).
- (b) If the Facility Agent makes any change to an Interest Period referred to in this Clause 9.2 (*Changes to Interest Periods*), it shall promptly notify the Borrower and the Lenders.

### 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 **Market disruption**

This Clause 10 (Changes to the calculation of interest) applies if:

- (a) no Screen Rate is quoted in REUTERS BBA Page LIBOR 01 and no adequate and fair means exist for ascertaining the interest rate for a selected Interest Period;
- (b) at least 1 Business Day before the start of an Interest Period, a Lender notifies the Facility Agent that LIBOR fixed by the Facility Agent would not accurately reflect the cost to that Lender of funding its Commitment (or any part of it) during the Interest Period in the London Interbank Market at or about 11.00 a.m. (London time) on the Quotation Date for the Interest Period; or
- (c) at least 1 Business Day before the start of an Interest Period, the Facility Agent is notified by a Lender or Lenders (whose Commitments exceed 50 percent of the Total Commitments) (as the case may be) (the "Affected Lender") that for any reason it is unable to obtain Dollars in the London Interbank Market in order to fund its Commitment (or any part of it) during the Interest Period.

### 10.2 **Notification of market disruption**

The Facility Agent shall promptly notify the Borrower and each of the Lenders stating the circumstances falling within Clause 10.1 (*Market disruption*) which have caused its notice to be given.

### 10.3 **Suspension of drawdown**

If the Facility Agent's notice under Clause 10.2 (*Notification of market disruption*) is served before the Loan is advanced:

- (a) in a case falling within paragraph (a) of Clause 10.1 (*Market disruption*), the Lenders' obligations to advance the Loan;
- (b) in a case falling within paragraph (b) of Clause 10.1 (*Market disruption*), the Lenders' obligations to advance the Loan or, as the case may be, the concerned Lender's obligation to participate in the Loan; and
- (c) in a case falling within paragraph (c) of 10.1 (*Market disruption*), the Affected Lender's obligation to participate in the Loan, shall be suspended while the circumstances referred to in the Facility Agent's notice continue.

### 10.4 **Negotiation of alternative rate of interest**

Subject to Clause 42.5 (*Replacement of Screen Rate*), if the Facility Agent's notice under Clause 10.2 (*Notification of market disruption*) is served after the Loan is advanced, the Borrower, the

Facility Agent and the Lenders or (as the case may be) the Affected Lender shall use reasonable endeavours to agree, within 30 days after the date on which the Facility Agent serves its notice under Clause 10.2 (*Notification of market disruption*) (the “**Negotiation Period**”), an alternative interest rate or (as the case may be) an alternative basis for the Lenders or (as the case may be) the Affected Lender to fund or continue to fund their or its Commitment during the Interest Period concerned.

**10.5 Application of agreed alternative rate of interest**

Clause 42.5 (*Replacement of Screen Rate*), any alternative interest rate or an alternative basis which is agreed during the Negotiation Period shall take effect in accordance with the terms agreed.

**10.6 Alternative rate of interest in absence of agreement**

If an alternative interest rate or alternative basis is not agreed within the Negotiation Period, and the relevant circumstances are continuing at the end of the Negotiation Period, then the Facility Agent shall, with the agreement of each Lender or (as the case may be) the Affected Lender, set an interest period and interest rate representing the cost of funding of the Lenders or (as the case may be) the Affected Lender in Dollars or in any available currency of their or its Commitment plus the Margin; and the procedure provided for by this Clause 10.6 (*Alternative rate of interest in absence of agreement*) shall be repeated if the relevant circumstances are continuing at the end of the interest period so set by the Facility Agent.

**10.7 Notice of prepayment**

If the Borrower does not agree with an interest rate set by the Facility Agent under Clause 10.6 (*Alternative rate of interest in absence of agreement*), the Borrower may give the Facility Agent not less than 15 Business Days’ notice of their intention to prepay at the end of the interest period set by the Facility Agent.

**10.8 Prepayment; termination of Commitments**

A notice under Clause 10.7 (*Notice of prepayment*) shall be irrevocable; the Facility Agent shall promptly notify the Lenders or (as the case may require) the Affected Lender of the Borrower’s notice of intended prepayment; and:

- (a) on the date on which the Facility Agent serves that notice, the Total Commitments or (as the case may require) the Commitment of the Affected Lender shall be cancelled; and
- (b) on the last Business Day of the interest period set by the Facility Agent, the Borrower shall prepay (without premium or penalty) the Loan or, as the case may be, the Affected Lender’s Commitment, together with accrued interest thereon at the applicable rate plus the Margin.

**10.9 Application of prepayment**

The provisions of Clause 7 (*Prepayment and cancellation*) shall apply in relation to the prepayment under Clause 10.8 (*Prepayment; termination of Commitments*) (as applicable).

**10.10 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 the Loan or Unpaid Sum being

paid by the Borrower on a day other than the last day of an Interest Period for the Loan, the relevant part of the Loan or that Unpaid Sum.

- (b) Each Lender shall, as soon as reasonably practicable after a demand by the Facility Agent, provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue.

**11 FEES**

The Borrower shall pay all fees in accordance with 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 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 Credit”** means a credit against, relief or remission for, or repayment of any Tax.

**“Tax Deduction”** means a deduction or withholding for or on account of Tax from a payment under a Finance Document, 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 (*Tax Gross Up and Indemnities*) 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 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 Facility Agent accordingly. Similarly, a Lender shall notify the Facility Agent on becoming so aware in respect of a payment payable to that Lender. If the Facility 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 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 Facility 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.

### 12.3 Tax indemnity

(a) The Obligors shall (within three Business Days of demand by the Facility 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) Paragraph (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; or

(ii) to the extent a loss, liability or cost:

(A) is compensated for by an increased payment under Clause 12.2 (*Tax gross-up*); or

(B) relates to a FATCA Deduction required to be made by a Party

(c) A Protected Party making, or intending to make, a claim under paragraph (a) above shall promptly notify the Facility Agent of the event which will give, or has given, rise to the claim, following which the Facility Agent shall notify the Obligors.

(d) A Protected Party shall, on receiving a payment from an Obligor under this Clause 12.3 (*Tax indemnity*), notify the Facility 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 to an increased payment of which that Tax Payment forms part, to that Tax Payment or to a Tax Deduction in consequence of which that Tax Payment was received; 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 Stamp taxes

The Obligors shall pay and, within three Business Days of demand, indemnify each Secured Party against any cost, loss or liability which that Secured Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

## 12.6

### VAT

- (a) All amounts expressed to be payable under a Finance Document 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 paragraph (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 other than the Recipient (the “Relevant Party”) is required by the terms of any Finance Document to pay an amount equal to the consideration for that 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 Relevant 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 sub-paragraph (i) applies) promptly pay to the Relevant 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 Relevant 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 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 of it as represents VAT, save to the extent that such Finance Party reasonably determines that it is entitled to credit or repayment in respect of such VAT from the relevant tax authority.
- (d) Any reference in this Clause 12.6 (VAT) to any Party shall, at any time when that Party is treated as a member of a group or unity (or fiscal unity) for VAT purposes, include (where appropriate and unless the context otherwise requires) a reference to the person who is treated at that time as making the supply, or (as appropriate) receiving the supply, under the grouping rules provided for in Article 11 of Council Directive 2006/112/EC (or as implemented by the relevant member state of the European Union or equivalent provisions imposed elsewhere) so that a reference to a Party shall be construed as a reference to that Party or the relevant group or unity (or fiscal unity) of which that Party is a member for VAT purposes at the relevant time or the relevant representative member (or representative or head) of that group or unity at the relevant time (as the case may be).
- (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.

## 12.7 FATCA Information

- (a) Subject to paragraph (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; and
  - (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 sub-paragraph (i) of paragraph (a) 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) Paragraph (a) above shall not oblige any Finance Party to do anything and sub-paragraph (iii) of paragraph (a) 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 fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with sub-paragraphs (i) or (ii) of paragraph (a) above (including, for the avoidance of doubt, where paragraph (c) above 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.
- (e) If the Borrower is a US Tax Obligor, or the Facility Agent reasonably believes that its obligations under FATCA or any other applicable law or regulation require it, each Lender shall, within ten Business Days of:
- (i) where the Borrower is a US Tax Obligor and the relevant Lender is an Original Lender, the date of this Agreement;
  - (ii) where the Borrower is a US Tax Obligor on a Transfer Date and the relevant Lender is a New Lender, the relevant Transfer Date; or

(iii) where the Borrower is not a US Tax Obligor, the date of a request from the Facility Agent,

supply to the Facility Agent:

(iv) a withholding certificate on Form W-8, Form W-9 or any other relevant form; or

(v) any withholding statement or other document, authorisation or waiver as the Facility Agent may require to certify or establish the status of such Lender under FATCA or that other law or regulation.

(f) The Facility Agent shall provide any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to paragraph (e) above to the Borrower.

(g) If any withholding certificate, withholding statement, document, authorisation or waiver provided to the Facility Agent by a Lender pursuant to paragraph (e) above is or becomes materially inaccurate or incomplete, that Lender shall promptly update it and provide such updated withholding certificate, withholding statement, document, authorisation or waiver to the Facility Agent unless it is unlawful for the Lender to do so (in which case the Lender shall promptly notify the Facility Agent). The Facility Agent shall provide any such updated withholding certificate, withholding statement, document, authorisation or waiver to the Borrower.

(h) The Facility Agent may rely on any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to paragraph (e) or (g) above without further verification. The Facility Agent shall not be liable for any action taken by it under or in connection with paragraphs (e), (f) or (g) above.

## **12.8 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 each Obligor and the Facility Agent and the Facility 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 Facility 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 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,

in each case after the date of this Agreement; or

- (iii) the implementation, application of or compliance with the Dodd-Frank Wall Street Reform and Consumer Protection Act, Basel III or CRD IV or any requests, rules, guidelines, directives, law or regulation that implements or applies the Dodd-Frank Wall Street Reform and Consumer Protection Act, Basel III or CRD IV.

(b) In this Agreement:

(i) **“Basel III”** means:

- (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”.

(ii) **“CRD IV”** means:

- (A) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending regulation (EU) No. 648/2012, as amended by Regulation (EU) 2019/876;
- (B) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended by Directive (EU) 2019/878; and
- (C) any other law or regulation which implements Basel III.

(iii) **“Increased Costs”** means:

- (A) a reduction in the rate of return from the Facility or on a Finance Party’s (or its Affiliate’s) overall capital;
- (B) an additional or increased cost; or
- (C) 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 Facility Agent of the event giving rise to the claim, following which the Facility Agent shall promptly notify the Borrower.
- (b) Each Finance Party shall, as soon as practicable after a demand by the Facility Agent, provide a certificate confirming the amount of its Increased Costs.

### **13.3 Exceptions**

Clause 13.1 (*Increased costs*) does not apply to the extent any Increased Cost is:

- (a) attributable to a Tax Deduction required by law to be made by an Obligor;
- (b) attributable to a FATCA Deduction required to be made by a Party;
- (c) 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 paragraph (b) of Clause 12.3 (*Tax indemnity*) applied);
- (d) compensated for by any payment made pursuant to Clause 14.3 (*Mandatory Cost*); or
- (e) attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation.

## **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; 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, on demand, indemnify each Secured Party to which that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) 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

- (a) Each Obligor shall within 3 Business Days of any demand, indemnify each Secured Party against any cost, loss or liability incurred by it as a result of:
- (i) the occurrence of any Event of Default;
  - (ii) a failure by a Transaction Obligor to pay any amount due under a Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of Clause 32 (*Sharing among the Finance Parties*);
  - (iii) funding, or making arrangements to fund, its participation in the Loan requested by the Borrower in the 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 Secured Party alone); or
  - (iv) the Loan (or part of the Loan) not being prepaid in accordance with a notice of prepayment given by the Borrower.
- (b) Each Obligor shall, on demand, indemnify each Finance Party, each Affiliate of a Finance Party and each officer or employee of a Finance Party or its Affiliate (each such person for the purposes of this Clause 14.2 (*Other indemnities*) an “**Indemnified Person**”), against any cost, loss or liability incurred by that Indemnified Person pursuant to or in connection with any litigation, arbitration or administrative proceedings or regulatory enquiry, in connection with or arising out of the entry into and the transactions contemplated by the Finance Documents, having the benefit of any Security constituted by the Finance Documents or which relates to the condition or operation of, or any incident occurring in relation to, any Ship unless such cost, loss or liability is caused by the gross negligence or wilful misconduct of that Indemnified Person.
- (c) Without limiting, but subject to any limitations set out in paragraph (b) above, the indemnity in paragraph (b) above shall cover any cost, loss or liability incurred by each Indemnified Person in any jurisdiction:
- (i) arising or asserted under or in connection with any law relating to safety at sea, the ISM Code, any Environmental Law or any Sanctions; or
  - (ii) in connection with any Environmental Claim.
- (d) Any Affiliate or any officer or employee of a Finance Party or of any of its Affiliates may rely on this Clause 14.2 (*Other indemnities*) subject to Clause 1.5 (*Third party rights*) and the provisions of the Third Parties Act.

## 14.3 Mandatory Cost

The Borrower shall within 3 Business Days of any demand by the Facility Agent, pay to the Facility Agent for the account of the relevant Lender, such amount which any Lender certifies in a notice to the Facility Agent to be its good faith determination of the amount necessary to compensate it for complying with:

- (a) in the case of a Lender lending from a Facility Office in a Participating Member State, the minimum reserve requirements (or other requirements having the same or similar purpose) of

the European Central Bank or any other authority or agency which replaces all or any of its functions in respect of loans made from that Facility Office; and

- (b) in the case of any Lender lending from a Facility Office in the United Kingdom, any reserve asset, special deposit or liquidity requirements (or other requirements having the same or similar purpose) of the Bank of England (or any other governmental authority or agency) and/or paying any fees to the Financial Conduct Authority and/or the Prudential Regulation Authority (or any other governmental authority or agency which replaces all or any of their functions),

which, in each case, is referable to that Lender's participation in the Loan.

#### **14.4 Indemnity to the Facility Agent**

Each Obligor shall within 3 Business Days of any demand, indemnify the Facility Agent against:

- (a) any cost, loss or liability incurred by the Facility Agent (acting reasonably) as a result of:
- (i) investigating any event which it reasonably believes is a Default; or
  - (ii) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised; or
  - (iii) instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted under the Finance Documents; and
- (b) any cost, loss or liability incurred by the Facility Agent (otherwise than by reason of the Facility Agent's gross negligence or wilful misconduct) or, in the case of any cost, loss or liability pursuant to Clause 33.11 (*Disruption to Payment Systems etc.*) notwithstanding the Facility Agent's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Facility Agent in acting as Facility Agent under the Finance Documents.

#### **14.5 Indemnity to the Security Agent**

- (a) Each Obligor shall within 3 Business Days of any demand, indemnify the Security Agent and every Receiver and Delegate against any cost, loss or liability incurred by any of them:
- (i) in relation to or as a result of:
    - (A) any failure by the Borrower to comply with its obligations under Clause 16 (*Costs and Expenses*);
    - (B) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised;
    - (C) the taking, holding, protection or enforcement of the Finance Documents and the Transaction Security;
    - (D) the exercise of any of the rights, powers, discretions, authorities and remedies vested in the Security Agent and each Receiver and Delegate by the Finance Documents or by law;

- (E) any default by any Transaction Obligor in the performance of any of the obligations expressed to be assumed by it in the Finance Documents;
  - (F) any action by any Transaction Obligor which vitiates, reduces the value of, or is otherwise prejudicial to, the Transaction Security; and
  - (G) instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted under the Finance Documents;
- (ii) acting as Security Agent, Receiver or Delegate under the Finance Documents or which otherwise relates to any of the Security Property or the performance of the terms of this Agreement or the other Finance Documents (otherwise, in each case, than by reason of the relevant Security Agent's, Receiver's or Delegate's gross negligence or wilful misconduct).
- (b) The Security Agent and every Receiver and Delegate may, in priority to any payment to the Secured Parties, indemnify itself out of the Security Assets in respect of, and pay and retain, all sums necessary to give effect to the indemnity in this Clause 14.5 (*Indemnity to the Security Agent*) and shall have a lien on the Transaction Security and the proceeds of the enforcement of the Transaction Security for all monies payable to it.

## 15 MITIGATION BY THE FINANCE PARTIES

### 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*), Clause 13 (*Increased Costs*) or paragraph (a) of Clause 14.3 (*Mandatory Cost*) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.
- (b) Paragraph (a) above does not in any way limit the obligations of any Transaction Obligor under the Finance Documents.

### 15.2 Limitation of liability

- (a) Each Obligor shall, on demand, 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 either:
- (i) a Default has occurred and is continuing; or
  - (ii) 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 Obligors shall, within three days of any demand, pay the Facility Agent, the Security Agent and the Arrangers the amount of all costs and expenses (including pre-agreed legal fees) reasonably incurred by any Secured Party in connection with the negotiation, preparation, printing, execution, syndication and perfection of:

- (a) this Agreement and any other documents referred to in this Agreement or in a Security Document; and
- (b) any other Finance Documents executed after the date of this Agreement.

### **16.2 Amendment costs**

If:

- (a) a Transaction Obligor requests an amendment, waiver or consent; or
- (b) an amendment is required either pursuant to Clause 33.9 (*Change of currency*) or as contemplated in Clause 42.5 (*Replacement of Screen Rate*); or
- (c) a Transaction Obligor requests, and the Security Agent agrees to, the release of all or any part of the Security Assets from the Transaction Security,

the Obligors shall, within three days of any demand, reimburse each of the Facility Agent and the Security Agent for the amount of all costs and expenses (including legal fees) reasonably incurred by each Secured Party in responding to, evaluating, negotiating or complying with that request or requirement.

### **16.3 Enforcement and preservation costs**

The Obligors shall within 3 Business Days of any demand, pay to each Secured Party the amount of all costs and expenses (including legal fees) incurred by that Secured Party in connection with the enforcement of, or the preservation of any rights under, any Finance Document or the Transaction Security and with any proceedings instituted by or against that Secured Party as a consequence of it entering into a Finance Document, taking or holding the Transaction Security, or enforcing those rights.

## SECTION 7

### GUARANTEES

#### 17 GUARANTEE AND INDEMNITY

##### 17.1 Guarantee and indemnity

Each Guarantor irrevocably and unconditionally:

- (a) guarantees to each Finance Party punctual performance by the Borrower of all the Borrower's obligations under the Finance Documents;
- (b) undertakes with each Finance Party that whenever the Borrower does not pay any amount when due under or in connection with any Finance Document, that Guarantor shall immediately on demand pay that amount as if it were the principal obligor; and
- (c) agrees with each Finance Party 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 it under any Finance Document on the date when it would have been due. The amount payable by that Guarantor under this indemnity will not exceed the amount it would have had to pay under this Clause 17 (*Guarantee and Indemnity*) 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 the Borrower 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 Transaction Obligor or any security for those obligations or otherwise) is made by a Secured 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 each Guarantor under this Clause 17 (*Guarantee and Indemnity*) will continue or be reinstated as if the discharge, release or arrangement had not occurred.

##### 17.4 Waiver of defences

The obligations of each Guarantor under this Clause 17 (*Guarantee and Indemnity*) and in respect of any Transaction Security will not be affected or discharged by an act, omission, matter or thing which, but for this Clause 17.4 (*Waiver of defences*), would reduce, release or prejudice any of its obligations under this Clause 17 (*Guarantee and Indemnity*) or in respect of any Transaction Security (without limitation and whether or not known to it or any Secured Party) including:

- (a) any time, waiver or consent granted to, or composition with, any Transaction Obligor or other person;

- (b) the release of any other Transaction Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect or delay in perfecting, or refusal or neglect to take up or enforce, or delay in taking or enforcing any rights against, or security over assets of, any Transaction 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 a Transaction 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**

- (a) Each Guarantor waives any right it may have of first requiring any Secured 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 (including without limitation to commence any proceedings under any Finance Document or to enforce any Transaction Security) before claiming or commencing proceedings under this Clause 17 (*Guarantee and Indemnity*). This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.
- (b) Each Guarantor acknowledges the rights of the Facility Agent pursuant to Clause 27.19 (*Acceleration*) to enforce or direct the Security Agent to enforce or exercise any or all of its rights, remedies powers or directions under any guarantee or indemnity contained in this Agreement.

#### **17.6 Appropriations**

Until all amounts which may be or become payable by the Transaction Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Secured 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 Secured 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 no Guarantor shall be entitled to the benefit of the same; and
- (b) hold in an interest-bearing suspense account any moneys received from a Guarantor or on account of that Guarantor's liability under this Clause 17 (*Guarantee and Indemnity*).

**17.7****Deferral of Guarantor's rights**

All rights which a Guarantor at any time has (whether in respect of this guarantee, a mortgage or any other transaction) against the Borrower, any other Transaction Obligor or their respective assets shall be fully subordinated to the rights of the Secured Parties under the Finance Documents and until the end of the Security Period and unless the Facility Agent otherwise directs, no Guarantor will exercise any rights which it may have (whether in respect of any Finance Document to which it is a Party or any other transaction) 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 (*Guarantee and Indemnity*):

- (a) to be indemnified by a Transaction Obligor;
- (b) to claim any contribution from any third party providing security for, or any other guarantor of, any Transaction 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 Secured Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Secured Party;
- (d) to bring legal or other proceedings for an order requiring any Transaction Obligor to make any payment, or perform any obligation, in respect of which the Guarantors have given a guarantee, undertaking or indemnity under Clause 17.1 (*Guarantee and indemnity*);
- (e) to exercise any right of set-off against any Transaction Obligor; and/or
- (f) to claim or prove as a creditor of any Transaction Obligor in competition with any Secured Party.

If a Guarantor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Secured Parties by the Transaction Obligors under or in connection with the Finance Documents to be repaid in full on trust for the Secured Parties and shall promptly pay or transfer the same to the Facility Agent or as the Facility Agent may direct for application in accordance with Clause 33 (*Payment Mechanics*).

**17.8****Additional security**

This guarantee and any other Security given by each Guarantor is in addition to and is not in any way prejudiced by, and shall not prejudice, any other guarantee or Security or any other right of recourse now or subsequently held by any Secured Party or any right of set-off or netting or right to combine accounts in connection with the Finance Documents.

**17.9****Applicability of provisions of Guarantee to other Security**

Clauses 17.2 (*Continuing guarantee*), 17.3 (*Reinstatement*), 17.4 (*Waiver of defences*), 17.5 (*Immediate recourse*), 17.6 (*Appropriations*), 17.7 (*Deferral of Parent Guarantor's rights*) and 17.8 (*Additional security*) shall apply, with any necessary modifications, to any Security which a Guarantor creates (whether at the time at which it signs this Agreement or at any later time) to secure the Secured Liabilities or any part of them.

## SECTION 8

### REPRESENTATIONS, UNDERTAKINGS AND EVENTS OF DEFAULT

#### 18 REPRESENTATIONS

##### 18.1 General

Each Obligor makes the representations and warranties set out in this Clause 18 (*Representations*) to each Finance Party on the date of this Agreement.

##### 18.2 Status

- (a) Each Obligor (other than GSL) is a limited liability company formed and validly existing and in good standing under the law of its Original Jurisdiction.
- (b) GSL is a corporation incorporated and validly existing and in good standing under the law of its Original Jurisdiction.
- (c) It and each Transaction Obligor has the power to own its assets and carry on its business as it is being conducted.

##### 18.3 LLC shares and ownership

- (a) In the case of the Borrower, the aggregate number of limited liability company interests that it is authorised to issue is 500 LLC Shares, all of which (being 100 per cent. of its limited liability company interests) have been issued to the Member.
- (b) The aggregate number of limited liability company interests that the Parent Guarantor is authorised to issue is 100 LLC Shares, all of which (being 100 per cent. of its limited liability company interests) have been issued to GSL ROME LLC, a Marshall Islands limited liability company.
- (c) GSL is authorised to issue an aggregate of 249,000,000 common shares, each with a par value \$0.01, consisting of:
  - (i) 214,000,000 Class A common shares, \$0.01 per share, of which as of 24 March 2021 36,283,468 shares were issued and outstanding;
  - (ii) 20,000,000 Class B common shares, \$0.01 per share, of which as of 24 March 2021 none were issued and outstanding; and
  - (iii) 15,000,000 Class C common shares, \$0.01 per share, of which as of 24 March 2021 none were issued and outstanding.GSL is authorized to issue an aggregate of 1,000,000 preferred shares, each with a par value of \$0.01, of which as of 24 March 2021:
  - (i) 44,000 Series B Preferred Shares, \$0.01 per share, of which 29,730.8 shares were issued and outstanding; and
  - (ii) 250,000 Series C Preferred Shares, \$0.01 per share, of which as of 24 March 2021 none were issued and outstanding.

(d) The legal title to and beneficial interest in the LLC Shares in the Borrower is held directly by its Member and indirectly (as set out under paragraphs (a) to (c) above) by the Guarantors free of any Security or any other claim, except for Permitted Security.

(e) None of the LLC Shares in the Borrower is subject to any option to purchase, pre-emption rights or similar rights.

#### **18.4 Binding obligations**

The obligations expressed to be assumed by it in each Transaction Document to which it is a party are legal, valid, binding and enforceable obligations.

#### **18.5 Validity, effectiveness and ranking of Security**

(a) Each Finance Document to which it is a party does now or, as the case may be, will upon execution and delivery create, subject to the Legal Reservations and the Perfection Requirements, the Security it purports to create over any assets to which such Security, by its terms, relates, and such Security will, when created or intended to be created, be valid and effective.

(b) No third party has or will have any Security (except for Permitted Security) over any assets that are the subject of any Transaction Security granted by it.

(c) Subject to the Perfection Requirements, the Transaction Security granted by it to the Security Agent or any other Secured Party has or will when created or intended to be created have first ranking priority or such other priority it is expressed to have in the Finance Documents and is not subject to any prior ranking or *pari passu* ranking security.

(d) No concurrence, consent or authorisation of any person is required for the creation of or otherwise in connection with any Transaction Security.

#### **18.6 Non-conflict with other obligations**

The entry into and performance by it of, and the transactions contemplated by, each Transaction Document to which it is a party do not and will not conflict with:

(a) any law or regulation applicable to it;

(b) its constitutional documents; or

(c) any agreement or instrument binding upon it or any of its assets or constitute a default or termination event (however described) under any such agreement or instrument.

#### **18.7 Power and authority**

(a) It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, each Transaction Document to which it is or will be a party and the transactions contemplated by those Transaction Documents.

(b) No limit on its powers will be exceeded as a result of the borrowing, granting of security or giving of guarantees or indemnities contemplated by the Transaction Documents to which it is a party.

**18.8 Validity and admissibility in evidence**

All Authorisations required or desirable:

- (a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party; and
- (b) to make the Transaction Documents to which it is a party admissible in evidence in its Relevant Jurisdictions, have been obtained or effected and are in full force and effect.

**18.9 Governing law and enforcement**

- (a) The choice of governing law of each Transaction Document to which it is a party will be recognised and enforced in its Relevant Jurisdictions.
- (b) Any judgment obtained in relation to a Transaction Document to which it is a party in the jurisdiction of the governing law of that Transaction Document and any arbitral award obtained in relation to a Transaction Document in the seat of that arbitral tribunal as specified in that Transaction Document will be recognised and enforced in its Relevant Jurisdictions.

**18.10 Insolvency**

No:

- (a) corporate action, legal proceeding or other similar legal procedure or similar legal step described in paragraph (a) of Clause 26.8 (*Insolvency proceedings*); or
- (b) creditors' process described in Clause 26.9 (*Creditors' process*),

has been taken or, to its knowledge, threatened in relation to any Transaction Obligor; and none of the circumstances described in Clause 26.7 (*Insolvency*) applies to any Transaction Obligor.

**18.11 No filing or stamp taxes**

Under the laws of its Relevant Jurisdictions it is not necessary that the Finance Documents to which it is a party be registered, filed, recorded, notarised 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 the Finance Documents to which it is a party or the transactions contemplated by those Finance Documents except the registration of the Mortgage at the applicable ship registry of the Republic of Liberia; which registration will be made promptly after the date of the relevant Finance Documents.

**18.12 Deduction of Tax**

It is not required to make any Tax Deduction from any payment it may make under any Finance Document to which it is a party.

**18.13 No default**

- (a) No Event of Default and, on the date of this Agreement and on the Utilisation Date, no Default is continuing or might reasonably be expected to result from the making of the Utilisation or

the entry into, the performance of, or any transaction contemplated by, any Transaction Document.

- (b) No other event or circumstance is outstanding which constitutes a default or a termination event (however described) under any other agreement or instrument which is binding on it or to which its assets are subject.

**18.14 No misleading information**

- (a) Any factual information provided by any member of the Group for the purposes of this Agreement was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.
- (b) The financial projections contained in any such information have been prepared on the basis of recent historical information and on the basis of reasonable assumptions.
- (c) Nothing has occurred or been omitted from any such information and no information has been given or withheld that results in any such information being untrue or misleading in any material respect.

**18.15 Financial Statements**

- (a) The Original Financial Statements were prepared in accordance with GAAP consistently applied.
- (b) The Original Financial Statements give a true and fair view of its financial condition as at the end of the relevant financial year and its results of operations during the relevant financial year.
- (c) There has been no material adverse change in its assets, business or financial condition (or the assets, business or consolidated financial condition of the Group) since 31 December 2020.
- (d) Its most recent financial statements delivered pursuant to Clause 19.2 (*Financial statements*):
  - (i) have been prepared in accordance with Clause 19.4 (*Requirements as to financial statements*); and
  - (ii) fairly present its financial condition as at the end of the relevant financial year and operations during the relevant financial year (consolidated in the case of the Parent Guarantor).
- (e) Since the date of the most recent financial statements delivered pursuant to Clause 19.2 (*Financial statements*) there has been no material adverse change in its business, assets or financial condition (or the business or consolidated financial condition of the Group, in the case of the Parent Guarantor).

**18.16 Pari passu ranking**

Its payment obligations under the Finance Documents to which it is a party rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

**18.17 No proceedings pending or threatened**

- (a) No litigation, arbitration or administrative proceedings or investigations (including proceedings or investigations relating to any alleged or actual breach of the ISM Code or of the ISPS Code) of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a Material Adverse Effect have (to the best of its knowledge and belief (having made due and careful enquiry)) been started or threatened against it or any other Transaction Obligor.
- (b) No judgment or order of a court, arbitral tribunal or other tribunal or any order or sanction of any governmental or other regulatory body which might reasonably be expected to have a Material Adverse Effect has (to the best of its knowledge and belief (having made due and careful enquiry)) been made against it or any other Transaction Obligor.

**18.18 Valuations**

- (a) All information supplied by it or on its behalf to an Approved Valuer for the purposes of a valuation delivered to the Facility Agent in accordance with this Agreement was true and accurate as at the date it was supplied or (if appropriate) as at the date (if any) at which it is stated to be given.
- (b) It has not omitted to supply any information to an Approved Valuer which, if disclosed, would adversely affect any valuation prepared by such Approved Valuer.
- (c) There has been no change to the factual information provided pursuant to paragraph (a) above in relation to any valuation between the date such information was provided and the date of that valuation which, in either case, renders that information untrue or misleading in any material respect.

**18.19 No breach of laws**

It has not breached any applicable law or regulation which breach has a Material Adverse Effect.

**18.20 Initial Charter**

The Ship is subject to the Initial Charter and has been delivered to the Initial Charterer.

**18.21 Compliance with Environmental Laws**

All Environmental Laws relating to the ownership, operation and management of the Ship and, to the best of each Obligor's knowledge, the business of each other Transaction Obligor (as now conducted and as reasonably anticipated to be conducted in the future) and the terms of all Environmental Approvals have been complied with.

**18.22 No Environmental Claim**

No Environmental Claim has been made or threatened against any member of the Group or any Ship which is reasonably expected to have a Material Adverse Effect.

**18.23 No Environmental Incident**

No Environmental Incident has occurred and no person has claimed that an Environmental Incident has occurred which is reasonably expected to have a Material Adverse Effect.

**18.24 ISM and ISPS Code compliance**

All requirements of the ISM Code and the ISPS Code as they relate to the Borrower, the Approved Technical Manager and the Ship have been complied with.

**18.25 Taxes paid**

- (a) It is not and (to the best of its knowledge and belief (having made due and careful enquiry)) no other Transaction Obligor is materially overdue in the filing of any Tax returns and it is not (and to the best of its knowledge and belief (having made due and careful enquiry)) and no other Transaction Obligor is overdue in the payment of any amount in respect of Tax 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 and (iii) such payment can be lawfully withheld and failure to file such returns or pay those Taxes does not have a Material Adverse Effect.
- (b) No claims or investigations are being, made or conducted against it (or (to the best of its knowledge and belief (having made due and careful enquiry)) against any other Transaction Obligor) with respect to Taxes.

**18.26 Financial Indebtedness**

No Obligor (other than GSL) has any Financial Indebtedness outstanding other than Permitted Financial Indebtedness.

**18.27 Overseas companies**

No Obligor has delivered particulars, whether in its name stated in the Finance Documents or any other name, of any UK Establishment to the Registrar of Companies as required under the Overseas Regulations or, if it has so registered, it has provided to the Facility Agent sufficient details to enable an accurate search against it to be undertaken by the Lenders at the Companies Registry.

**18.28 Good title to assets**

It has good, valid and marketable title to, or valid leases or licences of, and all appropriate Authorisations to use, the assets necessary to carry on its business as presently conducted.

**18.29 Ownership**

- (a) The Borrower is the sole legal and beneficial owner of the Ship, the Earnings and the Insurances.
- (b) With effect on and from the date of its creation or intended creation, each Transaction Obligor will be the sole legal and beneficial owner of any asset that is the subject of any Transaction Security created or intended to be created by such Transaction Obligor.

- (c) The constitutional documents of each Transaction Obligor do not and could not restrict or inhibit any transfer of the LLC Shares of the Borrower on creation or enforcement of the security conferred by the Security Documents.

**18.30 Centre of main interests and establishments**

For the purposes of The Council of the European Union Regulation No. 2015/848 on Insolvency Proceedings (recast) (the “Regulation”), its centre of main interest (as that term is used in Article 3(1) of the Regulation) is situated in Greece and it has no “establishment” (as that term is used in Article 2(10) of the Regulation) in any other jurisdiction.

**18.31 Place of business**

- (a) No Obligor has a place of management of its business in any country other than Greece.
- (b) The Borrower is not a tax resident in the Republic of the Marshall Islands or any other jurisdiction and it is liable to pay Greek tonnage tax in respect of the Ship as long as the Ship is managed by an Approved Manager whose place of management of its business is Greece.

**18.32 No employee or pension arrangements**

No Obligor has any employees or any liabilities under any pension scheme.

**18.33 No immunity**

No Obligor nor any of its respective assets are entitled to immunity on the grounds of sovereignty or otherwise from any legal action or proceedings (which shall include, without limitation, suit, attachment prior to judgment, execution or other enforcement).

**18.34 Sanctions Representations**

- (a) No Transaction Obligor or Approved Manager:
- (i) is a Prohibited Person;
  - (ii) is owned or controlled by or acting directly or indirectly on behalf of or for the benefit of, a Prohibited Person;
  - (iii) owns or controls a Prohibited Person; or
  - (iv) has a Prohibited Person serving as a director, officer or, to the best of its knowledge, employee.
- (b) Each Transaction Obligor and Approved Manager has instituted and maintains policies and/or internal procedures designed to prevent violation of Sanctions.
- (c) No proceeds of the Loan shall be made available, directly or indirectly, to or for the benefit of a Prohibited Person nor shall they be otherwise directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions.

**18.35 Validity and completeness of the Initial Charter**

- (a) The Initial Charter constitutes legal, valid, binding and enforceable obligations of the Borrower.

- (b) The copy of the Initial Charter delivered to the Facility Agent before the date of this Agreement is a true and complete copy.
- (c) No amendments or additions to the Initial Charter have been agreed save as otherwise disclosed to the Facility Agent prior to the execution of this Agreement nor has the Borrower waived any of its rights under the Initial Charter.

**18.36 Anti-bribery, anti-corruption and anti-money laundering**

No Transaction Obligor nor any of their Subsidiaries, directors or officers, or, to the best of their knowledge, any affiliate, agent or employee of them, has engaged in any activity or conduct which would violate any applicable anti-bribery, anti-corruption or anti-money laundering laws, regulations or rules in any applicable jurisdiction (including, without limitation, the US Foreign Corrupt Practices Act of 1977, as amended) and each Transaction Obligor has instituted and maintain policies and/or internal procedures designed to prevent violation of such laws, regulations and rules.

**18.37 Ship status**

The Ship is:

- (a) registered in the name of the Borrower under the laws and flag of the Approved Flag;
- (b) operationally seaworthy and in every way fit for service;
- (c) classed with the relevant Approved Classification free of all overdue requirements and recommendations of the relevant Approved Classification Society affecting class; and
- (d) insured in the manner required by the Finance Documents.

**18.38 Repetition**

The Repeating Representations are deemed to be made by each Obligor by reference to the facts and circumstances then existing on the date of the Utilisation Request and the first day of each Interest Period.

**19 INFORMATION UNDERTAKINGS**

**19.1 General**

The undertakings in this Clause 19 (*Information Undertakings*) remain in force throughout the Security Period unless the Facility Agent, acting with the authorisation of the Majority Lenders (or, where specified, all the Lenders), may otherwise permit.

**19.2 Financial statements**

The Parent Guarantor shall supply to the Facility Agent in sufficient copies for all the Lenders:

- (a) as soon as they become available, but in any event within 180 days after the end of each of its respective financial years its unaudited consolidated financial statements for that financial year;

- (b) as soon as the same become available, but in any event within 90 days after the end of each half of each of its respective financial years its unaudited consolidated financial statements for that financial half- year; and
- (c) as soon as they become publicly available, quarterly and annual financial statements of GSL prepared in accordance with NYSE rules (as shown and available in the website of GSL).

### **19.3 Compliance Certificate**

- (a) The Parent Guarantor shall (or shall procure that GSL shall) supply to the Facility Agent, together with each set of financial statements delivered pursuant to of paragraph (b) of Clause 19.2 (*Financial statements*) as the case may be, a Compliance Certificate setting out (in reasonable detail) computations as to compliance with Clause 20 (*Financial Covenants*) as at the date at which those financial statements were drawn up.
- (b) Each Compliance Certificate shall be signed by the chief financial officer of GSL.

### **19.4 Requirements as to financial statements**

- (a) Each set of financial statements delivered by the Parent Guarantor pursuant to Clause 19.2 (*Financial statements*) shall be certified by an officer of the Parent Guarantor as giving a true and fair view (if audited) or fairly representing (if unaudited) its financial condition and operations as at the date as at which those financial statements were drawn up.
- (b) The Obligors shall procure that each set of financial statements delivered pursuant to Clause 19.2 (*Financial statements*) is prepared using GAAP, 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, they notify the Facility Agent that there has been a change in GAAP, the accounting practices or reference periods and the auditors of the Parent Guarantor deliver to the Facility Agent:
  - (i) a description of any change necessary for those financial statements to reflect the GAAP, accounting practices and reference periods upon which the Original Financial Statements were prepared; and
  - (ii) sufficient information, in form and substance as may be reasonably required by the Facility Agent, to enable the Lenders to determine whether Clause 20 (*Financial Covenants*) has been complied with and make an accurate comparison between the financial position indicated in those financial statements and the Original Financial Statements.

Any reference in this Agreement to those 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.

### **19.5 Information: miscellaneous**

Each Obligor shall and shall procure that each other Transaction Obligor shall supply to the Facility Agent (in sufficient copies for all the Lenders, if the Facility Agent so requests):

- (a) all documents relevant to this Agreement which are dispatched by it to its members (or any class of them) or its creditors upon request of the Facility Agent;

- (b) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings or investigations (including proceedings or investigations relating to any alleged or actual breach of the ISM Code or of the ISPS Code) which are current, threatened or pending against any member of the Group, and which might, if adversely determined, have a Material Adverse Effect;
- (c) promptly upon becoming aware of them, the details of any judgment or order of a court, arbitral body or agency which is made against any member of the Group and which might have a Material Adverse Effect;
- (d) promptly, its constitutional documents where these have been amended or varied;
- (e) promptly, such further information and/or documents regarding:
  - (i) the Ship, goods transported on the Ship, the Earnings and the Insurances;
  - (ii) the Security Assets;
  - (iii) compliance of the Transaction Obligors with the terms of the Finance Documents;
  - (iv) the financial condition, business and operations of any other Transaction Obligor;
  - (v) the Initial Charter,
 as any Finance Party (through the Facility Agent) may reasonably request; and
- (f) promptly, such further information and/or documents as any Finance Party (through the Facility Agent) may reasonably request so as to enable such Finance Party to comply with any laws applicable to it or as may be required by any regulatory authority.

#### **19.6 Notification of Default**

- (a) Each Obligor shall, and shall procure that each other Transaction Obligor shall, notify the Facility Agent of any Default and provide an early indication thereof if such Default becomes manifest that the financial covenants set out in Clause 20 (*Financial Covenants*) may not be met (and the steps, if any, being taken to remedy each of them) promptly upon becoming aware of such occurrence (unless that Obligor is aware that a notification has already been provided by another Obligor).
- (b) Promptly upon a request by the Facility Agent, each Obligor shall supply to the Facility Agent a certificate signed by an officer on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

#### **19.7 Notification of litigation**

- (a) The Obligors will provide the Facility Agent with details of any legal action (i) involving any Obligor and any other Transaction Obligor as soon as such action is instituted and (ii) on becoming aware of the same, involving any Approved Technical Manager, or the Ship, its Earnings, its Insurances unless in each case it is clear that the legal action could not reasonably be expected to have a Material Adverse Effect if adversely determined.
- (b) The Obligors shall and shall procure that any other Transaction Obligor shall supply to the Facility Agent promptly, to the extent permitted by law, details of any claim, action, suit,

proceedings or investigation against it with respect to Sanctions by any Sanctions Authority (in sufficient copies for all the Lenders, if the Facility Agent so requests).

## **19.8 Use of websites**

(a) Each Obligor may satisfy its obligation under the Finance Documents to which it is a party to deliver any information in relation to those Lenders (the “**Website Lenders**”) which accept this method of communication by posting this information onto an electronic website designated by the Borrower and the Facility Agent (the “**Designated Website**”) if:

- (i) the Facility Agent expressly agrees (after consultation with each of the Lenders) that it will accept communication of the information by this method;
- (ii) both the relevant Obligor and the Facility 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 relevant Obligor and the Facility Agent.

If any Lender (a “**Paper Form Lender**”) does not agree to the delivery of information electronically then the Facility Agent shall notify the Obligors accordingly and each Obligor shall supply the information to the Facility Agent (in sufficient copies for each Paper Form Lender) in paper form. In any event each Obligor shall supply the Facility Agent with at least one copy in paper form of any information required to be provided by it.

(b) The Facility 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 Obligors or any of them and the Facility Agent.

(c) An Obligor shall promptly upon becoming aware of its occurrence notify the Facility 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) if that Obligor 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 an Obligor notifies the Facility Agent under sub-paragraph (i) or (v) of paragraph (c) above, all information to be provided by the Obligors under this Agreement after the date of that notice shall be supplied in paper form unless and until the Facility 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 Facility Agent, one paper copy of any information required to be provided under this Agreement which is posted onto the Designated Website. The Obligors shall comply with any such request within 10 Business Days.

#### **19.9 “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 a Transaction Obligor (or of a Holding Company of a Transaction Obligor) (including, without limitation, a change of ownership of a Transaction Obligor or of a Holding Company of a Transaction Obligor) after the date of this Agreement; or
- (iii) a proposed assignment or transfer by a Lender of any of its rights and obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges a Finance Party (or, in the case of sub 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 any Finance Party supply, or procure the supply of, such documentation and other evidence as is reasonably requested by a Servicing Party (for itself or on behalf of any other Finance Party) or any Lender (for itself or, in the case of the event described in sub-paragraph (iii) above, on behalf of any prospective new Lender) in order for such Finance Party or, in the case of the event described in sub-paragraph (iii) above, any prospective new Lender to carry out and be satisfied it has complied with 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 Lender shall promptly upon the request of a Servicing Party supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Servicing Party (for itself) in order for that Servicing Party to carry out and be satisfied it has complied with 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**

##### **20.1 Parent Guarantor’s financial covenants**

The Parent Guarantor shall, on each Testing Date and throughout the Security Period, comply with the following covenants:

(a) Minimum net worth

The Net Worth of the Parent Guarantor shall not be less than \$50,000,000.

(b) Value Adjusted Leverage Ratio

The Value Adjusted Leverage Ratio shall not exceed 75 per cent.

(c) Liquidity Covenant

The Consolidated Liquidity of the Parent Guarantor shall, on each Testing Date, be equal to the higher of (i) \$6,650,000 and (ii) the product of \$350,000 and the number of Fleet Vessels (other than the Ship) owned by the Subsidiaries of the Parent Guarantor at that time.

#### **20.2 Borrower's minimum liquidity**

The Borrower shall ensure that from the date of this Agreement and at all times throughout the Security Period an amount of not less than \$500,000 is standing to the credit of the Earnings Account.

#### **20.3 GSL minimum liquidity and most favoured nations**

At all times during the Security Period, GSL shall:

- (a) maintain minimum liquidity in an amount of \$20,000,000 or a lesser minimum liquidity amount (if agreed by all the Lenders); and
- (b) ensure that the Finance Parties shall receive no less favourable treatment under this Agreement in relation to any financial covenant relating to it, than any financial covenant provided or to be provided under any credit, loan facility or indenture agreement (or guarantee thereof) creating Financial Indebtedness to which GSL is a party (or by way of amendment or supplement to that credit, loan facility or indenture agreement (or guarantee thereof)) or any agreement creating Financial Indebtedness to refinance or otherwise substitute any existing Financial Indebtedness of, or guarantee by, GSL.

Notwithstanding paragraph (b) above, GSL shall promptly advise the Facility Agent of those arrangements and covenants in advance and shall, upon the Facility Agent's request (acting on the instructions of the Majority Lenders), enter into such documentation which amends and supplements this Agreement and the other Finance Documents, as the Majority Lenders may require in order to achieve parity with the creditors under the relevant financing of GSL.

#### **20.4 Compliance Check**

Compliance with the undertakings contained in this Clause 20 (*Financial Covenants*) shall be determined on each Testing Date and evidenced by the Compliance Certificate.

### **21 GENERAL UNDERTAKINGS**

#### **21.1 General**

The undertakings in this Clause 21 (*General Undertakings*) remain in force throughout the Security Period except as the Facility Agent, acting with the authorisation of the Majority Lenders (or, where specified, all the Lenders) may otherwise permit (and in the case of Clause 21.12 (*Disposals*), 21.13 (*Merger*), 21.15 (*Financial Indebtedness*), 21.19 (*Other transactions*), 21.22 (*No amendment to Initial Charter*), such permission not to be unreasonably withheld).

#### **21.2 Authorisations**

Each Obligor shall, and shall procure that each other Transaction 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 Facility Agent of,  
any Authorisation required under any law or regulation of a Relevant Jurisdiction or the state of the Approved Flag at any time of the Ship to enable it to:
- (i) perform its obligations under the Transaction Documents to which it is a party;
  - (ii) ensure the legality, validity, enforceability or admissibility in evidence in any Relevant Jurisdiction or in the state of the Approved Flag at any time of the Ship, of any Transaction Document to which it is a party; and
  - (iii) own and operate the Ship (in the case of the Borrower).

### **21.3 Compliance with laws**

Each Obligor shall, and shall procure that each other Transaction Obligor will, comply in all respects with all laws (including, without limitation, Sanctions) and regulations to which it may be subject.

### **21.4 Environmental compliance**

Each Obligor shall, and shall procure that each other Transaction Obligor will:

- (a) comply with all Environmental Laws;
- (b) obtain, maintain and ensure compliance with all requisite Environmental Approvals;
- (c) implement procedures to monitor compliance with and to prevent liability under any Environmental Law, where failure to do so has a Material Adverse Effect.

### **21.5 Environmental Claims**

Each Obligor shall, and shall procure that each other Transaction Obligor will, promptly upon becoming aware of the same, inform the Facility Agent in writing of:

- (a) any Environmental Claim against any Transaction Obligor which is current, pending or threatened; and
- (b) any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against any Transaction Obligor, where the claim, if determined against that Transaction Obligor, has a Material Adverse Effect.

### **21.6 Taxation**

- (a) Each Obligor shall, and shall procure that each other Transaction Obligor will, pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that:

- (i) such payment is being contested in good faith;

- (ii) adequate reserves are maintained for those Taxes and the costs required to contest them and both have been disclosed in its latest financial statements delivered to the Facility Agent under Clause 19.2 (*Financial statements*); and
- (iii) such payment can be lawfully withheld.

(b) No Obligor shall and the Obligors shall procure that no other Transaction Obligor will, change its residence for Tax purposes.

**21.7 Overseas companies**

Each Obligor shall, and shall procure that each other Transaction Obligor will, promptly inform the Facility Agent if it delivers to the Registrar particulars required under the Overseas Regulations of any UK Establishment and it shall comply with any directions given to it by the Facility Agent regarding the recording of any Transaction Security on the register which it is required to maintain under The Overseas Companies (Execution of Documents and Registration of Charges) Regulations 2009.

**21.8 No change to centre of main interests**

No Obligor shall change the location of its centre of main interest (as that term is used in Article 3(1) of the Regulation) from that stated in relation to it in Clause 18.30 (*Centre of main interests and establishments*) and it will create no “**establishment**” (as that term is used in Article 2(10) of the Regulation) in any other jurisdiction.

**21.9 Pari passu ranking**

Each Obligor shall, and shall procure that each other Transaction Obligor will, ensure that at all times any unsecured and unsubordinated claims of a Finance Party against it under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies.

**21.10 Title**

(a) With effect from the Utilisation Date, the Borrower shall hold the legal title to, and own the entire beneficial interest in the Ship, the Earnings and the Insurances free from any Existing Security.

(b) With effect on and from its creation or intended creation, each Obligor shall hold the legal title to, and own the entire beneficial interest in any other assets which are the subject of any Transaction Security created or intended to be created by such Obligor.

**21.11 Negative pledge**

(a) No Obligor shall create or permit to subsist any Security over any of its assets which are the subject of the Security created or intended to be created by the Finance Documents.

(b) The Borrower shall not:

- (i) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by a Transaction Obligor;

- (ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms;
- (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) Paragraphs (a) and (b) above do not apply to any Permitted Security.

#### **21.12 Disposals**

- (a) The Borrower shall not enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset (including without limitation the Ship, the Earnings or the Insurances).
- (b) Paragraph (a) above does not apply to any Charter as all Charters are subject to Clause 23.14 (*Restrictions on chartering, appointment of managers etc.*) or to a sale of the Ship provided the Borrower complies with the prepayment obligations of Clause 7 (*Prepayment and Cancellation*) and the provisions of Clause 7.3 (*Mandatory prepayment on sale or Total Loss*).

#### **21.13 Merger**

No Obligor shall enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction (for the purposes of this Clause 21.13 (*Merger*), each “**a process**”) **provided that** in the case of GSL, such process is permitted without restrictions so long as (i) GSL remains the surviving entity of any such process, (ii) no Default has occurred at the relevant time or would be triggered as a result of such process and (iii) such process does not have a Material Adverse Effect.

#### **21.14 Change of business**

- (a) The Parent Guarantor shall procure that no substantial change is made to the general nature of its business or the Group from that carried on at the date of this Agreement.
- (b) The Borrower shall not engage in any business other than the ownership and operation of the Ship.

#### **21.15 Financial Indebtedness**

The Borrower shall not incur or permit to be outstanding any Financial Indebtedness except Permitted Financial Indebtedness.

#### **21.16 Expenditure**

The Borrower shall not incur any expenditure, except for expenditure reasonably incurred in the ordinary course of owning, operating, chartering, maintaining and repairing the Ship.

#### **21.17 LLC interests**

The Borrower shall not:

- (a) purchase, cancel or redeem any of its LLC Shares;
- (b) issue any further LLC Shares, except to its Member or the Parent Guarantor as per Clause 18.3 and provided such LLC Shares are issued subject to the terms of the Shares Security immediately upon the issuance of such LLC Shares in a manner satisfactory to the Facility Agent and in compliance with the terms of the Shares Security; or
- (c) appoint any further officer of the Borrower (unless in accordance with the provisions of the Shares Security).

**21.18 Dividends**

- (a) The Borrower may declare and make a Dividend Payment only if (i) no Event of Default has occurred and is continuing and (ii) the asset cover ratio determined pursuant to Clause 24.1 (*Minimum required security cover*) is at the relevant time not less than 140 per cent.
- (b) The Parent Guarantor may make a Dividend Payment only if all of the following conditions have been met to the satisfaction of the Facility Agent:
  - (i) the covenants relevant to it as set out in Clause 20 (*Financial Covenants*) are all complied with; and
  - (ii) no Event of Default has occurred and is continuing under this Agreement and under any other loan facility agreement to which it is a party (in any capacity, including, but not limited to, as guarantor).
- (c) GSL may make a Dividend Payment only if all of the following conditions have been met to the satisfaction of the Facility Agent:
  - (i) the covenants relevant to it as set out in Clause 20 (*Financial Covenants*) are all complied with; and
  - (ii) no Event of Default has occurred and is continuing under this Agreement or no event of default or termination event has occurred and is continuing under any other credit, loan facility or indenture agreement (or guarantee thereof) to which it is a party (in any capacity, including, but not limited to, as guarantor).
- (d) For the avoidance of doubt, the Dividend Payments allowed to be made pursuant to paragraphs (a) and (b) above shall be made quarterly per year.

**21.19 Other transactions**

The Borrower will not:

- (a) be the creditor in respect of any loan or any form of credit to any person other than where such loan or form of credit is Permitted Financial Indebtedness;
- (b) give or allow to be outstanding any guarantee or indemnity to or for the benefit of any person in respect of any obligation of any other person or enter into any document under which the Borrower assumes any liability of any other person other than (i) any guarantee or indemnity given under the Finance Documents or (ii) any guarantee or indemnity issued in the ordinary course of its business of operating, trading and chartering the Ship;

- (c) enter into any material agreement other than:
  - (i) the Transaction Documents;
  - (ii) any other agreement expressly allowed under any other term of this Agreement; and
- (d) enter into any transaction on terms which are, in any respect, less favourable to the Borrower than those which it could obtain in a bargain made at arms' length; or
- (e) acquire any shares or other securities other than US or UK Treasury bills and certificates of deposit issued by major North American or European banks.

**21.20 Unlawfulness, invalidity and ranking; Security imperilled**

No Obligor shall do (or fail to do) or cause or permit another person to do (or omit to do) anything which is likely to:

- (a) make it unlawful for a Transaction Obligor to perform any of its obligations under the Transaction Documents;
- (b) cause any obligation of a Transaction Obligor under the Transaction Documents to cease to be legal, valid, binding or enforceable;
- (c) cause any Transaction Document to cease to be in full force and effect;
- (d) cause any Transaction Security to rank after, or lose its priority to, any other Security; and
- (e) imperil or jeopardise the Transaction Security.

**21.21 Further assurance**

- (a) Each Obligor shall, and shall procure that each other Transaction Obligor will, promptly, and in any event within the time period specified by the Security Agent do all such acts (including procuring or arranging any registration, notarisation or authentication or the giving of any notice) or execute or procure execution of all such documents (including assignments, transfers, mortgages, charges, notices, instructions, acknowledgments, proxies and powers of attorney), as the Security Agent may specify (and in such form as the Security Agent may require in favour of the Security Agent or its nominee(s)):
  - (i) to create, perfect, vest in favour of the Security Agent or protect the priority of the Security or any right of any kind created or intended to be created under or evidenced by the Finance 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 Transaction Security) or for the exercise of any rights, powers and remedies of any of the Secured Parties provided by or pursuant to the Finance Documents or by law;
  - (ii) to confer on the Security Agent or confer on the Secured Parties Security over any property and assets of that Transaction Obligor located in any jurisdiction equivalent or similar to the Security intended to be conferred by or pursuant to the Finance Documents;

- (iii) to facilitate or expedite the realisation and/or sale of, the transfer of title to or the grant of, any interest in or right relating to the assets which are, or are intended to be, the subject of the Transaction Security or to exercise any power specified in any Finance Document in respect of which the Security has become enforceable; and/or
  - (iv) to enable or assist the Security Agent to enter into any transaction to commence, defend or conduct any proceedings and/or to take any other action relating to any item of the Security Property.
- (b) Each Obligor shall, and shall procure that each other Transaction Obligor will, 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 conferred or intended to be conferred on the Security Agent or the Secured Parties by or pursuant to the Finance Documents.
- (c) At the same time as an Obligor delivers to the Security Agent any document executed by itself or another Transaction Obligor pursuant to this Clause 21.21 (*Further assurance*), that Obligor shall deliver, or shall procure that such other Transaction Obligor will deliver, to the Security Agent a certificate signed by one of that Obligor's or Transaction Obligor's officers which shall:
- (i) set out the text of a resolution of that Obligor's or Transaction Obligor's directors or members, as applicable, specifically authorising the execution of the document specified by the Security Agent; and
  - (ii) state that either the resolution was duly passed at a meeting of the directors or members, as applicable, validly convened and held, throughout which a quorum of directors or members, as applicable, entitled to vote on the resolution was present, or that the resolution has been signed by all the directors or members and is valid under that Obligor's or Transaction Obligor's articles of association, limited liability company agreement or other constitutional documents.

#### **21.22 No amendment to the Initial Charter**

The Borrower will not agree to any material amendment or supplement to, or waive or fail to enforce, the Initial Charter or any of its provisions (and, without limitation, any reduction to the charter hire rate or to the fixed duration of the Initial Charter (without taking into account any optional extensions), shall be considered a material amendment for the purposes of this Clause 21.22 (*No amendments to the Initial Charter*)) **provided that** the Borrower is permitted at any time to enter into an extension of the Initial Charter so long as it is on the same, or more favourable to the Borrower, terms and conditions without material amendments relating to the Borrower's rights under the Initial Charter.

#### **21.23 Sanctions Undertakings**

- (a) Each Obligor undertakes that it shall, and the Parent Guarantor shall procure that each member of the Group will, comply with all Sanctions.
- (b) No Obligor shall, and the Parent Guarantor shall procure that no member of the Group shall, become a Prohibited Person or act on behalf of, or as an agent of, a Prohibited Person.
- (c) Each Obligor shall procure, and the Parent Guarantor shall procure that each member of the Group shall procure, that no proceeds from any activity or dealing with a Prohibited Person are credited to any bank account held with any Finance Party or any Affiliate of a Finance Party.

- (d) Each Obligor shall, and the Parent Guarantor shall procure that each member of the Group will, to the extent permitted by law, promptly upon becoming aware of them supply to the Facility Agent details of any claim, action, suit, proceedings or investigation against it with respect to Sanctions by any Sanctions Authority.
- (e) No Obligor shall, and the Parent Guarantor shall procure that no member of the Group will, use any revenue or benefit derived from any activity or dealing with a Prohibited Person in discharging any obligation due or owing to the Finance Parties.

#### **21.24 Use of proceeds**

No Obligor shall, and the Parent Guarantor shall procure that no other member of the Group shall, directly or indirectly, use, lend, contribute or otherwise make available any proceeds of the Loan or other transaction contemplated by this Agreement for the purpose of financing any trade, business or other activities with any Prohibited Person.

#### **21.25 EU Anti-Blocking**

- (a) Any provision of this Agreement relating to Sanctions, including, without limitation, the provisions provided in Clause 18.34 (*Suavis Repiesenlalions*), Clause 21.23 (*Sanctions Undertakings*) or Clause 23.20 (*Sanctions and Ship trading*), shall not apply to or in favour of any Finance Party that is incorporated in Germany or otherwise notifies the Facility Agent to this effect if and to the extent that it would result in a breach, by or in respect of that person, of any applicable Blocking Law.
- (b) For the purposes of this Clause 21.25 (*EU Anti- Blocking*), “Blocking Law” means:
  - (i) 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);
  - (ii) section 7 of the German Foreign Trade Regulation (*Augenwirtschaftsverordnung*); or
  - (iii) any similar blocking or anti-boycott law in the United Kingdom.
- (c) Solely for purposes of making any determination, decision or direction pursuant to any Finance Document regarding a breach of this Agreement relating to Sanctions, the Commitments and Loans of all Lenders that are subject to the anti-blocking provisions of subclause (a) of this Clause 21.25 (*EU Anti- Blocking*), shall be treated as if they were \$0.

### **22 INSURANCE UNDERTAKINGS**

#### **22.1 General**

The undertakings in this Clause 22 (*Insurance Undertakings*) remain in force from the date of this Agreement throughout the rest of the Security Period except as the Facility Agent, acting with the authorisation of the Majority Lenders (or, where specified, all the Lenders) may otherwise permit (and in the case of paragraph (a) of Clause 22.13 (*Settlement of claims*) such permission not to be unreasonably withheld).

#### **22.2 Maintenance of obligatory insurances**

The Borrower shall keep the Ship insured at its expense against:

- (a) fire and usual marine risks (including hull and machinery and excess risks);
- (b) war risks;
- (c) protection and indemnity risks; and
- (d) any other risks against which the Facility Agent acting on the instructions of the Majority Lenders considers, having regard to practices and other circumstances prevailing at the relevant time, it would be reasonable for the Borrower to insure and which are specified by the Facility Agent by notice to the Borrower.

### 22.3 **Terms of obligatory insurances**

The Borrower shall effect such insurances:

- (a) in dollars;
- (b) in the case of fire and usual marine risks and war risks, in an amount on an agreed value basis at least the greater of:
  - (i) an amount which is equal to 120 per cent. of the Loan; and
  - (ii) the Market Value of the Ship;
- (c) in the case of oil pollution liability risks, for an aggregate amount equal to the highest level of cover from time to time available under basic protection and indemnity club entry;
- (d) in the case of protection and indemnity risks, in respect of the full tonnage of the Ship;
- (e) on approved terms; and
- (f) through Approved Brokers and with approved insurance companies and/or underwriters or, in the case of war risks and protection and indemnity risks, in approved war risks and protection and indemnity risks associations.

### 22.4 **Further protections for the Finance Parties**

In addition to the terms set out in Clause 22.3 (*Terms of obligatory insurances*), the Borrower shall procure that the obligatory insurances effected by it shall:

- (a) subject always to paragraph (b), name the Borrower as the sole named insured unless the interest of every other named insured is limited:
  - (i) in respect of any obligatory insurances for hull and machinery and war risks;
    - (A) to any provable out-of-pocket expenses that it has incurred and which form part of any recoverable claim on underwriters; and
    - (B) to any third party liability claims where cover for such claims is provided by the policy (and then only in respect of discharge of any claims made against it); and

- (ii) in respect of any obligatory insurances for protection and indemnity risks, to any recoveries it is entitled to make by way of reimbursement following discharge of any third party liability claims made specifically against it;

and every other named insured has undertaken in writing to the Security Agent (in such form as it requires) that any deductible shall be apportioned between the Borrower and every other named insured in proportion to the gross claims made or paid by each of them and that it shall do all things necessary and provide all documents, evidence and information to enable the Security Agent to collect or recover any moneys which at any time become payable in respect of the obligatory insurances;

- (b) whenever the Facility Agent requires, name (or be amended to name) the Security Agent as additional named insured for its rights and interests, warranted no operational interest and with full waiver of rights of subrogation against the Security Agent, but without the Security Agent being liable to pay (but having the right to pay) premiums, calls or other assessments in respect of such insurance;
- (c) name the Security Agent as loss payee with such directions for payment as the Facility Agent may specify;
- (d) provide that all payments by or on behalf of the insurers under the obligatory insurances to the Security Agent shall be made without set off, counterclaim or deductions or condition whatsoever;
- (e) provide that the obligatory insurances shall be primary without right of contribution from other insurances which may be carried by the Security Agent or any other Finance Party; and
- (f) provide that the Security Agent may make proof of loss if the Borrower fails to do so.

**22.5 Renewal of obligatory insurances**

The Borrower shall:

- (a) at least 10 days before the expiry of any obligatory insurance effected by it:
  - (i) notify the Facility Agent of the Approved Brokers (or other insurers) and any protection and indemnity or war risks association through or with which it proposes to renew that obligatory insurance and of the proposed terms of renewal; and
  - (ii) obtain the Facility Agents' approval to the matters referred to in sub-paragraph (i) above;
- (b) at least 5 days before the expiry of any obligatory insurance, renew that obligatory insurance in accordance with the Facility Agent's approval pursuant to paragraph (a) above; and
- (c) procure that the Approved Brokers and/or the approved war risks and protection and indemnity associations with which such a renewal is effected shall promptly after the renewal notify the Facility Agent in writing of the terms and conditions of the renewal.

**22.6 Copies of policies; letters of undertaking**

The Borrower shall ensure that the Approved Brokers provide the Security Agent with:

- (a) *pro forma* copies of all policies relating to the obligatory insurances which they are to effect or renew; and
- (b) a letter or letters or undertaking in a form required by the Facility Agent and including undertakings by the Approved Brokers that:
  - (i) they will have endorsed on each policy, immediately upon issue, a loss payable clause and a notice of assignment complying with the provisions of Clause 22.4 (*Further protections for the Finance Parties*);
  - (ii) they will hold such policies, and the benefit of such insurances, to the order of the Security Agent in accordance with such loss payable clause;
  - (iii) they will advise the Security Agent immediately of any material change to the terms of the obligatory insurances;
  - (iv) they will, if they have not received notice of renewal instructions from the Borrower or its agents, notify the Security Agent not less than 14 days before the expiry of the obligatory insurances;
  - (v) if they receive instructions to renew the obligatory insurances, they will promptly notify the Facility Agent of the terms of the instructions;
  - (vi) they will not set off against any sum recoverable in respect of a claim relating to the Ship under such obligatory insurances any premiums or other amounts due to them or any other person whether in respect of the Ship or otherwise, they waive any lien on the policies, or any sums received under them, which they might have in respect of such premiums or other amounts and they will not cancel such obligatory insurances by reason of non-payment of such premiums or other amounts;
  - (vii) they will provide notice for any cancellation of policies within the time line standard for industry guidelines; and
  - (viii) they will arrange for a separate policy to be issued in respect of the Ship forthwith upon being so requested by the Facility Agent.

**22.7 Copies of certificates of entry**

The Borrower shall ensure that any protection and indemnity and/or war risks associations in which the Ship is entered provide the Security Agent with:

- (a) a certified copy of the certificate of entry for the Ship;
- (b) a letter or letters of undertaking in such form as may be required by the Facility Agent acting on the instructions of the Majority Lenders; and
- (c) a certified copy of each certificate of financial responsibility for pollution by oil or other Environmentally Sensitive Material issued by the relevant certifying authority in relation to the Ship.

**22.8 Deposit of original policies**

The Borrower shall ensure that all policies relating to obligatory insurances effected by it are deposited with the Approved Brokers through which the insurances are effected or renewed.

**22.9 Payment of premiums**

The Borrower shall punctually pay all premiums or other sums payable in respect of the obligatory insurances effected by it and produce all relevant receipts when so required by the Facility Agent or the Security Agent.

**22.10 Guarantees**

The Borrower shall use its best endeavours to procure that a protection and indemnity or war risks association issues any guarantees as may be required always in accordance with their respective rules and conditions and shall further use its best endeavours to procure that such guarantees are issued as promptly as practically possible and that they remain in full force and effect.

**22.11 Compliance with terms of insurances**

- (a) The Borrower shall do or omit to do (nor permit to be done or not to be done) any act or thing which would or might render any obligatory insurance invalid, void, voidable or unenforceable or render any sum payable under an obligatory insurance repayable in whole or in part.
- (b) Without limiting paragraph (a) above, the Borrower shall:
  - (i) take all necessary action and comply with all requirements which may from time to time be applicable to the obligatory insurances, and (without limiting the obligation contained in sub-paragraph (iii) of paragraph (b) of Clause 22.6 (*Copies of policies; letters of undertaking*)) ensure that the obligatory insurances are not made subject to any exclusions or qualifications to which the Facility Agent has not given its prior approval;
  - (ii) not make any changes relating to the classification or classification society or manager or operator of the Ship approved by the underwriters of the obligatory insurances;
  - (iii) make (and promptly supply copies to the Facility Agent of) all quarterly or other voyage declarations which may be required by the protection and indemnity risks association in which the Ship owned by it is entered to maintain cover for trading to the United States of America and Exclusive Economic Zone (as defined in the United States Oil Pollution Act 1990 or any other applicable legislation); and
  - (iv) not employ the Ship, nor allow it to be employed, otherwise than in conformity with the terms and conditions of the obligatory insurances, without first obtaining the consent of the insurers and complying with any requirements (as to extra premium or otherwise) which the insurers specify.

**22.12 Alteration to terms of insurances**

The Borrower shall not make or agree to any alteration to the terms of any obligatory insurance or waive any right relating to any obligatory insurance.

**22.13 Settlement of claims**

The Borrower shall:

- (a) not settle, compromise or abandon any claim under any obligatory insurance for Total Loss or for a Major Casualty; and
- (b) do all things necessary and provide all documents, evidence and information to enable the Security Agent to collect or recover any moneys which at any time become payable in respect of the obligatory insurances.

**22.14 Provision of copies of communications**

The Borrower shall provide the Security Agent, upon the Security Agent's request, with copies of all written communications between the Borrower and:

- (a) the Approved Brokers;
- (b) the approved protection and indemnity and/or war risks associations; and
- (c) the approved insurance companies and/or underwriters,

which relate directly or indirectly to:

- (i) the Borrower's obligations relating to the obligatory insurances including, without limitation, all requisite declarations and payments of additional premiums or calls; and
- (ii) any credit arrangements made between the Borrower and any of the persons referred to in paragraph (a) or (b) above relating wholly or partly to the effecting or maintenance of the obligatory insurances.

**22.15 Provision of information**

The Borrower shall provide the Facility Agent (or any persons which it may designate) upon the Facility Agent's request with any information which the Facility Agent (or any such designated person) requests for the purpose of:

- (a) obtaining or preparing any report from an independent marine insurance broker as to the adequacy of the obligatory insurances effected or proposed to be effected; and/or
- (b) effecting, maintaining or renewing any such insurances as are referred to in Clause 22.16 (*Mortgagee's interest and additional perils insurances*) or dealing with or considering any matters relating to any such insurances,

and the Borrower shall, forthwith upon demand, indemnify the Security Agent in respect of all fees and other expenses incurred by or for the account of the Security Agent in connection with any such report as is referred to in paragraph (a) above.

**22.16 Mortgagee's interest and additional perils insurances**

- (a) The Security Agent shall be entitled from time to time to effect, maintain and renew a mortgagee's interest marine insurance and a mortgagee's interest additional perils insurance in each case, in an amount which is equal to 110 per cent. of the Loan, on such terms, through

such insurers and generally in such manner as the Security Agent acting on the instructions of the Majority Lenders may from time to time consider appropriate, acting reasonably.

- (b) The Borrower shall upon demand fully indemnify the Security Agent in respect of all premiums and other expenses which are incurred in connection with or with a view to effecting, maintaining or renewing any insurance referred to in paragraph (a) above or dealing with, or considering, any matter arising out of any such insurance.

## 23 GENERAL SHIP UNDERTAKINGS

### 23.1 General

The undertakings in this Clause 23 (*General Ship Undertakings*) remain in force on and from the date of this Agreement and throughout the rest of the Security Period except as the Facility Agent, acting with the authorisation of the Majority Lenders (or, where specified, all the Lenders) may otherwise permit (and in the case of Clauses 23.2 (*Ship's name and registration*), 23.3 (*Repair and classification*), 23.4 (*Modifications*), 23.5 (*Removal and installation of parts*), 23.14 (*Restrictions on chartering, appointment of managers etc.*) and 23.19 (*Sharing of Earnings*) such permission not to be unreasonably withheld).

### 23.2 Ship's name and registration

The Borrower shall:

- (a) keep the Ship registered in its name under the Approved Flag from time to time at its port of registration;
- (b) not do or allow to be done anything as a result of which such registration of the Ship might be suspended, cancelled or imperilled;
- (c) not enter into any dual flagging arrangement in respect of the Ship; and
- (d) not change the name of the Ship, provided that any change of flag of the Ship shall be subject to:
  - (i) the Ship remaining subject to Security securing the Secured Liabilities created by a first priority or preferred ship mortgage on the Ship and, if appropriate, a first priority deed of covenant collateral to that mortgage (or equivalent first priority Security) on substantially the same terms as the Mortgage and on such other terms and in such other form as the Facility Agent, acting with the authorisation of the Majority Lenders, shall approve or require; and
  - (ii) the execution of such other documentation amending and supplementing the Finance Documents as the Facility Agent, acting with the authorisation of the Majority Lenders, shall approve or require.

### 23.3 Repair and classification

The Borrower shall keep the Ship in a good and safe condition and state of repair:

- (a) consistent with first class ship ownership and management practice; and

(b) so as to maintain the Approved Classification free of overdue recommendations and conditions.

**23.4 Modifications**

The Borrower shall not make any modification or repairs to, or replacement of, the Ship or equipment installed on it which would or might materially and adversely alter the structure, type or performance characteristics of the Ship or materially reduce its value.

**23.5 Removal and installation of parts**

(a) Subject to paragraph (b) below, the Borrower shall not remove any material part of the Ship, or any item of equipment installed on the Ship unless:

- (i) the part or item so removed is forthwith replaced by a suitable part or item which is in the same condition as or better condition than the part or item removed;
- (ii) the replacement part or item is free from any Security in favour of any person other than the Security Agent; and
- (iii) the replacement part or item becomes, on installation on the Ship, the property of the Borrower and subject to the security constituted by the Mortgage.

(b) The Borrower may install equipment owned by a third party if the equipment can be removed without any risk of damage to the Ship.

**23.6 Surveys**

The Borrower shall submit the Ship regularly to all periodic or other surveys which may be required for classification purposes and, if so required by the Facility Agent, provide the Facility Agent, with copies of all survey reports.

**23.7 Inspection**

The Borrower shall permit the Security Agent (acting through surveyors or other persons appointed by it for that purpose) to board the Ship at all reasonable times, without interfering with the Ship's trading schedule, to inspect its condition or to satisfy themselves about proposed or executed repairs and shall afford all proper facilities for such inspections. The costs of such inspection (only once in each 12-month period, starting on the Utilisation Date unless an Event of Default has occurred) shall be for the account of the Borrower.

**23.8 Prevention of and release from arrest**

(a) The Borrower shall promptly discharge:

- (i) all liabilities which give or may give rise to maritime or possessory liens on or claims enforceable against the Ship, the Earnings or the Insurances;
- (ii) all Taxes, dues and other amounts charged in respect of the Ship, the Earnings or the Insurances; and
- (iii) all other outgoings whatsoever in respect of the Ship, the Earnings or the Insurances.

- (b) The Borrower shall as promptly as possible after receiving notice of the arrest of the Ship or of its detention in exercise or purported exercise of any lien or claim, take all steps necessary to procure its release by providing bail or otherwise as the circumstances may require.

**23.9 Compliance with laws etc.**

The Borrower shall:

- (a) comply, or procure compliance with all laws or regulations:
  - (i) relating to its business generally;
  - (ii) all Sanctions; and
  - (iii) relating to the Ship, its ownership, employment, operation, management and registration,including, but not limited to, the ISM Code, the ISPS Code, all Environmental Laws, all Sanctions and the laws of the Approved Flag;
- (b) obtain, comply with and do all that is necessary to maintain in full force and effect any Environmental Approvals; and
- (c) without limiting paragraph (a) above, not employ the 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, all Environmental Laws and Sanctions.

**23.10 ISPS Code**

Without limiting paragraph (a) of Clause 23.9 (*Compliance with laws etc.*), the Borrower shall:

- (a) procure that the Ship and the company responsible for the Ship's compliance with the ISPS Code comply with the ISPS Code; and
- (b) maintain an ISSC for the Ship; and
- (c) notify the Facility Agent immediately in writing of any actual or threatened withdrawal, suspension, cancellation or modification of the ISSC.

**23.11 Trading in war zones**

In the event of hostilities in any part of the world (whether war is declared or not), the Borrower shall not cause or permit the Ship to enter or trade to any zone which is declared a war zone by any government or by the Ship's war risks insurers unless:

- (a) the prior written consent of the underwriters of the Ship has been given; and
- (b) the Borrower has (at its expense) effected any special, additional or modified insurance cover (to the extent not covered by the Ship's war risks insurances) which the underwriters of the Ship may require.

**23.12 Provision of information**

Without prejudice to Clause 19.5 (*Information: miscellaneous*) the Borrower shall promptly provide the Facility Agent with any information which it requests regarding:

- (a) the Ship, its employment, position and engagements;
- (b) the Earnings and payments and amounts due to its master and crew;
- (c) any expenditure incurred, or likely to be incurred, in connection with the operation, maintenance or repair of the Ship and any payments made by it in respect of the Ship;
- (d) any towages and salvages; and
- (e) its compliance, the Approved Manager's compliance and the compliance of the Ship with the ISM Code and the ISPS Code,

and, upon the Facility Agent's request, promptly provide copies of any current Charter, of any current guarantee of any such Charter, the Ship's Safety Management Certificate and any relevant Document of Compliance.

**23.13 Notification of certain events**

The Borrower shall, as soon as practically possible notify the Facility Agent by letter or email, of:

- (a) any casualty to the Ship which is a Major Casualty;
- (b) any occurrence as a result of which the Ship has become or is, by the passing of time or otherwise, likely to become a Total Loss;
- (c) any requisition of the Ship for hire;
- (d) any overdue requirement or recommendation made in relation to the Ship by any insurer or classification society or by any competent authority;
- (e) any arrest or detention of the Ship or any exercise or purported exercise of any lien on the Ship or the Earnings;
- (f) any intended dry docking of the Ship;
- (g) any Environmental Claim made against the Borrower or in connection with the Ship, or any Environmental Incident;
- (h) any claim for breach of the ISM Code or the ISPS Code being made against the Borrower, an Approved Manager or otherwise in connection with the Ship;
- (i) any other matter, event or incident, actual or threatened, the effect of which will or could lead to the ISM Code or the ISPS Code not being complied with;
- (j) and the Borrower shall keep the Facility Agent advised in writing on a regular basis and in such detail as the Facility Agent shall require as to the Borrower's, any such Approved Manager's or any other person's response to any of those events or matters.

**23.14 Restrictions on chartering, appointment of managers etc.**

The Borrower shall not:

- (a) let the Ship on demise or bareboat charter for any period;
- (b) enter into any time, voyage or consecutive voyage charter in respect of the Ship other than a Permitted Charter;
- (c) materially amend, supplement or terminate a Management Agreement;
- (d) appoint a manager of the Ship other than the Approved Commercial Manager and the Approved Technical Manager or agree to any alteration to the terms of an Approved Manager's appointment;
- (e) de activate or layup the Ship; or
- (f) put the Ship into the possession of any person for the purpose of work being done upon it in an amount exceeding or likely to exceed \$1,000,000 (or the equivalent in any other currency) unless that person has first given to the Security Agent and in terms satisfactory to it a written undertaking not to exercise any lien on the Ship or the Earnings for the cost of such work or for any other reason.

**23.15 Notice of Mortgage**

The Borrower shall keep the Mortgage registered against the Ship as a valid first preferred mortgage, carry on board the Ship a certified copy of the Mortgage and place and maintain in a conspicuous place in the navigation room and the master's cabin of the Ship a framed printed notice stating that the Ship is mortgaged by the Borrower to the Security Agent.

**23.16 Responsible Ship Recycling**

If the Ship is sold for scrapping, the Borrower shall ensure that the Ship is sold on the basis of a memorandum of agreement that contains language that ensures that the Ship shall be dismantled in a safe, sustainable and socially and environmentally responsible way and the Borrower shall use its best endeavours to ensure performance and observance by the buyer of the Ship of its obligations and liabilities under such memorandum of agreement.

**23.17 Green Passport**

The Borrower shall procure that the Ship has (on and from 31 December 2021 and subsequently at all times during the Security Period) obtained a Green Passport, or any equivalent or superseding document acceptable to the Facility Agent (acting on the instructions of the Majority Lenders), subject to the Classification Society's requirements.

**23.18 Charterparty Assignment**

If the Borrower enters into any Assignable Charter and subject to obtaining the prior consent of the Facility Agent in accordance with paragraph (b) of Clause 23.14 (*Restrictions on chartering, appointment of managers etc.*), the Borrower shall promptly after the date of entry into such Assignable Charter:

- (a) provide the Facility Agent with a certified true copy of such Assignable Charter (or, alternatively if a copy is not then available, a copy of a binding and unconditional recapitulation of charterparty terms);
- (b) execute in favour of the Security Agent a Charterparty Assignment in respect of that Assignable Charter (such Charterparty Assignment to be notified to the relevant charterer and any charter guarantor and use its best endeavours to procure that an executed acknowledgment of such notice from the relevant charterer and charter guarantor is obtained); and
- (c) shall deliver to the Facility Agent such other documents as it may reasonably require (including, without limitation, documents equivalent to those referred to at paragraphs 1, 5 and 6.1 of Part A of Schedule 2 (*Conditions Precedent*) in respect of such Charterparty Assignment).

**23.19 Sharing of Earnings**

The Borrower shall not enter into any agreement or arrangement for the sharing of the Earnings other than for the purposes of this Agreement.

**23.20 Sanctions and Ship Trading**

Without limiting Clause 23.9 (*Compliance with laws etc.*), the Borrower shall procure that:

- (a) the Ship owned by it:
  - (i) shall not be used by or for the benefit of a Prohibited Person;
  - (ii) shall not be used in trading in any manner contrary to Sanctions (or which could be contrary to Sanctions if Sanctions were binding on each Transaction Obligor);
  - (iii) shall not make a voyage to or from any Sanctioned Country, Provided that in the case of an Emergency Event, that Ship can make such voyage until the Borrower or, as the case may be, the relevant Approved Manager (in each case, acting prudently) considers that there is no longer an Emergency Event,
  - (iv) For the purposes of this paragraph (c) “Emergency Event” means: in relation to the Ship, any event or circumstance that a reasonable person having experience in the management and operation of ships, would consider to constitute an emergency event or circumstance; and
  - (v) shall not be traded in any manner which would trigger the operation of any sanctions limitation or exclusion clause (or similar) in the Insurances; and
- (b) each charterparty in respect of the Ship shall contain, for the benefit of the Borrower, language which gives effect to the provisions of paragraph (c) of Clause 23.9 (*Compliance with laws etc.*) as regards Sanctions and of this Clause 23.20 (*Sanctions and Ship trading*) and which permits refusal of employment or voyage orders if compliance would result in a breach of Sanctions (or which would result in a breach of Sanctions if Sanctions were binding on each Transaction Obligor).

**23.21 Poseidon Principles**

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 of all

information necessary in order for any Lender 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, together with a Carbon Intensity and Climate Alignment Certificate (if available), in each case relating to the Ship for the preceding calendar year provided always that no Lender shall publicly disclose such information with the identity of the relevant 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 43.2 (*Disclosure of confidential information*) but the Borrower acknowledges that, in accordance with the Poseidon Principles, such information will form part of the information published regarding the relevant Lender's portfolio climate alignment in a manner which will preserve the anonymity of the information disclosed by the Borrower.

#### **23.22 Notification of compliance**

The Borrower shall promptly provide the Facility Agent from time to time with evidence (in such form as the Facility Agent requires) that it is complying with this Clause 23 (*General Ship Undertakings*).

### **24 SECURITY COVER**

#### **24.1 Minimum required security cover**

Clause 24.2 (*Provision of additional security; prepayment*) applies if the Facility Agent notifies the Borrower that:

- (a) the Market Value of the Ship; plus
  - (b) the net realisable value of additional security previously provided under this Clause 24 (*Security Cover*),
- is below 130 per cent. of the Loan.

#### **24.2 Provision of additional security; prepayment**

- (a) If the Facility Agent serves a notice on the Borrower under Clause 24.1 (*Minimum required security cover*), the Borrower shall, on or before the date falling 30 days after the date (the "Prepayment Date") on which the Facility Agent's notice is served, prepay such part of the Loan as shall eliminate the shortfall.
- (b) The Borrower may, instead of making a prepayment as described in paragraph (a) above, provide, or ensure that a third party has provided, additional security which, in the opinion of the Facility Agent acting on the instructions of the Majority Lenders:
  - (i) has a net realisable value at least equal to the shortfall; and
  - (ii) is documented in such terms as the Facility Agent may approve or require,

before the Prepayment Date; and conditional upon such security being provided in such manner, it shall satisfy such prepayment obligation.

### **24.3 Value of additional vessel security**

The net realisable value of any additional security which is provided under Clause 24.2 (*Provision of additional security; prepayment*) and which consists of Security over a vessel shall be the Market Value of the vessel concerned, determined in accordance with Clause 24.7 (*Provision of valuations*).

### **24.4 Valuations binding**

Any valuation under this Clause 24 (*Security Cover*) shall be binding and conclusive as regards the Borrower, save for any manifest error.

### **24.5 Provision of information**

- (a) The Borrower shall promptly provide the Facility Agent and any Approved Valuer acting under this Clause 24 (*Security Cover*) with any information which the Facility Agent or the Approved Valuer may request for the purposes of the valuation.
- (b) If the Borrower fails to provide the information referred to in paragraph (a) above by the date specified in the request, the valuation may be made on any basis and assumptions which the Approved Valuer or the Facility Agent considers prudent.

### **24.6 Prepayment mechanism**

Any prepayment pursuant to Clause 24.2 (*Provision of additional security; prepayment*) shall be made in accordance with the relevant provisions of Clause 7 (*Prepayment and Cancellation*) and shall be treated as a voluntary prepayment pursuant to Clause 7.2 (*Voluntary prepayment of Loan*) but ignoring any restriction as to prepayments being made on the last day of the Interest Period or the requirement for a minimum prepayment amount of \$1,000,000 or any indicative or confirmative prior notice.

### **24.7 Provision of valuations**

- (a) The Facility Agent shall obtain the necessary valuations (addressed to it) of the Ship and any other vessel over which additional Security has been created in accordance with Clause 24.3 (*Value of additional vessel security*), to enable it to determine the Market Value of the Ship or any other vessel, as follows:
  - (i) at least semi-annually;
  - (ii) promptly following at the Facility Agent's (acting on the instructions of any Lender) request:
    - (A) if an Event of Default has occurred and is continuing; and/or
    - (B) if a mandatory prepayment event has occurred under Clause 7.3 (*Mandatory prepayment on sale or Total Loss*).
- (b) The cost of valuations obtained under sub-paragraphs (i) and (ii) above shall be borne or reimbursed by the Borrower.
- (c) The Lenders may at any other time or times instruct the Facility Agent to obtain valuations of the Ship other than pursuant to paragraph (a) for the purpose of ascertaining the Market Value

of the Ship at such time or times. Any further valuations obtained or provided shall be at the cost of the Lenders.

## 25 ACCOUNTS, APPLICATION OF EARNINGS

### 25.1 Accounts

The Borrower may not, without the prior consent of the Facility Agent, maintain any bank account other than the Earnings Account and the Retention Account.

### 25.2 Payment of Earnings

The Borrower shall ensure that, subject only to the provisions of the General Assignment, all the Earnings are paid in to the Earnings Account.

### 25.3 Monthly retentions

The Borrower shall ensure that, in each calendar month following the Utilisation Date, on such dates as the Facility Agent may from time to time specify, there is transferred to the Retention Account out of the aggregate Earnings received by the Borrower in the Earnings Accounts during the preceding calendar month:

- (a) one-third of the amount of any Repayment Instalment (other than a balloon instalment) falling due under Clause 6.1 (*Repayment of Loan*) on the next Repayment Date; and
- (b) the relevant fraction of the aggregate amount of interest on the Loan which is payable under this Agreement in respect of any Interest Period then current.

The “**relevant fraction**” is a fraction of which:

- (i) the numerator is one; and
- (ii) the denominator is:
  - (A) the number of months comprised in the relevant then current Interest Period; or
  - (B) if the period is shorter (than that set out in (A)), the number of months from the later of the commencement of the relevant current Interest Period or the last due date for payment of interest on the Loan or the relevant part of the Loan to the next due date for payment of interest on the Loan or the relevant part of the Loan under this Agreement.

### 25.4 Shortfall in Earnings

- (a) If the aggregate of the credit balance on the Earnings Account is insufficient in any calendar month for the required amount to be transferred to the Retention Account under Clause 25.3 (*Monthly retentions*), the Borrower shall make up the amount of the insufficiency on demand from the Facility Agent.
- (b) Without prejudicing the Facility Agent’s right to make such demand at any time, the Facility Agent may, if so authorised by the Majority Lenders, permit the Borrower to make up all or

part of the insufficiency by increasing the amount of any transfer under Clause 25.3 (*Monthly retentions*) from the Earnings received in the next or subsequent calendar months.

#### **25.5 Application of Earnings**

The Earnings on the Earnings Account shall be used in the following order of application:

- (a) FIRSTLY, for and towards payment of any unpaid fees, costs and expenses due to a Finance Party under this Agreement and the Finance Documents;
- (b) SECONDLY, for and towards payment of all amounts (other than principal and/or interest) due under this Agreement and the Finance Documents;
- (c) THIRDLY, for and towards making the transfers to the Retention Account required pursuant to Clause 25.3 (*Monthly retentions*);
- (d) FOURTHLY, for and towards payment of the liabilities of the Borrower (including, but not limited to, the repayment of principal, interest, default interest and all relevant costs, expenses and indemnities) under this Agreement and the other Finance Documents to the extent not already covered by the retentions set out in paragraph (a) to (c) above;
- (e) FIFTHLY, for and towards payment of the Operating Expenses of the Ship which are due and payable at such time; and
- (f) SIXTHLY, subject to Clause 21.18 (*Dividends*) and provided that no Event of Default has occurred and is continuing at that time, any remaining amounts (in excess of the minimum liquidity required to be maintained pursuant to Clause 20.2 (*Borrower's Minimum Liquidity*)) standing to the credit of the Earnings Account after application pursuant to the foregoing paragraphs shall be available to the Borrower.

#### **25.6 Application of retentions**

- (a) The Security Agent has sole signing rights in relation to the Retention Account.
- (b) Until an Event of Default occurs, the Facility Agent shall instruct the Security Agent to release to it, on each Repayment Date and on each Interest Payment Date, for distribution to the Finance Parties in accordance with Clause 33.2 (*Distributions by the Facility Agent*) so much of the then balance on the Retention Account as equals:
  - (i) any Repayment Instalment due on that Repayment Date;
  - (ii) the amount of interest payable on that Interest Payment Date;

in discharge of the Borrower's liability for that Repayment Instalment or that interest, as the case may be.

#### **25.7 Interest accrued on Retention Account**

Any credit balance on the Retention Account shall bear interest at the rate from time to time offered by the Account Bank to its customers for dollar deposits of similar amounts and for periods similar to those for which such balances appear to the Account Bank likely to remain on the Retention Account.

**25.8 Release of accrued interest**

Interest accruing under Clause 25.7 (*Interest accrued on Retention Account*) shall be credited to the Retention Account and, to the extent not applied previously pursuant to Clause 25.6 (*Application of retentions*), shall be released to the Borrower at the end of the Security Period.

**25.9 Location of Accounts**

The Borrower shall promptly:

- (a) comply with any requirement of the Facility Agent as to the location or relocation of the Earnings Account and the Retention Account (or either of them); and
- (b) execute any documents which the Facility Agent specifies to create or maintain in favour of the Security Agent Security over (and/or rights of set-off, consolidation or other rights in relation to) the Earnings Account and the Retention Account.

**25.10 Administration**

Whenever a payment is due to be made from any of the Earnings Accounts or the Retention Account in accordance with this Clause 25, the Borrower shall authorise the Account Bank to pay such amounts from the Earnings Account or the Retention Account to the applicable payee unless the Facility Agent notifies the Account Bank that:

- (a) an Event of Default has occurred and is continuing or would occur as a result (wholly or partly) of such withdrawal; or
- (b) the Earnings Account or the Retention Account is overdrawn or would become overdrawn as a result of such withdrawal, whereby the Account Bank will act only in accordance with the instructions given by persons authorised by the Facility Agent in respect of the Earnings Account and the Retention Account.

**26 EVENTS OF DEFAULT**

**26.1 General**

Each of the events or circumstances set out in this Clause 26 (*Events of Default*) is an Event of Default except for Clause 26.19 (*Acceleration*) and Clause 26.20 (*Enforcement of security*).

**26.2 Non-payment**

A Transaction 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:
  - (i) administrative or technical error; or
  - (ii) a Disruption Event; and
- (b) payment is made within three Business Days of its due date.

### 26.3 **Specific obligations**

A breach occurs of Clause 4.4 (Waiver of conditions precedent), paragraph (a) of Clause 19.3 (Compliance Certificate) Clause 20 (Financial Covenants), Clause 21.10 (Title), Clause 21.11 (Negative pledge), Clause 21.20 (Unlawfulness, invalidity and ranking; Security imperilled), Clause 21.22 (No amendment to the Initial Charter), Clause 21.23 (Sanctions Undertakings), Clause 22.2 (Maintenance of obligatory insurances), Clause 22.3 (Terms of obligatory insurances), Clause 22.5 (Renewal of obligatory insurances), Clause 23.20 (Sanctions and Ship Trading), Clause 24 (Security Cover).

### 26.4 **Other obligations**

- (a) A Transaction Obligor or an Approved Manager does not comply with any provision of the Finance Documents to which it is a party (other than those referred to in Clause 26.2 (Nonpayment) and Clause 26.3 (Specific obligations)).
- (b) No Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and is remedied within ten Business Days of the Facility Agent giving notice to the Borrower or (if earlier) any Transaction Obligor becoming aware of the failure to comply.

### 26.5 **Misrepresentation**

Any representation or statement made or deemed to be made by a Transaction Obligor in the Finance Documents or any other document delivered by or on behalf of any Transaction Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading when made or deemed to be made unless such misrepresentation or statement is determined by the Facility Agent (acting on the instructions of the Majority Lenders) to have been made in error and is rectified within five Business Days from the date of such representation or statement.

### 26.6 **Cross default**

- (a) Any Financial Indebtedness of any Obligor is not paid when due (unless contested in good faith) nor within any originally applicable grace period.
- (b) Any Financial Indebtedness of any Obligor is declared to be 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 Obligor is cancelled or suspended by a creditor of any Obligor as a result of an event of default (however described) unless the relevant Obligor has satisfied the Facility Agent that such cancellation or suspension will not have any negative impact on the ability of that Obligor to satisfy its debts as they fall due.
- (d) Any creditor of any Obligor becomes entitled to declare any Financial Indebtedness of any Obligor due and payable prior to its specified maturity as a result of an event of default (however described).
- (e) No Event of Default will occur under this Clause 26.6 (*Cross default*) in respect of a person other than the Borrower if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (a) to (d) above is less than \$1,000,000 (or its equivalent in any other currency).

## 26.7 **Insolvency**

(a) A Transaction Obligor:

- (i) is unable or admits inability to pay its debts as they fall due;
- (ii) is declared to be unable to pay its debts under applicable law;
- (iii) suspends or threatens to suspend making payments on any of its debts; or
- (iv) by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors (excluding any Finance Party in its capacity as such) with a view to rescheduling any of its indebtedness.

**Provided that** should such Transaction Obligor, for any reason, including without limitation, any actual or anticipated financial difficulties, commences, with prior written notice to the Facility Agent, negotiations with one or more of its creditors (including the Facility Agent for account of the Lenders) with a view to rescheduling, deferring, re-organising or suspending any of its indebtedness, the negotiations themselves or the entering, as a result of such negotiations, into any agreement or contract with one or more of its creditors (including the Facility Agent for account of the Lenders) setting out terms for any rescheduling, deferral, re-organization or suspension of its indebtedness, shall not in itself constitute an Event of Default.

(b) A moratorium is declared in respect of any indebtedness of any Transaction Obligor. If a moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium.

## 26.8 **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 Transaction Obligor;
- (ii) a composition, compromise, assignment or arrangement with any creditor of any Transaction Obligor;
- (iii) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any Transaction Obligor or any of its assets; or
- (iv) enforcement of any Security over any assets of any Transaction,

or any analogous procedure or step is taken in any jurisdiction.

(b) Paragraph (a) above shall not apply to any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 30 days of commencement.

**26.9 Creditors' process**

Any expropriation, attachment, sequestration, distress or execution (or any analogous process in any jurisdiction) affects any asset or assets of a Transaction Obligor (other than an arrest or detention of the Ship referred to in Clause 26.13 (*Arrest*)) and is not discharged within 30 days (or such longer period the Facility Agent, acting on the instructions of the Majority Lenders, may agree to).

**26.10 Unlawfulness, invalidity and ranking**

- (a) It is or becomes unlawful for a Transaction Obligor to perform any of its obligations under the Finance Documents.
- (b) Any obligation of a Transaction Obligor under the Finance Documents is or ceases to be legal, valid, binding or enforceable.
- (c) Any Finance Document ceases to be in full force and effect or to be continuing or is or purports to be determined or any Transaction Security is alleged by a party to it (other than a Finance Party) to be ineffective.
- (d) Any Transaction Security proves to have ranked after, or loses its priority to, any other Security.

**26.11 Security imperilled**

Any Security created or intended to be created by a Finance Document is in any way imperilled or in jeopardy.

**26.12 Cessation of business**

Any Transaction Obligor suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business.

**26.13 Arrest**

Any arrest of the Ship or its detention in the exercise or the purported exercise of any lien or claim unless it is redelivered to the full control of the Borrower within 30 days of such arrest or detention (or such longer period as may be required in the circumstances based on the assessment of the Facility Agent acting with the authorisation of the Majority Lenders).

**26.14 Expropriation**

The authority or ability of any Transaction 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 Transaction Obligor or any of its assets other than:

- (a) an arrest or detention of the Ship referred to in Clause 26.13 (*Arrest*); or
- (b) any Requisition.

**26.15 Repudiation and rescission of agreements**

Any Obligor (or any other relevant party) rescinds or purports to rescind or repudiates or purports to repudiate a Transaction Document (other than an Assignable Charter where the

prior approval of the Facility Agent has been obtained for rescission pursuant to the Finance Documents) or any of the Transaction Security or evidences an intention to rescind or repudiate a Transaction Document or any Transaction Security.

**26.16 Litigation**

Any litigation, arbitration or administrative proceedings or investigations of, or before, any court, arbitral body or agency are started or threatened, or any judgment or order of a court, arbitral body or agency is made, in relation to any of the Transaction Documents or the transactions contemplated in any of the Transaction Documents or against any member of the Group or its assets which has a Material Adverse Effect.

**26.17 Material adverse change**

Any event or circumstance occurs which has a Material Adverse Effect.

**26.18 Approved Flag**

(a) Any failure by the Borrower to keep the Ship registered under an Approved Flag.

(b) The state of the Approved Flag of the Ship or any Relevant Jurisdiction is or becomes involved in hostilities or civil war or there are events of political risk or instability or there is a seizure of power in such state by unconstitutional means, or any other event occurs in relation to the Ship, the Mortgage or its Approved Flag and in the opinion of the Facility Agent such event is likely to have a Material Adverse Effect and the Borrower fails upon the request of the Facility Agent to promptly (and in any case within such timing as may be reasonably set by the Facility Agent, acting on the instructions of the Majority Lenders) register the Ship in its name under another Approved Flag together with a first priority or first preferred ship mortgage (as the case may be and as required under the relevant state of the Approved Flag) in favour of the Security Agent and on such terms as required by the Facility Agent at the relevant time and in any case on substantially the same terms as the terms of the Mortgage.

**26.19 Acceleration**

On and at any time after the occurrence of an Event of Default the Facility Agent may, and shall if so directed by the Majority Lenders:

(a) by notice to the Borrower:

(i) cancel the Total Commitments, whereupon they shall immediately be cancelled;

(ii) declare that all or part of the Loan, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon it shall become immediately due and payable; and/or

(iii) declare that all or part of the Loan be payable on demand, whereupon it shall immediately become payable on demand by the Facility Agent acting on the instructions of the Majority Lenders; and/or

(b) exercise or direct the Security Agent to exercise any or all of its rights, remedies, powers or discretions under the Finance Documents,

and the Facility Agent may serve notices under sub-paragraph (i), (ii) or (iii) of paragraph (a) above simultaneously or on different dates and any Servicing Party may take any action referred to in paragraph (b) above or Clause 26.20 (*Enforcement of security*) if no such notice is served or simultaneously with or at any time after the service of any of such notice.

## **26.20**

### **Enforcement of security**

On and at any time after the occurrence of an Event of Default the Security Agent may, and shall if so directed by the Majority Lenders, take any action which, as a result of the Event of Default or any notice served under Clause 26.19 (*Acceleration*), the Security Agent is entitled to take under any Finance Document or any applicable law or regulation.

## SECTION 9

### CHANGES TO PARTIES

#### 27 CHANGES TO THE LENDERS

##### 27.1 Assignments and transfers by the Lenders

Subject to this Clause 27 (*Changes to the Lenders*) and without prejudice to any other rights available to it as a matter of applicable law, a Lender (the “**Existing Lender**”) may at any time:

- (a) assign any of its rights; or
  - (b) transfer by novation any of its rights and obligations (including, for the avoidance of doubt, its Commitment), under the Finance Documents to:
    - (i) another Lender;
    - (ii) any Affiliate of a Lender;
    - (iii) any other first class bank or financial institution;
    - (iv) any member of the European System of Central Banks; or
    - (v) any insurance company, trust or capital investment company which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets.
- (the “**New Lender**”).

##### 27.2 Conditions of assignment or transfer

- (a) An assignment will only be effective on:
  - (i) receipt by the Facility Agent (whether in the Assignment Agreement or otherwise) of written confirmation from the New Lender (in form and substance satisfactory to the Facility Agent) that the New Lender will assume the same obligations to the other Secured Parties as it would have been under if it had been an Original Lender; and
  - (ii) performance by the Facility Agent of all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to such assignment to a New Lender, the completion of which the Facility Agent shall promptly notify to the Existing Lender and the New Lender.
- (b) Each Obligor on behalf of itself and each Transaction Obligor agrees that all rights and interests (present, future or contingent) which the Existing Lender has under or by virtue of the Finance Documents are assigned to the New Lender absolutely, free of any defects in the Existing Lender’s title and of any rights or equities which the Borrower or any other Transaction Obligor had against the Existing Lender.
- (c) A transfer will only be effective if the procedure set out in Clause 27.5 (*Procedure for transfer*) is complied with.

- (d) If:
- (i) a Lender assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and
  - (ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, a Transaction 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 under that Clause as incorporated by reference or in full in any other Finance Document 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. This paragraph (d) shall not apply in respect of an assignment or transfer made in the ordinary course of the primary syndication of the Facility.

- (e) Each New Lender, by executing the relevant Transfer Certificate or Assignment Agreement, confirms, for the avoidance of doubt, that the Facility 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 transfer or assignment becomes effective in accordance with this Agreement and that it is bound by that decision to the same extent as the Existing Lender would have been had it remained a Lender.

### **27.3 Assignment or transfer fee**

The New Lender shall, on the date upon which an assignment or transfer takes effect, pay to the Facility Agent (for its own account) a fee of \$2,500 unless otherwise agreed with or waived by the Facility Agent.

### **27.4 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 Transaction Documents, the Transaction Security or any other documents;
  - (ii) the financial condition of any Transaction Obligor;
  - (iii) the performance and observance by any Transaction Obligor of its obligations under the Transaction Documents or any other documents; or
  - (iv) the accuracy of any statements (whether written or oral) made in or in connection with any Transaction 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 and the Secured Parties that it:

- (i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Transaction Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender or any other Finance Party in connection with any Transaction Document or the Transaction Security; and
- (ii) will continue to make its own independent appraisal of the creditworthiness of each Transaction Obligor and its related entities throughout the Security Period.

(c) Nothing in any Finance Document obliges an Existing Lender to:

- (i) accept a re-transfer or re-assignment from a New Lender of any of the rights and obligations assigned or transferred under this Clause 27 (*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 Transaction Obligor of its obligations under the Transaction Documents or otherwise.

#### **27.5 Procedure for transfer**

(a) Subject to the conditions set out in Clause 27.2 (*Conditions of assignment or transfer*), a transfer is effected in accordance with paragraph (c) below when the Facility Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender. The Facility Agent shall, subject to paragraph (b) below as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with this Agreement and delivered in accordance with this Agreement, execute that Transfer Certificate.

(b) The Facility Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to the transfer to such New Lender.

(c) Subject to Clause 27.9 (*Pro rata interest settlement*), on the Transfer Date:

- (i) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents and in respect of the Transaction Security, each of the Transaction Obligors and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and in respect of the Transaction Security and their respective rights against one another under the Finance Documents and in respect of the Transaction Security shall be cancelled (being the “Discharged Rights and Obligations”);
- (ii) each of the Transaction Obligors and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Transaction Obligor and the New Lender have assumed and/or acquired the same in place of that Transaction Obligor and the Existing Lender;
- (iii) the Facility Agent, the Security Agent, the Arrangers, the New Lender and other Lenders shall acquire the same rights and assume the same obligations between themselves and in respect of the Transaction Security 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 Facility Agent, the Security Agent, the Arrangers and the Existing Lenders shall each be released from further obligations to each other under the Finance Documents; and

(iv) the New Lender shall become a Party as a “Lender”.

#### **27.6 Procedure for assignment**

- (a) Subject to the conditions set out in Clause 27.2 (*Conditions of assignment or transfer*) an assignment may be effected in accordance with paragraph (c) below when the Facility Agent executes an otherwise duly completed Assignment Agreement delivered to it by the Existing Lender and the New Lender. The Facility Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Assignment Agreement appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Assignment Agreement.
- (b) The Facility Agent shall only be obliged to execute an Assignment Agreement delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to the assignment to such New Lender.
- (c) Subject to Clause 27.9 (*Pro rata interest settlement*), on the Transfer Date:
- (i) the Existing Lender will assign absolutely to the New Lender its rights under the Finance Documents and in respect of the Transaction Security expressed to be the subject of the assignment in the Assignment Agreement;
  - (ii) the Existing Lender will be released from the obligations (the “**Relevant Obligations**”) expressed to be the subject of the release in the Assignment Agreement (and any corresponding obligations by which it is bound in respect of the Transaction Security); and (iii) the New Lender shall become a Party as a “Lender” and will be bound by obligations equivalent to the Relevant Obligations.
- (d) Lenders may utilise procedures other than those set out in this Clause 27.6 (*Procedure for assignment*) to assign their rights under the Finance Documents (but not, without the consent of the relevant Transaction Obligor or unless in accordance with Clause 27.5 (*Procedure for transfer*), to obtain a release by that Transaction Obligor from the obligations owed to that Transaction Obligor by the Lenders nor the assumption of equivalent obligations by a New Lender) provided that they comply with the conditions set out in Clause 27.2 (*Conditions of assignment or transfer*).

#### **27.7 Copy of Transfer Certificate or Assignment Agreement to Borrower**

The Facility Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate or an Assignment Agreement, send to the Borrower a copy of that Transfer Certificate or Assignment Agreement.

## 27.8 Security over Lenders' rights

In addition to the other rights provided to Lenders under this Clause 27 (*Changes to the Lenders*), each Lender may without consulting with or obtaining consent from any Transaction Obligor, at any time charge, assign or otherwise create Security 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:

- (a) any charge, assignment or other Security to secure obligations to a federal reserve or central bank; and
- (b) any charge, assignment or other Security granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities,

except that no such charge, assignment or Security shall:

- (i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security for the Lender as a party to any of the Finance Documents; or
- (ii) require any payments to be made by a Transaction 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.

## 27.9 Syndication and Securitisation

The Obligors shall assist the Facility Agent in achieving a successful syndication or securitisation (or similar transaction) in respect of the Facility and the Finance Documents. The Obligors shall, if requested by the Facility Agent, provide such information as may be required to produce a customary information memorandum (subject to Clause 29.14 (*Confidentiality*)) and also make available members of senior management for any meetings that potential syndicate lenders may request.

## 27.10 Pro rata interest settlement

- (a) If the Facility Agent has notified the Lenders that it is able to distribute interest payments on a “*pro rata* basis” to Existing Lenders and New Lenders then (in respect of any transfer pursuant to Clause 27.5 (*Procedure for transfer*) or any assignment pursuant to Clause 27.6 (*Procedure for assignment*)) the Transfer Date of which, in each case, is after the date of such notification and is not on the last day of an Interest Period):

- (i) any interest or fees in respect of the relevant participation which are expressed to accrue by reference to the lapse of time shall continue to accrue in favour of the Existing Lender up to but excluding the Transfer Date (“Accrued Amounts”) and shall become due and payable to the Existing Lender (without further interest accruing on them) on the last day of the current Interest Period (or, if the Interest Period is longer than three Months, on the next of the dates which falls at three Monthly intervals after the first day of that Interest Period); and
- (ii) the rights assigned or transferred by the Existing Lender will not include the right to the Accrued Amounts, so that, for the avoidance of doubt:

- (A) when the Accrued Amounts become payable, those Accrued Amounts will be payable to the Existing Lender; and
- (B) the amount payable to the New Lender on that date will be the amount which would, but for the application of this Clause 27.9 (*Pro rata interest settlement*), have been payable to it on that date, but after deduction of the Accrued Amounts.

(b) In this Clause 27.9 (*Pro rata interest settlement*) references to “Interest Period” shall be construed to include a reference to any other period for accrual of fees.

(c) An Existing Lender which retains the right to the Accrued Amounts pursuant to this Clause 27.9 (*Pro rata interest settlement*) but which does not have a Commitment shall be deemed not to be a Lender for the purposes of ascertaining whether the agreement of any specified group of Lenders has been obtained to approve any request for a consent, waiver, amendment or other vote of Lenders under the Finance Documents.

## **28 CHANGES TO THE TRANSACTION OBLIGORS**

### **28.1 Assignment or transfer by Transaction Obligors**

No Transaction 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 Facility Agent.

### **28.2 Release of security**

(a) If a disposal of any asset subject to security created by a Security Document is made in the following circumstances:

- (i) the disposal is permitted by the terms of any Finance Document;
- (ii) the Majority Lenders agree to the disposal;
- (iii) the disposal is being made at the request of the Security Agent in circumstances where any security created by the Security Documents has become enforceable; or
- (iv) the disposal is being effected by enforcement of a Security Document,

the Security Agent may release the asset(s) being disposed of from any security over those assets created by a Security Document. However, the proceeds of any disposal (or an amount corresponding to them) must be applied in accordance with the requirements of the Finance Documents (if any).

(b) If the Security Agent is satisfied that a release is allowed under this Clause 28.2 (*Release of security*) (at the request and expense of the Borrower) each Finance Party must enter into any document and do all such other things which are reasonably required to achieve that release. Each other Finance Party irrevocably authorises the Security Agent to enter into any such document. Any release will not affect the obligations of any other Transaction Obligor under the Finance Documents.

**28.3****Subordinated Creditors**

- (a) The Borrower may request that any person becomes a Subordinated Creditor, with the prior approval of the Facility Agent, by delivering to the Facility Agent:
- (i) a duly executed Subordination Agreement;
  - (ii) a duly executed Subordinated Debt Security; and (iii) such constitutional documents, corporate authorisations and other documents and matters as the Facility Agent may reasonably require, in form and substance satisfactory to the Facility Agent, to verify that the person's obligations are legally binding, valid and enforceable and to satisfy any applicable legal and regulatory requirements.
- (b) A person referred to in paragraph (a) above will become a Subordinated Creditor on the date the Security Agent enters into the Subordination Agreement and the Subordinated Debt Security delivered under paragraph (a) above.

## SECTION 10

### THE FINANCE PARTIES

#### 29 THE FACILITY AGENT, THE ARRANGER AND THE REFERENCE BANKS

##### 29.1 Appointment of the Facility Agent

- (a) Each of the Arranger and the Lenders appoints the Facility Agent to act as its agent under and in connection with the Finance Documents.
- (b) Each of the Arranger and the Lenders authorises the Facility Agent to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Facility Agent under, or in connection with, the Finance Documents together with any other incidental rights, powers, authorities and discretions.

##### 29.2 Instructions

- (a) The Facility 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 Facility Agent in accordance with any instructions given to it by:
    - (A) all Lenders if the relevant Finance Document stipulates the matter is an all Lender decision; and
    - (B) in all other cases, the Majority Lenders; and
  - (ii) not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with sub-paragraph (i) above (or, if this Agreement stipulates the matter is a decision for any other Finance Party or group of Finance Parties, in accordance with instructions given to it by that Finance Party or group of Finance Parties).
- (b) The Facility Agent shall be entitled to request instructions, or clarification of any instruction, from the Majority Lenders (or, if the relevant Finance Document stipulates the matter is a decision for any other Finance Party or group of Finance Parties, from that Finance Party or group of Finance Parties) as to whether, and in what manner, it should exercise or refrain from exercising any right, power, authority or discretion and the Facility Agent may refrain from acting unless and until it receives any such instructions or clarification that it has requested.
- (c) Save in the case of decisions stipulated to be a matter for any other Finance Party or group of Finance Parties under the relevant Finance Document *and* unless a contrary indication appears in a Finance Document, any instructions given to the Facility Agent by the Majority Lenders shall override any conflicting instructions given by any other Parties and will be binding on all Finance Parties.
- (d) Paragraph (a) above shall not apply:
  - (i) where a contrary indication appears in a Finance Document;
  - (ii) where a Finance Document requires the Facility Agent to act in a specified manner or to take a specified action;

- (iii) in respect of any provision which protects the Facility Agent's own position in its personal capacity as opposed to its role of Facility Agent for the relevant Finance Parties.
- (e) If giving effect to instructions given by the Majority Lenders would in the Facility Agent's opinion have an effect equivalent to an amendment or waiver referred to in Clause 42 (*Amendments and Waivers*), the Facility Agent shall not act in accordance with those instructions unless consent to it so acting is obtained from each Party (other than the Facility Agent) whose consent would have been required in respect of that amendment or waiver.
- (f) In exercising any discretion to exercise a right, power or authority under the Finance Documents where it has not received any instructions as to the exercise of that discretion the Facility Agent shall do so having regard to the interests of all the Finance Parties.
- (g) The Facility Agent may refrain from acting in accordance with any instructions of any Finance Party or group of Finance Parties 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 (together with any applicable VAT) which it may incur in complying with those instructions.
- (h) Without prejudice to the remainder of this Clause 29.2 (*Instructions*), in the absence of instructions, the Facility Agent shall not be obliged to take any action (or refrain from taking action) even if it considers acting or not acting to be in the best interests of the Finance Parties. The Facility Agent may act (or refrain from acting) as it considers to be in the best interest of the Finance Parties.
- (i) The Facility Agent is not authorised to act on behalf of a Finance Party (without first obtaining that Finance Party's consent) in any legal or arbitration proceedings relating to any Finance Document. This paragraph (i) 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 Transaction Security or Security Documents.

### **29.3 Duties of the Facility Agent**

- (a) The Facility Agent's duties under the Finance Documents are solely mechanical and administrative in nature.
- (b) Subject to paragraph (c) below, the Facility Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Facility Agent for that Party by any other Party.
- (c) Without prejudice to Clause 27.7 (*Copy of Transfer Certificate or Assignment Agreement to Borrower*), paragraph (b) above shall not apply to any Transfer Certificate or any Assignment Agreement.
- (d) Except where a Finance Document specifically provides otherwise, the Facility Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.
- (e) If the Facility Agent receives notice from a Party referring to any Finance Document, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties.

- (f) If the Facility Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than the Facility Agent, the Arranger or the Security Agent) under this Agreement, it shall promptly notify the other Finance Parties.
- (g) The Facility Agent shall have only those duties, obligations and responsibilities expressly specified in the Finance Documents to which it is expressed to be a party (and no others shall be implied).

#### **29.4 Role of the Arranger**

Except as specifically provided in the Finance Documents, the Arranger has no obligations of any kind to any other Party under or in connection with any Finance Document.

#### **29.5 No fiduciary duties**

- (a) Nothing in any Finance Document constitutes the Facility Agent or the Arranger as a trustee or fiduciary of any other person.
- (b) Neither the Facility Agent nor the Arranger shall be bound to account to other Finance Party for any sum or the profit element of any sum received by it for its own account.

#### **29.6 Application of receipts**

Except as expressly stated to the contrary in any Finance Document, any moneys which the Facility Agent receives or recovers in its capacity as Facility Agent shall be applied by the Facility Agent in accordance with Clause 33.5 (*Application of receipts; partial payments*).

#### **29.7 Business with the Group**

The Facility Agent and the Arranger may accept deposits from, lend money to, and generally engage in any kind of banking or other business with, any member of the Group.

#### **29.8 Rights and discretions**

- (a) The Facility Agent may:
  - (i) rely on any representation, communication, notice or document believed by it to be genuine, correct and appropriately authorised;
  - (ii) assume that:
    - (A) any instructions received by it from the Majority Lenders, any Finance Parties or any group of Finance Parties are duly given in accordance with the terms of the Finance Documents; and
    - (B) unless it has received notice of revocation, that those instructions have not been revoked; and
  - (iii) rely on a certificate from any person:
    - (A) as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or

(B) to the effect that such person approves of any particular dealing, transaction, step, action or thing,

as sufficient evidence that that is the case and, in the case of paragraph (A) above, may assume the truth and accuracy of that certificate.

- (b) The Facility Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Finance Parties) that:
- (i) no Default has occurred (unless it has actual knowledge of a Default arising under Clause 26.2 (Non-payment));
  - (ii) any right, power, authority or discretion vested in any Party or any group of Finance Parties has not been exercised; and
  - (iii) any notice or request made by any Borrower (other than the Utilisation Request or a Selection Notice) is made on behalf of and with the consent and knowledge of all the Transaction Obligors.
- (c) The Facility Agent may engage and pay for the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts.
- (d) Without prejudice to the generality of paragraph (c) above or paragraph (e) below, the Facility Agent may at any time engage and pay for the services of any lawyers to act as independent counsel to the Facility Agent (and so separate from any lawyers instructed by the Lenders) if the Facility Agent in its reasonable opinion deems this to be desirable.
- (e) The Facility Agent may rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the Facility Agent or by any other Party) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying.
- (f) The Facility Agent may act in relation to the Finance Documents and the Security Property through its officers, employees and agents and shall not:
- (i) be liable for any error of judgment made by any such person; or
  - (ii) be bound to supervise, or be in any way responsible for any loss incurred by reason of misconduct, omission or default on the part of any such person,
- unless such error or such loss was directly caused by the Facility Agent's gross negligence or wilful misconduct.
- (g) Unless a Finance Document expressly provides otherwise the Facility Agent may disclose to any other Party any information it reasonably believes it has received as agent under the Finance Documents.
- (h) Notwithstanding any other provision of any Finance Document to the contrary, neither the Facility Agent nor the 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.

- (i) Notwithstanding any provision of any Finance Document to the contrary, the Facility 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.

**29.9 Responsibility for documentation**

Neither the Facility Agent nor the Arranger is responsible or liable for

- (a) the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the Facility Agent, the Security Agent, the Arranger, a Transaction Obligor or any other person in, or in connection with, any Transaction Document or the transactions contemplated in the Transaction Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Transaction Document or the Security Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Transaction Document or the Security Property; or
- (c) any determination as to whether any information provided or to be provided to any Finance Party or Secured 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.

**29.10 No duty to monitor**

The Facility Agent shall not be bound to enquire:

- (a) whether or not any Default has occurred;
- (b) as to the performance, default or any breach by any Transaction Obligor of its obligations under any Transaction Document; or
- (c) whether any other event specified in any Transaction Document has occurred.

**29.11 Exclusion of liability**

- (a) Without limiting paragraph (b) below (and without prejudice to paragraph (e) of Clause 33.11 (*Disruption to Payment Systems etc.*) or any other provision of any Finance Document excluding or limiting the liability of the Facility Agent), the Facility 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 under or in connection with any Transaction Document or the Security Property, 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 Transaction Document, the Security Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Transaction Document or the Security Property; or

- (iii) any shortfall which arises on the enforcement or realisation of the Security Property; or
- (iv) without prejudice to the generality of paragraphs (i) to (iii) 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 Facility Agent may take any proceedings against any officer, employee or agent of the Facility Agent in respect of any claim it might have against the Facility Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Transaction Document or any Security Property and any officer, employee or agent of the Facility Agent may rely on this Clause subject to Clause 1.5 (*Third party rights*) and the provisions of the Third Parties Act.
- (c) The Facility 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 Facility Agent if the Facility 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 Facility Agent for that purpose.
- (d) Nothing in this Agreement shall oblige the Facility Agent or the Arranger to carry out:
  - (i) any “know your customer” or other checks in relation to any person; or
  - (ii) any check on the extent to which any transaction contemplated by this Agreement might be unlawful for any Finance Party,on behalf of any Finance Party and each Finance Party confirms to the Facility Agent and the Arranger 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 Facility Agent or the Arranger.
- (e) Without prejudice to any provision of any Finance Document excluding or limiting the Facility Agent’s liability, any liability of the Facility Agent arising under or in connection with any Transaction Document or the Security Property 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 Facility 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 Facility Agent at any time which increase the amount of that loss. In no event shall the Facility 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 Facility Agent has been advised of the possibility of such loss or damages.

#### **29.12 Lenders' indemnity to the Facility Agent**

- (a) 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 Facility Agent, within three Business Days of demand, against any cost, loss or liability incurred by the Facility Agent (otherwise than by reason of the Facility Agent's gross negligence or wilful misconduct) (or, in the case of any cost, loss or liability pursuant to Clause 33.11 (*Disruption to Payment Systems etc.*) notwithstanding the Facility Agent's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Facility Agent) in acting as Facility Agent under the Finance Documents (unless the Facility Agent has been reimbursed by a Transaction Obligor pursuant to a Finance Document).
- (b) Subject to paragraph (c) below, the Borrower shall immediately on demand reimburse any Lender for any payment that Lender makes to the Facility Agent pursuant to paragraph (a) above.
- (c) Paragraph (b) above shall not apply to the extent that the indemnity payment in respect of which the Lender claims reimbursement relates to a liability of the Facility Agent to an Obligor.

#### **29.13 Resignation of the Facility Agent**

- (a) The Facility Agent may resign and appoint one of its Affiliates as successor by giving notice to the other Finance Parties and the Borrower.
- (b) Alternatively, the Facility Agent may resign by giving 30 days' notice to the other Finance Parties and the Borrower, in which case the Majority Lenders may appoint a successor Facility Agent.
- (c) If the Majority Lenders have not appointed a successor Facility Agent in accordance with paragraph (b) above within 20 days after notice of resignation was given, the retiring Facility Agent may appoint a successor Facility Agent.
- (d) If the Facility Agent wishes to resign because (acting reasonably) it has concluded that it is no longer appropriate for it to remain as agent and the Facility Agent is entitled to appoint a successor Facility Agent under paragraph (c) above, the Facility Agent may (if it concludes (acting reasonably) that it is necessary to do so in order to persuade the proposed successor Facility Agent to become a party to this Agreement as Facility Agent) agree with the proposed successor Facility Agent amendments to this Clause 29 (*The Facility Agent and the Arranger*) and any other term of this Agreement dealing with the rights or obligations of the Facility 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 which are consistent with the successor Facility Agent's normal fee rates and those amendments will bind the Parties.
- (e) The retiring Facility Agent shall make available to the successor Facility Agent such documents and records and provide such assistance as the successor Facility Agent may reasonably request for the purposes of performing its functions as Facility Agent under the Finance Documents. The Borrower shall, within three Business Days of demand, reimburse the retiring

Facility Agent for the amount of all costs and expenses (including legal fees) properly incurred by it in making available such documents and records and providing such assistance.

- (f) The Facility Agent's resignation notice shall only take effect upon the appointment of a successor.
- (g) Upon the appointment of a successor, the retiring Facility Agent shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under paragraph (e) above) but shall remain entitled to the benefit of Clause 14.4 (*Indemnity to the Facility Agent*) and this Clause 29 (*The Facility Agent and the Arranger*) and any other provisions of a Finance Document which are expressed to limit or exclude its liability (or to indemnify it) in acting as Facility Agent. Any fees for the account of the retiring Facility Agent shall cease to accrue from (and shall be payable on) that date. Any 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) The Majority Lenders may, by notice to the Facility Agent, require it to resign in accordance with paragraph (b) above. In this event, the Facility Agent shall resign in accordance with paragraph (b) above but the cost referred to in paragraph (e) above shall be for the account of the Borrower.
- (i) The consent of any Borrower (or any other Transaction Obligor) is not required for an assignment or transfer of rights and/or obligations by the Facility Agent.

**29.14 Confidentiality**

- (a) In acting as Facility Agent for the Finance Parties, the Facility Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.
- (b) If information is received by a division or department of the Facility Agent other than the division or department responsible for complying with the obligations assumed by it under the Finance Documents, that information may be treated as confidential to that division or department, and the Facility Agent shall not be deemed to have notice of it nor shall it be obliged to disclose such information to any Party.
- (c) Notwithstanding any other provision of any Finance Document to the contrary, neither the Facility Agent nor the 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 regulation or a breach of a fiduciary duty.

**29.15 Relationship with the other Finance Parties**

- (a) Subject to Clause 27.9 (*Pro rata interest settlement*), the Facility Agent may treat the person shown in its records as Lender at the opening of business (in the place of the Facility Agent's principal office as notified to the Finance Parties from time to time) as the Lender 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 to the contrary in accordance with the terms of this Agreement.

- (b) Each Finance Party shall supply the Facility Agent with any information that the Security Agent may reasonably specify (through the Facility Agent) as being necessary or desirable to enable the Security Agent to perform its functions as Security Agent.
- (c) Any Lender may by notice to the Facility Agent appoint a person to receive on its behalf all notices, communications, information and documents to be made or despatched to that Lender under the Finance Documents. Such notice shall contain the address and, where communication by electronic mail or other electronic means is permitted under Clause 36.5 (*Electronic communication*), electronic mail address and/or any other information required to enable the transmission of information by that means (and, in each case, the department or officer, if any, for whose attention communication is to be made) and be treated as a notification of a substitute address, electronic mail address (or such other information), department and officer by that Lender for the purposes of Clause 36.2 (*Addresses*) and subparagraph (ii) of paragraph (a) of Clause 36.5 (*Electronic communication*) and the Facility Agent shall be entitled to treat such person as the person entitled to receive all such notices, communications, information and documents as though that person were that Lender.

#### **29.16 Credit appraisal by the Finance Parties**

Without affecting the responsibility of any Transaction Obligor for information supplied by it or on its behalf in connection with any Transaction Document, each Finance Party confirms to the Facility Agent and the Arranger 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 Transaction Document including but not limited to:

- (a) the financial condition, status and nature of each member of the Group;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Transaction Document, the Security Property and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document or the Security Property;
- (c) whether that 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 Transaction Document, the Security Property, the transactions contemplated by the Transaction Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document or the Security Property;
- (d) the adequacy, accuracy or completeness of any information provided by the Facility Agent, any Party or by any other person under, or in connection with, any Transaction Document, the transactions contemplated by any Transaction Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document; and

- (e) the right or title of any person in or to or the value or sufficiency of any part of the Security Assets, the priority of any of the Transaction Security or the existence of any Security affecting the Security Assets.

**29.17 Deduction from amounts payable by the Facility Agent**

If any Party owes an amount to the Facility Agent under the Finance Documents, the Facility Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Facility 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.

**29.18 Full freedom to enter into transactions**

Without prejudice to Clause 29.7 (*Business with the Group*) or any other provision of a Finance Document and notwithstanding any rule of law or equity to the contrary, the Facility Agent shall be absolutely entitled:

- (a) to enter into and arrange banking, derivative, investment and/or other transactions of every kind with or affecting any Transaction Obligor or any person who is party to, or referred to in, a Finance Document (including, but not limited to, any interest or currency swap or other transaction, whether related to this Agreement or not, and acting as syndicate agent and/or security agent for, and/or participating in, other facilities to such Transaction Obligor or any person who is party to, or referred to in, a Finance Document);
- (b) to deal in and enter into and arrange transactions relating to:
  - (i) any securities issued or to be issued by any Transaction Obligor or any other person; or
  - (ii) any options or other derivatives in connection with such securities; and
- (c) to provide advice or other services to any Borrower or any person who is a party to, or referred to in, a Finance Document,

and, in particular, the Facility Agent shall be absolutely entitled, in proposing, evaluating, negotiating, entering into and arranging all such transactions and in connection with all other matters covered by paragraphs (a), (b) and (c) above, to use (subject only to insider dealing legislation) any information or opportunity, howsoever acquired by it, to pursue its own interests exclusively, to refrain from disclosing such dealings, transactions or other matters or any information acquired in connection with them and to retain for its sole benefit all profits and benefits derived from the dealings transactions or other matters.

**29.19 Role of Reference Banks**

- (a) No Reference Bank is under any obligation to provide a quotation or any other information to the Facility Agent.
- (b) No Reference Bank will be liable for any action taken by it under or in connection with any Finance Document, or for any Reference Bank Quotation, unless directly caused by its gross negligence or wilful misconduct.

- (c) No Party (other than the relevant Reference Bank) may take any proceedings against any officer, employee or agent of any Reference Bank in respect of any claim it might have against that Reference Bank or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document, or to any Reference Bank Quotation, and any officer, employee or agent of each Reference Bank may rely on this Clause 31.19 (*Role of Reference Banks*) subject to Clause 1.5 (*Third party rights*) and the provisions of the Third Parties Act.

#### **29.20 Third Party Reference Banks**

A Reference Bank which is not a Party may rely on Clause 31.19 (Role of Reference Banks), Clause 42.3 (Other exceptions) and Clause 44 (Confidentiality of Funding Rates and Reference Bank Quotations) subject to Clause 1.5 (Third party rights) and the provisions of the Third Parties Act.

### **30 THE SECURITY AGENT**

#### **30.1 Trust**

- (a) The Security Agent declares that it holds the Security Property on trust for the Secured Parties on the terms contained in this Agreement and shall deal with the Security Property in accordance with this Clause 30 (*The Security Agent*) and the other provisions of the Finance Documents.
- (b) Each other Finance Party authorises the Security Agent 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.

#### **30.2 Parallel Debt (Covenant to pay the Security Agent)**

- (a) Each Obligor irrevocably and unconditionally undertakes to pay to the Security Agent its Parallel Debt which shall be amounts equal to, and in the currency or currencies of, its Corresponding Debt.
- (b) The Parallel Debt of an Obligor:
- (i) shall become due and payable at the same time as its Corresponding Debt;
  - (ii) is independent and separate from, and without prejudice to, its Corresponding Debt.
- (c) For purposes of this Clause 30.2 (Parallel Debt (Covenant to pay the Security Agent)), the Security Agent:
- (i) is the independent and separate creditor of each Parallel Debt;
  - (ii) acts in its own name and not as agent, representative or trustee of the Finance Parties and its claims in respect of each Parallel Debt shall not be held on trust; and
  - (iii) shall have the independent and separate right to demand payment of each Parallel Debt in its own name (including, without limitation, through any suit, execution, enforcement of security, recovery of guarantees and applications for and voting in any kind of insolvency proceeding).

- (d) The Parallel Debt of an Obligor shall be:
- (i) decreased to the extent that its Corresponding Debt has been irrevocably and unconditionally paid or discharged; and
  - (ii) increased to the extent that its Corresponding Debt has increased, and the Corresponding Debt of an Obligor shall be decreased to the extent that its Parallel Debt has been irrevocably and unconditionally paid or discharged,
- in each case provided that the Parallel Debt of an Obligor shall never exceed its Corresponding Debt.
- (e) All amounts received or recovered by the Security Agent in connection with this Clause 30.2 (*Parallel Debt (Covenant to pay the Security Agent)*) to the extent permitted by applicable law, shall be applied in accordance with Clause 33.5 (*Application of receipts; partial payments*).
- (f) This Clause 30.2 (*Parallel Debt (Covenant to pay the Security Agent)*) shall apply, with any necessary modifications, to each Finance Document.

### **30.3 Enforcement through Security Agent only**

The Secured Parties shall not have any independent power to enforce, or have recourse to, any of the Transaction Security or to exercise any right, power, authority or discretion arising under the Security Documents except through the Security Agent.

### **30.4 Instructions**

- (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:
    - (A) all Lenders (or the Facility Agent on their behalf) if the relevant Finance Document stipulates the matter is an all Lender decision; and
    - (B) in all other cases, the Majority Lenders (or the Facility Agent on their behalf); and
  - (ii) not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with sub-paragraph (i) above (or if this Agreement stipulates the matter is a decision for any other Finance Party or group of Finance Parties, in accordance with instructions given to it by that Finance Party or group of Finance Parties).
- (b) The Security Agent shall be entitled to request instructions, or clarification of any instruction, from the Majority Lenders (or the Facility Agent on their behalf) (or, if the relevant Finance Document stipulates the matter is a decision for any other Finance Party or group of Finance Parties, from that Finance Party or group of Finance Parties) 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 any such instructions or clarification that it has requested.

- (c) Save in the case of decisions stipulated to be a matter for any other Finance Party or group of Finance Parties under the relevant Finance Document and unless a contrary indication appears in a Finance Document, any instructions given to the Security Agent by the Majority Lenders shall override any conflicting instructions given by any other Parties and will be binding on all Finance Parties.
- (d) Paragraph (a) above shall not apply:
- (i) where a contrary indication appears in a Finance Document;
  - (ii) where a Finance Document requires the Security Agent to act in a specified manner or to take a specified action;
  - (iii) in respect of any provision which protects the Security Agent's own position in its personal capacity as opposed to its role of Security Agent for the relevant Secured Parties;
  - (iv) in respect of the exercise of the Security Agent's discretion to exercise a right, power or authority under any of:
    - (A) Clause 30.27 (Application of receipts);
    - (B) Clause 30.28 (Permitted Deductions); and
    - (C) Clause 30.29 (Prospective liabilities).
- (e) If giving effect to instructions given by the Majority Lenders would in the Security Agent's opinion have an effect equivalent to an amendment or waiver referred to in Clause 42 (*Amendments and Waivers*), the Security Agent shall not act in accordance with those instructions unless consent to it so acting is obtained from each Party (other than the Security Agent) whose consent would have been required in respect of that amendment or waiver.
- (f) In exercising any discretion to exercise a right, power or authority under the Finance Documents where either:
- (i) it has not received any instructions as to the exercise of that discretion; or
  - (ii) the exercise of that discretion is subject to sub-paragraph (iv) of paragraph (d) above, the Security Agent shall do so having regard to the interests of all the Secured Parties.
- (g) The Security Agent may refrain from acting in accordance with any instructions of any Finance Party or group of Finance Parties 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 (together with any applicable VAT) which it may incur in complying with those instructions.
- (h) Without prejudice to the remainder of this Clause 30.4 (*Instructions*), in the absence of instructions, the Security Agent may (but shall not be obliged to) take such action in the exercise of its powers and duties under the Finance Documents as it considers in its discretion to be appropriate.

- (i) The Security Agent is not authorised to act on behalf of a Finance Party (without first obtaining that Finance Party's consent) in any legal or arbitration proceedings relating to any Finance Document. This paragraph (i) 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 Transaction Security or Security Documents.

### **30.5 Duties of the Security Agent**

- (a) The Security Agent's duties under the Finance Documents are solely mechanical and administrative in nature.
- (b) The Security Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Security Agent for that Party by any other Party.
- (c) Except where a Finance Document specifically provides otherwise, the Security Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.
- (d) If the Security Agent receives notice from a Party referring to any Finance Document, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties.
- (e) The Security Agent shall have only those duties, obligations and responsibilities expressly specified in the Finance Documents to which it is expressed to be a party (and no others shall be implied).

### **30.6 No fiduciary duties**

- (a) Nothing in any Finance Document constitutes the Security Agent as an agent, trustee or fiduciary of any Transaction Obligor.
- (b) The Security Agent shall not be bound to account to any other Secured Party for any sum or the profit element of any sum received by it for its own account.

### **30.7 Business with the Group**

The Security Agent may accept deposits from, lend money to, and generally engage in any kind of banking or other business with, any member of the Group.

### **30.8 Rights and discretions**

- (a) The Security Agent may:
  - (i) rely on any representation, communication, notice or document believed by it to be genuine, correct and appropriately authorised;
  - (ii) assume that:
    - (A) any instructions received by it from the Majority Lenders, any Finance Parties or any group of Finance Parties are duly given in accordance with the terms of the Finance Documents;

- (B) unless it has received notice of revocation, that those instructions have not been revoked;
- (C) if it receives any instructions to act in relation to the Transaction Security, that all applicable conditions under the Finance Documents for so acting have been satisfied; and

(iii) rely on a certificate from any person:

(A) as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or

(B) to the effect that such person approves of any particular dealing, transaction, step, action or thing,

as sufficient evidence that that is the case and, in the case of paragraph (A) above, may assume the truth and accuracy of that certificate.

(b) The Security Agent shall be entitled to carry out all dealings with the other Finance Parties through the Facility Agent and may give to the Facility Agent any notice or other communication required to be given by the Security Agent to any Finance Party.

(c) The Security Agent may assume (unless it has received notice to the contrary in its capacity as security agent for the Secured Parties) that:

(i) no Default has occurred;

(ii) any right, power, authority or discretion vested in any Party or any group of Finance Parties has not been exercised; and

(iii) any notice or request made by any Borrower (other than the Utilisation Request or a Selection Notice) is made on behalf of and with the consent and knowledge of all the Transaction Obligors.

(d) The Security Agent may engage and pay for the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts.

(e) Without prejudice to the generality of paragraph (c) above or paragraph (f) below, the Security Agent may at any time engage and pay for the services of any lawyers to act as independent counsel to the Security Agent (and so separate from any lawyers instructed by the Facility Agent or the Lenders) if the Security Agent in its reasonable opinion deems this to be desirable.

(f) The Security Agent may rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the Security Agent or by any other Party) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying.

(g) The Security Agent may act in relation to the Finance Documents and the Security Property through its officers, employees and agents and shall not:

(i) be liable for any error of judgment made by any such person; or

- (ii) be bound to supervise, or be in any way responsible for any loss incurred by reason of misconduct, omission or default on the part of any such person,

unless such error or such loss was directly caused by the Security Agent's gross negligence or wilful misconduct.

- (h) Unless a Finance Document expressly provides otherwise the Security Agent may disclose to any other Party any information it reasonably believes it has received as security agent under the Finance Documents.
- (i) Notwithstanding any other provision of any Finance Document to the contrary, the Security Agent is not 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.
- (j) Notwithstanding any provision of any Finance Document to the contrary, the Security 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.

### **30.9 Responsibility for documentation**

None of the Security Agent, any Receiver or Delegate is responsible or liable for:

- (a) the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the Facility Agent, the Security Agent, the Arranger, a Transaction Obligor or any other person in, or in connection with, any Transaction Document or the transactions contemplated in the Transaction Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Transaction Document or the Security Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Transaction Document or the Security Property;
- (c) any determination as to whether any information provided or to be provided to any Secured 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.

### **30.10 No duty to monitor**

The Security Agent shall not be bound to enquire:

- (a) whether or not any Default has occurred;
- (b) as to the performance, default or any breach by any Transaction Obligor of its obligations under any Transaction Document; or
- (c) whether any other event specified in any Transaction Document has occurred.

**30.11****Exclusion of liability**

- (a) Without limiting paragraph (b) below (and without prejudice to any other provision of any Finance Document excluding or limiting the liability of the Security Agent or any Receiver or Delegate), none of the Security Agent nor any Receiver or Delegate will 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 under or in connection with any Transaction Document or the Security Property, 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 Transaction Document, the Security Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Transaction Document or the Security Property; or
  - (iii) any shortfall which arises on the enforcement or realisation of the Security Property; or
  - (iv) without prejudice to the generality of paragraphs (i) to (iii) 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 Security Agent, that Receiver or that Delegate (as applicable) may take any proceedings against any officer, employee or agent of the Security Agent, a Receiver or a Delegate in respect of any claim it might have against the Security Agent, a Receiver or a Delegate or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Transaction Document or any Security Property and any officer, employee or agent of the Security Agent, a Receiver or a Delegate may rely on this Clause subject to Clause 1.5 (*Third party rights*) and the provisions of the Third Parties Act.
- (c) The Security 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 Security Agent if the Security 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 Security Agent for that purpose.
- (d) Nothing in this Agreement shall oblige the Security Agent to carry out:

- (i) any “know your customer” or other checks in relation to any person; or
- (ii) any check on the extent to which any transaction contemplated by this Agreement might be unlawful for any Finance Party,

on behalf of any Finance Party and each Finance Party confirms to the Security Agent 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 Security Agent.

- (e) Without prejudice to any provision of any Finance Document excluding or limiting the liability of the Security Agent or any Receiver or Delegate, any liability of the Security Agent or any Receiver or Delegate arising under or in connection with any Transaction Document or the Security Property 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 Security Agent, Receiver or Delegate 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 Security Agent, any Receiver or Delegate at any time which increase the amount of that loss. In no event shall the Security Agent, any Receiver or Delegate 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 Security Agent, the Receiver or Delegate has been advised of the possibility of such loss or damages.

### **30.12 Lenders’ indemnity to the Security Agent**

- (a) 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 Security Agent and every Receiver, within three Business Days of demand, against any cost, loss or liability incurred by any of them (otherwise than by reason of the Security Agent’s or Receiver’s gross negligence or wilful misconduct) in acting as Security Agent or Receiver under the Finance Documents (unless the Security Agent or Receiver has been reimbursed by a Transaction Obligor pursuant to a Finance Document).
- (b) Subject to paragraph (c) below, the Borrower shall within three days of any demand reimburse any Lender for any payment that Lender makes to the Security Agent pursuant to paragraph (a) above.
- (c) Paragraph (b) above shall not apply to the extent that the indemnity payment in respect of which the Lender claims reimbursement relates to a liability of the Security Agent to an Obligor.

### **30.13 Resignation of the Security Agent**

- (a) The Security Agent may resign and appoint one of its Affiliates as successor by giving notice to the other Finance Parties and the Borrower.
- (b) Alternatively, the Security Agent may resign by giving 30 days’ notice to the other Finance Parties and the Borrower, in which case the Majority Lenders may appoint a successor Security Agent.
- (c) If the Majority Lenders have not appointed a successor Security Agent in accordance with paragraph (b) above within 20 days after notice of resignation was given, the retiring Security Agent may appoint a successor Security Agent.

- (d) The retiring Security Agent shall make available to the successor Security Agent such documents and records and provide such assistance as the successor Security Agent may reasonably request for the purposes of performing its functions as Security Agent under the Finance Documents. The Borrower shall, within three Business Days of demand, reimburse the retiring Security Agent for the amount of all costs and expenses (including legal fees) properly incurred by it in making available such documents and records and providing such assistance.
- (e) The Security Agent's resignation notice shall only take effect upon:
  - (i) the appointment of a successor; and
  - (ii) the transfer, by way of a document expressed as a deed, of all the Security Property to that successor.
- (f) Upon the appointment of a successor, the retiring Security Agent shall be discharged, by way of a document executed as a deed, from any further obligation in respect of the Finance Documents (other than its obligations under paragraph (b) of Clause 30.24 (*Winding up of trust*) and paragraph (d) above) but shall remain entitled to the benefit of Clause 14.5 (*Indemnity to the Security Agent*) and this Clause 30 (*The Security Agent*) and any other provisions of a Finance Document which are expressed to limit or exclude its liability (or to indemnify it) in acting as Security Agent. Any fees for the account of the retiring Security Agent shall cease to accrue from (and shall be payable on) that date. Any 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.
- (g) The Majority Lenders may, by notice to the Security Agent, require it to resign in accordance with paragraph (b) above. In this event, the Security Agent shall resign in accordance with paragraph (b) above but the cost referred to in paragraph (d) above shall be for the account of the Borrower.
- (h) The consent of any Borrower (or any other Transaction Obligor) is not required for an assignment or transfer of rights and/or obligations by the Security Agent.

**30.14 Confidentiality**

- (a) In acting as Security Agent for the Finance Parties, the Security Agent shall be regarded as acting through its trustee division which shall be treated as a separate entity from any other of its divisions or departments.
- (b) If information is received by a division or department of the Security Agent other than the division or department responsible for complying with the obligations assumed by it under the Finance Documents, that information may be treated as confidential to that division or department, and the Security Agent shall not be deemed to have notice of it nor shall it be obliged to disclose such information to any Party.
- (c) Notwithstanding any other provision of any Finance Document to the contrary, the Security Agent is not 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 regulation or a breach of a fiduciary duty.

**30.15 Credit appraisal by the Finance Parties**

Without affecting the responsibility of any Transaction Obligor for information supplied by it or on its behalf in connection with any Transaction Document, each Finance Party confirms to the Security Agent 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 Transaction Document including but not limited to:

- (a) the financial condition, status and nature of each member of the Group;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Transaction Document, the Security Property and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document or the Security Property;
- (c) whether that 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 Transaction Document, the Security Property, the transactions contemplated by the Transaction Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document or the Security Property;
- (d) the adequacy, accuracy or completeness of any information provided by the Security Agent, any Party or by any other person under, or in connection with, any Transaction Document, the transactions contemplated by any Transaction Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document; and
- (e) the right or title of any person in or to or the value or sufficiency of any part of the Security Assets, the priority of any of the Transaction Security or the existence of any Security affecting the Security Assets.

**30.16 Reliance and engagement letters**

Each Secured Party confirms that the Security Agent has authority to accept on its behalf (and ratifies the acceptance on its behalf of any letters or reports already accepted by the Security Agent) the terms of any reliance letter or engagement letters or any reports or letters provided by accountants, auditors or providers of due diligence reports in connection with the Finance Documents or the transactions contemplated in the Finance Documents and to bind it in respect of those, reports or letters and to sign such letters on its behalf and further confirms that it accepts the terms and qualifications set out in such letters.

**30.17 No responsibility to perfect Transaction Security**

The Security Agent shall not be liable for any failure to:

- (a) require the deposit with it of any deed or document certifying, representing or constituting the title of any Transaction Obligor to any of the Security Assets;
- (b) obtain any licence, consent or other authority for the execution, delivery, legality, validity, enforceability or admissibility in evidence of any Finance Document or the Transaction Security;

- (c) register, file or record or otherwise protect any of the Transaction Security (or the priority of any of the Transaction Security) under any law or regulation or to give notice to any person of the execution of any Finance Document or of the Transaction Security;
- (d) take, or to require any Transaction Obligor to take, any step to perfect its title to any of the Security Assets or to render the Transaction Security effective or to secure the creation of any ancillary Security under any law or regulation; or
- (e) require any further assurance in relation to any Finance Document.

**30.18 Insurance by Security Agent**

- (a) The Security Agent shall not be obliged:
  - (i) to insure any of the Security Assets;
  - (ii) to require any other person to maintain any insurance; or
  - (iii) to verify any obligation to arrange or maintain insurance contained in any Finance Document, and the Security Agent shall not be liable for any damages, costs or losses to any person as a result of the lack of, or inadequacy of, any such insurance.
- (b) Where the Security Agent is named on any insurance policy as an insured party, it shall not be liable for any damages, costs or losses to any person as a result of its failure to notify the insurers of any material fact relating to the risk assumed by such insurers or any other information of any kind, unless the Majority Lenders request it to do so in writing and the Security Agent fails to do so within 14 days after receipt of that request.

**30.19 Custodians and nominees**

The Security Agent may appoint and pay any person to act as a custodian or nominee on any terms in relation to any asset of the trust as the Security Agent may determine, including for the purpose of depositing with a custodian this Agreement or any document relating to the trust created under this Agreement and the Security Agent shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it under this Agreement or be bound to supervise the proceedings or acts of any person.

**30.20 Delegation by the Security Agent**

- (a) Each of the Security Agent, any Receiver and any Delegate may, at any time, delegate by power of attorney or otherwise to any person for any period, all or any right, power, authority or discretion vested in it in its capacity as such.
- (b) That delegation may be made upon any terms and conditions (including the power to sub delegate) and subject to any restrictions that the Security Agent, that Receiver or that Delegate (as the case may be) may, in its discretion, think fit in the interests of the Secured Parties.
- (c) No Security Agent, Receiver or Delegate shall be bound to supervise, or be in any way responsible for any damages, costs or losses incurred by reason of any misconduct, omission or default on the part of any such delegate or sub delegate.

### **30.21 Additional Security Agents**

- (a) The Security Agent may at any time appoint (and subsequently remove) any person to act as a separate trustee or as a co-trustee jointly with it:
- (i) if it considers that appointment to be in the interests of the Secured Parties; or
  - (ii) for the purposes of conforming to any legal requirement, restriction or condition which the Security Agent deems to be relevant; or
  - (iii) for obtaining or enforcing any judgment in any jurisdiction,
- and the Security Agent shall give prior notice to the Borrower and the Finance Parties of that appointment.
- (b) Any person so appointed shall have the rights, powers, authorities and discretions (not exceeding those given to the Security Agent under or in connection with the Finance Documents) and the duties, obligations and responsibilities that are given or imposed by the instrument of appointment.
- (c) The remuneration that the Security Agent may pay to that person, and any costs and expenses (together with any applicable VAT) incurred by that person in performing its functions pursuant to that appointment shall, for the purposes of this Agreement, be treated as costs and expenses incurred by the Security Agent.

### **30.22 Acceptance of title**

The Security Agent shall be entitled to accept without enquiry, and shall not be obliged to investigate, any right and title that any Transaction Obligor may have to any of the Security Assets and shall not be liable for or bound to require any Transaction Obligor to remedy any defect in its right or title.

### **30.23 Releases**

Upon a disposal of any of the Security Assets pursuant to the enforcement of the Transaction Security by a Receiver, a Delegate or the Security Agent, the Security Agent is irrevocably authorised (at the cost of the Obligors and without any consent, sanction, authority or further confirmation from any other Secured Party) to release, without recourse or warranty, that property from the Transaction Security and to execute any release of the Transaction Security or other claim over that asset and to issue any certificates of non-crystallisation of floating charges that may be required or desirable.

### **30.24 Winding up of trust**

If the Security Agent, with the approval of the Facility Agent determines that:

- (a) all of the Secured Liabilities and all other obligations secured by the Security Documents have been fully and finally discharged; and
- (b) no Secured Party is under any commitment, obligation or liability (actual or contingent) to make advances or provide other financial accommodation to any Transaction Obligor pursuant to the Finance Documents,

then

- (i) the trusts set out in this Agreement shall be wound up and the Security Agent shall release, without recourse or warranty, all of the Transaction Security and the rights of the Security Agent under each of the Security Documents; and
- (ii) any Security Agent which has resigned pursuant to Clause 30.13 (*Resignation of the Security Agent*) shall release, without recourse or warranty, all of its rights under each Security Document.

### **30.25 Powers supplemental to Trustee Acts**

The rights, powers, authorities and discretions given to the Security Agent under or in connection with the Finance Documents shall be supplemental to the Trustee Act 1925 and the Trustee Act 2000 and in addition to any which may be vested in the Security Agent by law or regulation or otherwise.

### **30.26 Disapplication of Trustee Acts**

Section 1 of the Trustee Act 2000 shall not apply to the duties of the Security Agent in relation to the trusts constituted by this Agreement and the other Finance Documents. Where there are any inconsistencies between (i) the Trustee Acts 1925 and 2000 and (ii) the provisions of this Agreement and any other Finance Document, the provisions of this Agreement and any other Finance Document shall, to the extent permitted by law and regulation, prevail and, in the case of any inconsistency with the Trustee Act 2000, the provisions of this Agreement and any other Finance Document shall constitute a restriction or exclusion for the purposes of the Trustee Act 2000.

### **30.27 Application of receipts**

All amounts from time to time received or recovered by the Security Agent pursuant to the terms of any Finance Document, under Clause 30.2 (*Parallel Debt (Covenant to pay the Security Agent)*) or in connection with the realisation or enforcement of all or any part of the Security Property (for the purposes of this Clause 30 (*The Security Agent*), the “**Recoveries**”) shall be held by the Security Agent on trust to apply them at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law and subject to the remaining provisions of this Clause 30 (*The Security Agent*), in the following order of priority:

- (a) in discharging any sums owing to the Security Agent (in its capacity as such) (other than pursuant to Clause 30.2 (*Parallel Debt (Covenant to pay the Security Agent)*) or any Receiver or Delegate;
- (b) in payment or distribution to the Facility Agent, on its behalf and on behalf of the other Secured Parties, for application towards the discharge of all sums due and payable by any Transaction Obligor under any of the Finance Documents in accordance with Clause 33.5 (*Application of receipts; partial payments*);
- (c) if none of the Transaction Obligors is under any further actual or contingent liability under any Finance Document, in payment or distribution to any person to whom the Security Agent is obliged to pay or distribute in priority to any Transaction Obligor; and
- (d) the balance, if any, in payment or distribution to the relevant Transaction Obligor.

### **30.28 Permitted Deductions**

The Security Agent may, in its discretion:

- (a) set aside by way of reserve amounts required to meet, and to make and pay, any deductions and withholdings (on account of Taxes or otherwise) which it is or may be required by any applicable law to make from any distribution or payment made by it under this Agreement; and
- (b) pay all Taxes which may be assessed against it in respect of any of the Security Property, or as a consequence of performing its duties, or by virtue of its capacity as Security Agent under any of the Finance Documents or otherwise (other than in connection with its remuneration for performing its duties under this Agreement).

### **30.29 Prospective liabilities**

Following enforcement of any of the Transaction Security, the Security Agent may, in its discretion, or at the request of the Facility Agent, hold any Recoveries in an interest bearing suspense or impersonal account(s) in the name of the Security Agent with such financial institution (including itself) and for so long as the Security Agent shall think fit (the interest being credited to the relevant account) for later payment to the Facility Agent for application in accordance with Clause 30.27 (*Application of receipts*) in respect of:

- (a) any sum to the Security Agent, any Receiver or any Delegate; and
- (b) any part of the Secured Liabilities, that the Security Agent or, in the case of paragraph (b) only, the Facility Agent, reasonably considers, in each case, might become due or owing at any time in the future.

### **30.30 Investment of proceeds**

Prior to the payment of the proceeds of the Recoveries to the Facility Agent for application in accordance with Clause 30.27 (*Application of receipts*) the Security Agent may, in its discretion, hold all or part of those proceeds in an interest bearing suspense or impersonal account(s) in the name of the Security Agent with such financial institution (including itself) and for so long as the Security Agent shall think fit (the interest being credited to the relevant account) pending the payment from time to time of those moneys in the Security Agent's discretion in accordance with the provisions of Clause 30.27 (*Application of receipts*).

### **30.31 Currency conversion**

- (a) For the purpose of, or pending the discharge of, any of the Secured Liabilities the Security Agent may convert any moneys received or recovered by the Security Agent from one currency to another, at a market rate of exchange.
- (b) The obligations of any Transaction Obligor to pay in the due currency shall only be satisfied to the extent of the amount of the due currency purchased after deducting the costs of conversion.

**30.32 Good discharge**

- (a) Any payment to be made in respect of the Secured Liabilities by the Security Agent may be made to the Facility Agent on behalf of the Secured Parties and any payment made in that way shall be a good discharge, to the extent of that payment, by the Security Agent.
- (b) The Security Agent is under no obligation to make the payments to the Facility Agent under paragraph (a) above in the same currency as that in which the obligations and liabilities owing to the relevant Finance Party are denominated.

**30.33 Amounts received by Obligors**

If any of the Obligors receives or recovers any amount which, under the terms of any of the Finance Documents, should have been paid to the Security Agent, that Obligor will hold the amount received or recovered on trust for the Security Agent and promptly pay that amount to the Security Agent for application in accordance with the terms of this Agreement.

**30.34 Full freedom to enter into transactions**

Without prejudice to Clause 30.7 (*Business with the Group*) or any other provision of a Finance Document and notwithstanding any rule of law or equity to the contrary, the Security Agent shall be absolutely entitled:

- (a) to enter into and arrange banking, derivative, investment and/or other transactions of every kind with or affecting any Transaction Obligor or any person who is party to, or referred to in, a Finance Document (including, but not limited to, any interest or currency swap or other transaction, whether related to this Agreement or not, and acting as syndicate agent and/or security agent for, and/or participating in, other facilities to such Transaction Obligor or any person who is party to, or referred to in, a Finance Document);
- (b) to deal in and enter into and arrange transactions relating to:
  - (i) any securities issued or to be issued by any Transaction Obligor or any other person; or
  - (ii) any options or other derivatives in connection with such securities; and
- (c) to provide advice or other services to the Borrower or any person who is a party to, or referred to in, a Finance Document,

and, in particular, the Security Agent shall be absolutely entitled, in proposing, evaluating, negotiating, entering into and arranging all such transactions and in connection with all other matters covered by paragraphs (a), (b) and (c) above, to use (subject only to insider dealing legislation) any information or opportunity, howsoever acquired by it, to pursue its own interests exclusively, to refrain from disclosing such dealings, transactions or other matters or any information acquired in connection with them and to retain for its sole benefit all profits and benefits derived from the dealings transactions or other matters.

**31 CONDUCT OF BUSINESS BY THE FINANCE PARTIES**

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.

## 32 SHARING AMONG THE FINANCE PARTIES

### 32.1 Payments to Finance Parties

If a Finance Party (a **“Recovering Finance Party”**) receives or recovers any amount from a Transaction Obligor other than in accordance with Clause 33 (*Payment Mechanics*) (a **“Recovered Amount”**) and applies that amount to a payment due to it under the Finance Documents then:

- (a) the Recovering Finance Party shall, within three Business Days, notify details of the receipt or recovery, to the Facility Agent;
- (b) the Facility 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 Facility Agent and distributed in accordance with Clause 33 (*Payment Mechanics*), without taking account of any Tax which would be imposed on the Facility Agent in relation to the receipt, recovery or distribution; and
- (c) the Recovering Finance Party shall, within three Business Days of demand by the Facility Agent, pay to the Facility Agent an amount (the **“Sharing Payment”**) equal to such receipt or recovery less any amount which the Facility Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with Clause 33.5 (*Application of receipts; partial payments*).

### 32.2 Redistribution of payments

The Facility Agent shall treat the Sharing Payment as if it had been paid by the relevant Transaction Obligor and distribute it among the Finance Parties (other than the Recovering Finance Party) (the **“Sharing Finance Parties”**) in accordance with Clause 33.5 (*Application of receipts; partial payments*) towards the obligations of that Transaction Obligor to the Sharing Finance Parties.

### 32.3 Recovering Finance Party’s rights

On a distribution by the Facility Agent under Clause 32.2 (*Redistribution of payments*) of a payment received by a Recovering Finance Party from a Transaction Obligor, as between the relevant Transaction 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 Transaction Obligor.

### 32.4 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 Facility Agent, pay to the Facility 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 Transaction 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 Transaction Obligor.

**32.5 Exceptions**

- (a) This Clause 32 (*Sharing among the Finance Parties*) 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 Transaction 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, 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

#### 33 PAYMENT MECHANICS

##### 33.1 Payments to the Facility Agent

- (a) On each date on which a Transaction Obligor or a Lender is required to make a payment under a Finance Document, that Transaction Obligor or Lender shall make an amount equal to such payment available to the Facility 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 Facility 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 (or, in relation to euro, in a principal financial centre in such Participating Member State or London, as specified by the Facility Agent) and with such bank as the Facility Agent, in each case, specifies.

##### 33.2 Distributions by the Facility Agent

Each payment received by the Facility Agent under the Finance Documents for another Party shall, subject to Clause 33.3 (*Distributions to a Transaction Obligor*) and Clause 33.4 (*Clawback and pre-funding*) be made available by the Facility 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 Facility 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 (or, in relation to euro, in the principal financial centre of a Participating Member State or London), as specified by that Party or, in the case of the Loan, to such account of such person as may be specified by the Borrower in the Utilisation Request.

##### 33.3 Distributions to a Transaction Obligor

The Facility Agent may (with the consent of the Transaction Obligor or in accordance with Clause 34 (*Set-Off*)) apply any amount received by it for that Transaction Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from that Transaction Obligor under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

##### 33.4 Clawback and pre-funding

- (a) Where a sum is to be paid to the Facility Agent under the Finance Documents for another Party, the Facility 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) Unless paragraph (c) below applies, if the Facility Agent pays an amount to another Party and it proves to be the case that the Facility 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 Facility Agent shall on demand refund the same to the Facility Agent together with interest

on that amount from the date of payment to the date of receipt by the Facility Agent, calculated by the Facility Agent to reflect its cost of funds.

- (c) If the Facility Agent has notified the Lenders that it is willing to make available amounts for the account of the Borrower before receiving funds from the Lenders then if and to the extent that the Facility Agent does so but it proves to be the case that it does not then receive funds from a Lender in respect of a sum which it paid to the Borrower:
- (i) the Facility Agent shall notify the Borrower of that Lender's identity and the Borrower shall on demand refund it to the Facility Agent; and
  - (ii) the Lender by whom those funds should have been made available or, if the Lender fails to do so, the Borrower shall on demand pay to the Facility Agent the amount (as certified by the Facility Agent) which will indemnify the Facility Agent against any funding cost incurred by it as a result of paying out that sum before receiving those funds from that Lender.

### 33.5 **Application of receipts; partial payments**

- (a) If the Facility Agent receives a payment that is insufficient to discharge all the amounts then due and payable by a Transaction Obligor under the Finance Documents, the Facility Agent shall apply that payment towards the obligations of that Transaction Obligor under the Finance Documents in the following order:
- (i) **first**, in or towards payment *pro rata* of any unpaid fees, costs and expenses of, and any other amounts owing to, the Facility Agent, the Security Agent, any Receiver or any Delegate under the Finance Documents;
  - (ii) **secondly**, in or towards payment *pro rata* of:
    - (A) any accrued interest and fees due but unpaid to the Lenders under this Agreement;
  - (iii) **thirdly**, in or towards payment *pro rata* of:
    - (A) any principal due but unpaid to the Lenders under this Agreement;
  - (iv) **fourthly**, in or towards payment *pro rata* of any other sum due but unpaid under the Finance Documents.
- (b) The Facility Agent shall, if so directed by the Majority Lenders, vary, or instruct the Security Agent to vary (as applicable), the order set out in sub-paragraphs (ii) to (iv) of paragraph (a) above.
- (c) Paragraphs (a) and (b) above will override any appropriation made by a Transaction Obligor.

### 33.6 **No set-off by Transaction Obligors**

All payments to be made by a Transaction Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

### **33.7 Business Days**

- (a) Any payment under the Finance Documents 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 an Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

### **33.8 Currency of account**

- (a) Subject to paragraphs (b) and (c) below, dollars is the currency of account and payment for any sum due from a Transaction Obligor under any Finance Document.
- (b) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.
- (c) Any amount expressed to be payable in a currency other than dollars shall be paid in that other currency.

### **33.9 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 Facility 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 Facility Agent (acting reasonably).
- (b) If a change in any currency of a country occurs, this Agreement will, to the extent the Facility 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 Relevant Interbank Market and otherwise to reflect the change in currency.

### **33.10 Currency Conversion**

- (a) For the purpose of, or pending any payment to be made by any Servicing Party under any Finance Document, such Servicing Party may convert any moneys received or recovered by it from one currency to another, at a market rate of exchange.
- (b) The obligations of any Transaction Obligor to pay in the due currency shall only be satisfied to the extent of the amount of the due currency purchased after deducting the costs of conversion.

### 33.11 **Disruption to Payment Systems etc.**

If either the Facility Agent determines (in its discretion) that a Disruption Event has occurred or the Facility Agent is notified by the Borrower that a Disruption Event has occurred:

- (a) the Facility 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 Facility Agent may deem necessary in the circumstances;
- (b) the Facility 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 Facility 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 Facility Agent and the Borrower shall (whether or not it is finally determined that a 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 42 (*Amendments and Waivers*);
- (e) the Facility Agent shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability 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 Facility Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this Clause 33.11 (*Disruption to Payment Systems etc.*); and
- (f) the Facility Agent shall notify the Finance Parties of all changes agreed pursuant to paragraph (d) above.

### 34 **SET-OFF**

A Finance Party may set off any matured obligation due from a Transaction 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 Transaction 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.

### 35 **BAIL-IN**

Notwithstanding any other term of any Finance Document or any other agreement, arrangement or understanding between the parties to a Finance Document, each Party acknowledges and accepts that any liability of any party to a Finance Document 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.

## **36 NOTICES**

### **36.1 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 letter.

### **36.2 Addresses**

The address (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents are:

- (a) in the case of the Borrower, that specified in Schedule 1 (*The Parties*);
- (b) in the case of each Lender or any other Obligor, that specified in Schedule 1 (*The Parties*) or, if it becomes a Party after the date of this Agreement, that notified in writing to the Facility Agent on or before the date on which it becomes a Party;
- (c) in the case of the Facility Agent, that specified in Schedule 1 (*The Parties*); and
- (d) in the case of the Security Agent, that specified in Schedule 1 (*The Parties*),

or any substitute address or department or officer as the Party may notify to the Facility Agent (or the Facility Agent may notify to the other Parties, if a change is made by the Facility Agent) by not less than five Business Days' notice.

### **36.3 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 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 36.2 (*Addresses*), if addressed to that department or officer.
- (b) Any communication or document to be made or delivered to a Servicing Party will be effective only when actually received by that Servicing Party and then only if it is expressly marked for the attention of the department or officer of that Servicing Party specified in Schedule 1 (*The Parties*) (or any substitute department or officer as that Servicing Party shall specify for this purpose).
- (c) All notices from or to a Transaction Obligor shall be sent through the Facility Agent unless otherwise specified in any Finance Document.

- (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 Transaction Obligors.
- (e) Any communication or document which becomes effective, in accordance with paragraphs (a) to (d) above, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

**36.4 Notification of address**

Promptly upon receipt of notification of an address or change of address pursuant to Clause 36.2 (*Addresses*) or changing its own address, the Facility Agent shall notify the other Parties.

**36.5 Electronic communication**

- (a) Any communication to be made between any two Parties under or in connection with the Finance Documents may be made 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 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.
- (c) Any such electronic communication as specified in paragraph (a) above made between any two Parties will be effective only when actually received (or made available) in readable form and in the case of any electronic communication made by a Party to the Facility Agent or the Security Agent only if it is addressed in such a manner as the Facility Agent or the Security Agent shall specify for this purpose.
- (d) Any electronic communication 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 is sent or made available has its address for the purpose of this Agreement 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 shall be construed to include that communication being made available in accordance with this Clause 36.5 (*Electronic communication*).

**36.6 English language**

- (a) Any notice given under or in connection with any Finance Document must be in English
- (b) All other documents provided under or in connection with any Finance Document must be:
  - (i) in English; or

- (ii) if not in English, and if so required by the Facility Agent, accompanied by a certified English translation prepared by a translator approved by the Facility Agent and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

**37 CALCULATIONS AND CERTIFICATES**

**37.1 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.

**37.2 Certificates and determinations**

Any certification or determination by a Finance Party 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.

**37.3 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 Relevant Interbank Market differs, in accordance with that market practice.

**38 PARTIAL INVALIDITY**

If, at any time, any provision of a Finance Document 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 under the law of that jurisdiction nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

**39 REMEDIES AND WAIVERS**

No failure to exercise, nor any delay in exercising, on the part of any Secured 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 Finance Document. No election to affirm any Finance Document on the part of a Secured 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 each Finance Document are cumulative and not exclusive of any rights or remedies provided by law.

**40 SETTLEMENT OR DISCHARGE CONDITIONAL**

Any settlement or discharge under any Finance Document between any Finance Party and any Transaction Obligor shall be conditional upon no security or payment to any Finance Party by any Transaction Obligor or any other person being set aside, adjusted or ordered to be repaid, whether under any insolvency law or otherwise.

**41 IRREVOCABLE PAYMENT**

If the Facility Agent considers that an amount paid or discharged by, or on behalf of, a Transaction Obligor or by any other person in purported payment or discharge of an obligation of that Transaction Obligor to a Secured Party under the Finance Documents is capable of being avoided or otherwise set aside on the liquidation or administration of that Transaction Obligor or otherwise, then that amount shall not be considered to have been unconditionally and irrevocably paid or discharged for the purposes of the Finance Documents.

**42 AMENDMENTS AND WAIVERS**

**42.1 Required consents**

- (a) Subject to Clause 42.2 (*All Lender matters*) and Clause 42.3 (*Other exceptions*) any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and, in the case of an amendment, the Obligors and any such amendment or waiver will be binding on all Parties.
- (b) The Facility Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause 42 (*Amendments and Waivers*).
- (c) Without prejudice to the generality of Clause 29.8 (*Rights and discretions*), the Facility Agent may engage, pay for and rely on the services of lawyers in determining the consent level required for and effecting any amendment, waiver or consent under this Agreement.
- (d) Paragraph (c) of Clause 27.9 (*Pro rata interest settlement*) shall apply to this Clause 42 (*Amendments and Waivers*).

**42.2 All Lender matters**

Subject to Clause 42.5 (*Replacement of Screen Rate*), an amendment of or waiver or consent in relation to any term of any Finance Document that has the effect of changing or which relates to:

- (a) the definition of “Majority Lenders” in Clause 1.1 (*Definitions*);
- (b) a postponement to or extension of the date of payment of any amount under the Finance Documents;
- (c) a reduction in the Margin or the amount of any payment of principal, interest, fees or commission payable;
- (d) a change in currency of payment of any amount under the Finance Documents;
- (e) an increase in any Commitment or the Total Commitments, an extension of any Availability Period or any requirement that a cancellation of Commitments reduces the Commitments rateably under the Facility;
- (f) a change to any Obligor other than in accordance with Clause 28 (*Changes to the Transaction Obligors*);
- (g) any provision which expressly requires the consent of all the Lenders;

- (h) this Clause 42 (Amendments and Waivers);
  - (i) any change to the preamble (Background), Clause 2 (The Facility), Clause 3 (Purpose), Clause 5 (Utilisation), Clause 6.2 (Effect of cancellation and prepayment on scheduled repayments), Clause 7.3 (Mandatory prepayment on sale or Total Loss), Clause 8 (Interest), Clause 23.9 (Compliance with laws etc.), Clause 21.23 (Sanctions Undertakings), Clause 23.20 (Sanctions and Ship trading), Clause 25 (Accounts and application of Earnings), Clause 27 (Changes to the Lenders), Clause 32 (Sharing among the Finance Parties), Clause 46 (Governing Law) or Clause 47 (Enforcement);
  - (j) any release of, or material variation to, any Transaction Security, guarantee, indemnity or subordination arrangement set out in a Finance Document (except in the case of a release of Transaction Security as it relates to the disposal of an asset which is the subject of the Transaction Security and where such disposal is expressly permitted by the Majority Lenders or otherwise under a Finance Document);
  - (k) (other than as expressly permitted by the provisions of any Finance Document), the nature or scope of:
    - (i) the guarantees and indemnities granted under Clause 17 (*Guarantee and Indemnity—Parent Guarantor*);
    - (ii) the Security Assets; or
    - (iii) the manner in which the proceeds of enforcement of the Transaction Security are distributed,(except in the case of sub-paragraphs (ii) and (iii) above, insofar as it relates to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is expressly permitted under this Agreement or any other Finance Document);
  - (l) the release of the guarantees and indemnities granted under Clause 17 (*Guarantee and Indemnity*) or the release any Transaction Security unless permitted under this Agreement or any other Finance Document or relating to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is expressly permitted under this Agreement or any other Finance Document,
- shall not be made, or given, without the prior consent of all the Lenders.

#### 42.3 Excluded Commitments

- (a) If any Lender fails to respond to a request for an amendment or waiver described in Clause 43.2 above within twenty Business Days (or such longer time period in relation to any request which the Borrower and the Facility 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 taken into account 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.

#### **42.4 Other exceptions**

- (a) An amendment or waiver which relates to the rights or obligations of a Servicing Party, the Arranger or a Reference Bank (each in their capacity as such) may not be effected without the consent of that Servicing Party, the Arranger or that Reference Bank, as the case may be.
- (b) The Borrower and the Facility Agent, the Arranger or the Security Agent, as applicable, may amend or waive a term of a Fee letter to which they are a party.

#### **42.5 Replacement of Screen Rate**

- (a) Subject to Clause 42.4 (*Other exceptions*), if a Screen Rate Replacement Event has occurred in relation to the Screen Rate for dollars, 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 Facility Agent (acting on the instructions of the Majority Lenders) and the Borrower.

- (b) If any Lender fails to respond to a request for an amendment or waiver described in paragraph (ii) above within five Business Days (or such longer time period in relation to any request which the Borrower and the Facility 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.

**42.6 Obligor Intent**

Without prejudice to the generality of Clauses 1.2 (*Construction*) and 17.4 (*Waiver of defences*), each Obligor expressly confirms that it intends that any guarantee contained in this Agreement or any other Finance Document and any Security created by any Finance Document shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to any of the Finance Documents and/or any facility or amount made available under any of the Finance Documents for the purposes of or in connection with any of the following: business acquisitions of any nature; increasing working capital; enabling investor distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variation or extension of the purposes for which any such facility or amount might be made available from time to time; and any fees, costs and/or expenses associated with any of the foregoing.

**43 CONFIDENTIAL INFORMATION**

**43.1 Confidentiality**

Each Finance Party agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by Clause 43.2 (*Disclosure of Confidential Information*) and Clause 43.3 (*Disclosure to numbering service providers*) 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.

**43.2 Disclosure of Confidential Information**

Any Finance Party may disclose:

- (a) to any of its Affiliates and Related Funds and any of its or their officers, directors, employees, professional advisers, 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 paragraph (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, including for the purposes of Clause 27.9 (*Syndication and Securitisation*)) 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 Facility Agent or Security Agent and, in each case, to any of that person's Affiliates, Related Funds, Representatives, professional advisers and broker or provider for the purpose of credit protection;

- (ii) with (or through) whom it enters into (or may potentially enter into), whether directly or indirectly, any sub-participation 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 Transaction Obligors and to any of that person's Affiliates, Related Funds, Representatives, professional advisers and broker or provider for the purpose of credit protection;
- (iii) appointed by any Finance Party or by a person to whom sub-paragraph (i) or (ii) of paragraph (b) above applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf (including, without limitation, any person appointed under paragraph (c) of Clause 29.15 (*Relationship with the other Finance Parties*));
- (iv) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in sub-paragraph (i) or (ii) of paragraph (b) above;
- (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, arbitrations, 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 0 (*Security over Lenders' rights*);
- (viii) who is a Party, a member of the Group or any related entity of a Transaction Obligor;
- (ix) as a result of the registration of any Finance Document as contemplated by any Finance Document or any legal opinion obtained in connection with any Finance Document; or
- (x) with the consent of the Parent Guarantor;

in each case, such Confidential Information as that Finance Party shall consider appropriate if:

- (A) in relation to sub-paragraphs (i), (ii) and (iii) of paragraph (b) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking except that there shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information;
- (B) in relation to sub-paragraph (iv) of paragraph (b) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive and is informed that

some or all of such Confidential Information may be price-sensitive information;

(C) in relation to sub-paragraphs (v), (vi) and (vii) of paragraph (b) above, the person to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of that Finance Party, it is not practicable so to do in the circumstances;

- (c) to any person appointed by that Finance Party or by a person to whom sub-paragraph (i) or (ii) of paragraph (b) above 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 paragraph (c) if the service provider to whom the Confidential Information is to be given has entered in to 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;
- (d) to any rating agency (including its professional advisers) such Confidential Information as may be required to be disclosed to enable such rating agency to carry out its normal rating activities in relation to the Finance Documents and/or the Transaction Obligors.

#### **43.3 Disclosure to numbering service providers**

- (a) Any Finance Party may disclose to any national or international numbering service provider appointed by that Finance Party to provide identification numbering services in respect of this Agreement, the Facility and/or one or more Transaction Obligors the following information:
- (i) names of Transaction Obligors;
  - (ii) country of domicile of Transaction Obligors;
  - (iii) place of formation of Transaction Obligors;
  - (iv) date of this Agreement;
  - (v) Clause 46 (*Governing Law*);
  - (vi) the names of the Facility Agent and the Arrangers;
  - (vii) date of each amendment and restatement of this Agreement;
  - (viii) amount of Total Commitments;
  - (ix) currency of the Facility;
  - (x) type of Facility;
  - (xi) ranking of Facility;

- (xii) Termination Date for Facility;
- (xiii) changes to any of the information previously supplied pursuant to sub-paragraphs (i) to (xii) above; and
- (xiv) such other information agreed between such Finance Party and the Borrower,

to enable such numbering service provider to provide its usual syndicated loan numbering identification services.

- (b) The Parties acknowledge and agree that each identification number assigned to this Agreement, the Facility and/or one or more Transaction Obligors by a numbering service provider and the information associated with each such number may be disclosed to users of its services in accordance with the standard terms and conditions of that numbering service provider.
- (c) Each Obligor represents, on behalf of itself and the other Transaction Obligors, that none of the information set out in sub-paragraphs (i) to (xiv) of paragraph (a) above is, nor will at any time be, unpublished price-sensitive information.

#### **43.4 Entire agreement**

This Clause 43 (*Confidential Information*) 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.

#### **43.5 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.

#### **43.6 Notification of disclosure**

Each of the Finance Parties agrees (to the extent permitted by law and regulation) to inform the Borrower:

- (a) of the circumstances of any disclosure of Confidential Information made pursuant to subparagraph (v) of paragraph (b) of Clause 43.2 (*Disclosure of Confidential Information*) except where such disclosure is made to any of the persons referred to in that paragraph 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 43 (*Confidential Information*).

#### **43.7 Continuing obligations**

The obligations in this Clause 43 (*Confidential Information*) are continuing and, in particular, shall survive and remain binding on each Finance Party for a period of 12 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.

#### 44 CONFIDENTIALITY OF FUNDING RATES AND REFERENCE BANK QUOTATIONS

##### 44.1 Confidentiality and disclosure

- (a) The Facility Agent and each Obligor agree to keep each Funding Rate (and, in the case of the Facility Agent, each Reference Bank Quotation) confidential and not to disclose it to anyone, save to the extent permitted by paragraphs (b) and (c) below.
- (b) The Facility Agent may disclose:
  - (i) any Funding Rate (but not, for the avoidance of doubt, any Reference Bank Quotation) to the Borrower pursuant to Clause 8.4 (*Notification of rates of interest*); and
  - (ii) any Funding Rate or any Reference Bank Quotation to any person appointed by it to provide administration services in respect of one or more of the Finance Documents to the extent necessary to enable such service provider to provide those services if the service provider to whom that 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 Facility Agent and the relevant Lender or Reference Bank, as the case may be.
- (c) The Facility Agent may disclose any Funding Rate or any Reference Bank Quotation, and each Obligor may disclose any Funding Rate, to:
  - (i) any of its Affiliates and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives, if any person to whom that Funding Rate or Reference Bank Quotation is to be given pursuant to this subparagraph (i) is informed in writing of its confidential nature and that it 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 that Funding Rate or Reference Bank Quotation or is otherwise bound by requirements of confidentiality in relation to it;
  - (ii) any person 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 if the person to whom that Funding Rate or Reference Bank Quotation is to be given is informed in writing of its confidential nature and that it may be price sensitive information except that there shall be no requirement to so inform if, in the opinion of the Facility Agent or the relevant Obligor, as the case may be, it is not practicable to do so in the circumstances;
  - (iii) any person 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 if the person to whom that Funding Rate or Reference Bank Quotation is to be given is informed in writing of its confidential nature and that it may

be price sensitive information except that there shall be no requirement to so inform if, in the opinion of the Facility Agent or the relevant Obligor, as the case may be, it is not practicable to do so in the circumstances; and

(iv) any person with the consent of the relevant Lender or Reference Bank, as the case may be.

(d) The Facility Agent's obligations in this Clause 44 (*Confidentiality of Funding Rates and Reference Bank Quotations*) relating to Reference Bank Quotations are without prejudice to its obligations to make notifications under Clause 8.4 (*Notification of rates of interest*) provided that (other than pursuant to sub-paragraph (i) of paragraph (b) above) the Facility Agent shall not include the details of any individual Reference Bank Quotation as part of any such notification.

#### **44.2 Related obligations**

(a) The Facility Agent and each Obligor acknowledge that each Funding Rate (and, in the case of the Facility Agent, each Reference Bank Quotation) is or may be price sensitive information and that its use may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and the Facility Agent and each Obligor undertake not to use any Funding Rate or, in the case of the Facility Agent, any Reference Bank Quotation for any unlawful purpose.

(b) The Facility Agent and each Obligor agree (to the extent permitted by law and regulation) to inform the relevant Lender or Reference Bank, as the case may be:

(i) of the circumstances of any disclosure made pursuant to sub-paragraph (ii) of paragraph (c) of Clause 44.1 (*Confidentiality and disclosure*) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and

(ii) upon becoming aware that any information has been disclosed in breach of this Clause 44 (*Confidentiality of Funding Rates and Reference Bank Quotations*).

#### **44.3 No Event of Default**

No Event of Default will occur under Clause 26.4 (*Other obligations*) by reason only of an Obligor's failure to comply with this Clause 44 (*Confidentiality of Funding Rates and Reference Bank Quotations*).

#### **45 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.

## SECTION 12

### GOVERNING LAW AND ENFORCEMENT

#### 46 GOVERNING LAW

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

#### 47 ENFORCEMENT

##### 47.1 Jurisdiction

- (a) Unless specifically provided in another Finance Document in relation to that Finance Document, the courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with any Finance Document (including a dispute regarding the existence, validity or termination of any Finance Document or any non-contractual obligation arising out of or in connection with any Finance Document) (a “**Dispute**”).
- (b) The Obligors accept that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Obligor will argue to the contrary.
- (c) This Clause 47.1 (*Jurisdiction*) is for the benefit of the Secured Parties only. As a result, no Secured Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Secured Parties may take concurrent proceedings in any number of jurisdictions.

##### 47.2 Service of process

- (a) Without prejudice to any other mode of service allowed under any relevant law, each Obligor:
  - (i) irrevocably appoints Global Ship Lease Services Limited as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document; and
  - (ii) agrees that failure by a process agent to notify the relevant Obligor of the process will not invalidate the proceedings concerned.
- (b) If any person appointed as an agent for service of process is unable for any reason to act as agent for service of process, the Borrower (on behalf of all the Obligors) must immediately (and in any event within three days of such event taking place) appoint another agent on terms acceptable to the Facility Agent. Failing this, the Facility 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 A**

**THE OBLIGORS**

<b>Name of Borrower</b>	<b>Place of Formation</b>	<b>Registration number (or equivalent, if any)</b>	<b>Address for Communication</b>
Penelope Marine LLC	Marshall Islands	962563	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece  Fax no: +30 210 80 84 224
<b>Name of Guarantor</b>	<b>Place of Formation</b>	<b>Registration number (or equivalent, if any)</b>	<b>Address for Communication</b>
Poseidon Containers Holdings LLC	Marshall Islands	961853	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece  Fax no: +30 210 80 84 224
Global Ship Lease, Inc.	Marshall Islands	28891	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece  Fax no: +30 210 80 84 224  Email: mdanezi@technomar.gr tpsaropoulos@technomar.gr

**PART B**

**THE LENDERS**

<b>Name:</b>	CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK
<b>Facility office:</b>	12 place des Etats-Unis, 92547, Montrouge Cedex, France
<b>Commitment to the Loan:</b>	\$ 17,700,000.00
<b>Notice details (including address and attention details):</b>	12 place des Etats-Unis, 92547, Montrouge Cedex, France  Attn: Ship Finance — Middle-Office / Ms. Clementine Costil Email: clementine.costil@ca-cib.com; marie-jose.campana@ca-cib.com  Copy: Ship Finance — Greece, Representative Office Email: nicoletta.panayiotopoulos@ca-cib.com; yannick.legourieres@ca-cib.com
<b>Account details:</b>	Account Number: 786419036  SWIFT CODE: BSUIFRPP  Further beneficiary Middle Office Instance Shipping  Account 00 117 313 255 IBAN FR76 3148 9000 1000 1173 1325 547  Attn. C.Costil — Shipping Dept

<b>Name:</b>	Bank Sinopac Co., Ltd.
<b>Facility office:</b>	B1F, No.9-1, Chien Kuo N. Rd., Sec.2, Taipei 104, Taiwan, R.O.C
<b>Commitment to the Loan:</b>	\$ 17,000,000.00
<b>Notice details (including address and attention details):</b>	<b>Credit Matters</b> Attn: Morris Chen/ Sean Huang Tel: +886 -2-25088546/ +886-2-25088853 Email: shihhsun.chen@sinopac.com/ seanh324@sinopac.com  <b>Operation Matters</b> Attn: Norman Weng/ Bina Wang/ Eva Yu/ Pearl Chou Tel: +886-2-21835803/ +886-2-21835841/ +886-2-21835811/ +886-2-23203130

	Email: norman751309@sinopac.com/ n00615@sinopac.com/ eva.yu@sinopac.com/ pearl@sinopac.com
<b>Account details:</b>	Account Number: 36115045  SWIFT CODE: SINOTWTP

<b>Name:</b>	CTBC BANK CO., LTD.
<b>Facility office:</b>	8F, NO.168, JINGMAO 2 <sup>ND</sup> ROAD, NANGANG DIST., TAIPEI 11568, TAIWAN, R.O.C.
<b>Commitment to the Loan:</b>	\$ 17,000,000.00
<b>Notice details (including address and attention details):</b>	<p><b><u>Credit matters:</u></b>  Tel: +886-2-3327-7777 ext 1122/ 3202/ 3343  E-mail: <a href="mailto:lester.juan@ctbcbank.com">lester.juan@ctbcbank.com</a>/<a href="mailto:neal.lai@ctbcbank.com">neal.lai@ctbcbank.com</a>/<a href="mailto:zoe.liu@ctbcbank.com">zoe.liu@ctbcbank.com</a>  Attn/Ref: Lester Juan/ Neal Lai/ Zoe Liu</p> <p><b><u>Operation matters:</u></b>  Tel: +886-2-3327-7777 ext 3199/ 3268  E-mail: <a href="mailto:ba.rc901ium@ctbcbank.com">ba.rc901ium@ctbcbank.com</a>/ <a href="mailto:Irene.vc.chen@ctbcbank.com">Irene.vc.chen@ctbcbank.com</a>  Attn/Ref: Ping Liu/ Irene Chen</p>
<b>Account details:</b>	Name of Lender: CTBC BANK CO., LTD. (SWIFT: CTCBTWTPXXX) Account Number: 890-0060-190  Correspondent Bank: BANK OF NEW YORK (SWIFT: IRVTUS3NXXX)

## THE BOOKRUNNER

<b>Name</b>	<b>Address for Communication</b>
<b>CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK</b>	12 place des Etats-Unis 92547 Montrouge Cedex France Fax: +33 1 41 89 19 34  Attn: Ship Finance – Middle-Office / Ms. Clementine Costil Email: clementine.costil@ca-cib.com; marie-jose.campana@ca-cib.com  Copy: Ship Finance – Greece, Representative Office Email: nicoletta.panayiotopoulos@ca-cib.com; yannick.legourieres@ca-cib.com

## THE ARRANGER

<b>Name</b>	<b>Address for Communication</b>
<b>CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK</b>	12 place des Etats-Unis 92547 Montrouge Cedex France Fax: +33 1 41 89 19 34  Attn: Ship Finance – Middle-Office / Ms. Clementine Costil Email: clementine.costil@ca-cib.com; marie-jose.campana@ca-cib.com  Copy: Ship Finance – Greece, Representative Office Email: nicoletta.panayiotopoulos@ca-cib.com; yannick.legourieres@ca-cib.com

## THE MANDATED LEAD ARRANGERS

Name	Address for Communication
<b>CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK</b>	12 place des Etats-Unis 92547 Montrouge Cedex France Fax: +33 1 41 89 19 34  Attn: Ship Finance – Middle-Office / Ms. Clementine Costil Email: clementine.costil@ca-cib.com; marie-jose.campana@ca-cib.com  Copy: Ship Finance – Greece, Representative Office Email: nicoletta.panayiotopoulos@ca-cib.com; yannick.legourieres@ca-cib.com
<b>BANK SINOPAC CO. LTD.</b>	B1F, No.9-1, Chien Kuo N. Rd., Sec.2, Taipei 104, Taiwan, R.O.C.  Attn: Morris Chen/ Sean Huang Tel: +886 -2-25088546/ +886-2-25088853 Email: shihhsun.chen@sinopac.com/ seanh324@sinopac.com  Copy: Norman Weng/Bina Wang/Eva Yu/Pearl Chou Tel: +886-2-21835803/ +886-2-21835841/ +886-2-21835811/ +886-2-23203130 Email: norman751309@sinopac.com/ n00615@sinopac.com/ eva.yu@sinopac.com/ pearl@sinopac.com
<b>CTBC BANK CO., LTD.</b>	8f, No. 168, Jingmao 2 <sup>nd</sup> Road, Nangang Dist. Taipei 11568 Taiwan, R.O.C.  Attn: Lester Juan/ Neal Lai/ Zoe Liu Tel: +886-2-3327-7777 ext 1122/ 3202/ 3343 Email: lester.juan@ctcbank.com/ neal.lai@ctcbank.com/ zoe.liu@ctcbank.com

Copy: Ping Liu/Irene Chen  
Tel: :+886-2-3327-7777 ext 3199/3268  
Email: ba.rc901jum@ctbcbank.com/ Irene.yc.chen@ctbcbank.com

**PART C**

**THE SERVICING PARTIES**

**Name of Facility Agent**

Credit Agricole Corporate and Investment Bank

**Address for Communication**

12 place des Etats-Unis  
92547  
Montrouge Cedex  
France  
Fax: +33 1 41 89 19 34

Attn: Ship Finance – Middle-Office/ Ms. Clementine Costil  
Email: clementine.costil@ca-cib.com; marie-jose.campana@ca-cib.com

Copy: Ship Finance – Greece, Representative Office  
Email: nicoletta.panayiotopoulos@ca-cib.com; yannick.legourieres@ca-cib.com

**Name of Security Agent**

Credit Agricole Corporate and Investment Bank

**Address for Communication**

12 place des Etats-Unis  
92547  
Montrouge Cedex  
France  
Fax: +33 1 41 89 19 34

Attn: Ship Finance – Middle-Office/ Ms. Clementine Costil  
Email: clementine.costil@ca-cib.com; marie-jose.campana@ca-cib.com

Copy: Ship Finance – Greece, Representative Office  
Email: nicoletta.panayiotopoulos@ca-cib.com; yannick.legourieres@ca-cib.com

## SCHEDULE 2

### CONDITIONS PRECEDENT

#### PART A

#### CONDITIONS PRECEDENT TO UTILISATION REQUEST

##### **1 Obligors**

- 1.1 A copy of the constitutional documents of each Transaction Obligor.
- 1.2 A copy of a resolution of the members or board of directors, as applicable, of each Transaction Obligor:
- (a) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute the Finance Documents to which it is a party;
  - (b) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and
  - (c) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, the Utilisation Request and each Selection Notice) to be signed and/or despatched by it under, or in connection with, the Finance Documents to which it is a party.
- 1.3 An original of the power of attorney of any Transaction Obligor authorising a specified person or persons to execute the Finance Documents to which it is a party.
- 1.4 A specimen of the signature of each person authorised by the resolution referred to in paragraph 1.2 above.
- 1.5 A copy of a resolution signed by the Member, approving the terms of, and the transactions contemplated by, the Finance Documents to which the Borrower is a party.
- 1.6 A certificate of each Transaction Obligor (signed by an officer) confirming that borrowing or guaranteeing, as appropriate, the Total Commitments would not cause any borrowing, guaranteeing or similar limit binding on that Transaction Obligor to be exceeded.
- 1.7 A certificate of each Transaction Obligor that is incorporated outside the UK (signed by an officer) certifying either that (i) it has not delivered particulars of any UK Establishment to the Registrar of Companies as required under the Overseas Regulations or (ii) it has a UK Establishment and specifying the name and registered number under which it is registered with the Registrar of Companies.
- 1.8 A certificate of an authorised signatory of the relevant Transaction Obligor certifying that each copy document relating to it specified in this Part A of Schedule 2 (*Conditions Precedent*) is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

**2 Other Documents**

2.1 A copy of the Initial Charter (or a binding and unconditional recapitulation of charterparty terms) certified as true and complete together all documents signed or issued by the Borrower or the Initial Charterer (or both of them) under or in connection with it.

**3 Finance Documents**

3.1 A duly executed original of any Subordination Agreement and copies of any relevant Subordinated Finance Document (if applicable).

3.2 A duly executed original of any Finance Document not otherwise referred to in this Schedule 2 (*Conditions Precedent*).

3.3 A duly executed original of any other document required to be delivered by each Finance Document if not otherwise referred to this Schedule 2 (*Conditions Precedent*).

**4 Security**

4.1 A duly executed original of the Account Security in relation to each Account (and of each document to be delivered pursuant to it).

4.2 A duly executed original of the Shares Security (and of each document to be delivered pursuant to it).

4.3 A duly executed original of the Subordinated Debt Security (if applicable).

**5 Legal opinions**

5.1 A legal opinion of Watson Farley & Williams LLP, legal advisers to the Arrangers, the Facility Agent and the Security Agent in England, substantially in the form distributed to the Original Lenders before signing this Agreement.

5.2 If a Transaction Obligor is incorporated in a jurisdiction other than England and Wales, a legal opinion of the legal advisers to the Arrangers, the Facility Agent and the Security Agent in the relevant jurisdiction, substantially in the form distributed to the Original Lenders before signing this Agreement.

**6 Other documents and evidence**

6.1 Evidence that any process agent referred to in Clause 47.2 (*Service of process*), if not an Obligor, has accepted its appointment.

6.2 Two valuations of the Ship, in each case addressed to the Facility Agent on behalf of the Finance Parties, stated to be for the purposes of this Agreement and dated not later than 90 days before the Utilisation Date, each from an Approved Valuer **provided that** the valuations provided by the Borrower to the Facility Agent on 11 January 2021 from Maersk Brokers K/S and Kontiki Valuations Ltd respectively shall suffice for the purposes of this paragraph even in the case where the Utilisation Date occurs (subject to the Facility Agent's approval acting on the authorization of the Majority Lenders) at any time after 11 January 2021 but in any event on or before 16 April 2021.

- 6.3 A copy of any other Authorisation or other document, opinion or assurance which the Facility 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 Transaction Document or for the validity and enforceability of any Transaction Document.
- 6.4 The Original Financial Statements.
- 6.5 The original of any mandates or other documents required in connection with the opening or operation of the Accounts.
- 6.6 Evidence that the fees, 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 Utilisation Date (or at any such later date the Facility Agent may agree to, acting on the authorisation of the Majority Lenders).
- 6.7 Such evidence as the Facility Agent may require for the Finance Parties to be able to satisfy each of their “know your customer” or similar identification procedures in relation to the transactions contemplated by the Finance Documents.

## PART B

### CONDITIONS PRECEDENT TO UTILISATION

#### 1 Obligors

A certificate of an authorised signatory of each Obligor certifying that each copy document which it is required to provide under this Part B of Schedule 2 (*Conditions Precedent*) is correct, complete and in full force and effect as at the Utilisation Date.

#### 2 Release of Existing Security

An original of each Deed of Release and of each document to be delivered under or pursuant to it, together with evidence satisfactory to the Facility Agent of its due execution by the parties to it.

#### 3 Ship and other security

3.1 A duly executed original of the Mortgage, the General Assignment and the Charterparty Assignment and of each document to be delivered under or pursuant to each of them together with documentary evidence that the Mortgage has been duly recorded as a valid first preferred ship mortgage in accordance with the laws of the jurisdiction of its Approved Flag.

3.2 Documentary evidence that the Ship:

- (a) is definitively and permanently registered in the name of the Borrower under the Approved Flag;
- (b) is in the absolute and unencumbered ownership of the Borrower save as contemplated by the Finance Documents;
- (c) maintains the Approved Classification with the Approved Classification Society free of all recommendations and conditions of the Approved Classification Society; and
- (d) is insured in accordance with the provisions of this Agreement and all requirements in this Agreement in respect of insurances have been complied with.

3.3 Documents establishing that the Ship is at, and will continue from, the Utilisation Date, to be managed commercially by the Approved Commercial Manager and managed technically by the Approved Technical Manager on terms acceptable to the Facility Agent, together with:

- (e) a Manager's Undertaking for each of the Approved Technical Manager and the Approved Commercial Manager; and
- (f) copies of the Approved Technical Manager's Document of Compliance and of the Ship's Safety Management Certificate (together with any other details of the applicable Safety Management System which the Facility Agent requires) and of any other documents required under the ISM Code and the ISPS Code including, without limitation, an ISSC.

3.4 At the cost of the Borrower, an opinion from an independent insurance consultant acceptable to the Facility Agent on such matters relating to the Insurances as the Facility Agent may require.

**4 Legal opinions**

Legal opinions of the legal advisers to the Arrangers, the Facility Agent and the Security Agent in the jurisdiction of the Approved Flag of the Ship and such other relevant jurisdictions as the Facility Agent may require.

**5 Other documents and evidence**

5.1 Evidence that the fees, 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 Utilisation Date (or at any such later date the Facility Agent may agree to, acting on the authorisation of the Lenders).

5.2 A copy of any other Authorisation or other document, opinion or assurance which the Lenders consider to be necessary or desirable (if they have notified the Borrower accordingly) in connection with the entry into and performance of the transactions contemplated by any Transaction Document referred to in paragraph 3 (*Ship and other security*) above or for the validity and enforceability **of any such Transaction Document.**

**SCHEDULE 3**  
**REQUESTS**  
**PART A**  
**UTILISATION REQUEST**

From: PENELOPE MARINE LLC  
To: Credit Agricole Corporate and Investment Bank

Dated [●]

Dear Sirs

**PENELOPE MARINE LLC - US\$51,700,000 Facility Agreement dated [●] 2021 (the “Agreement”)**

1 We refer to the Agreement. This is the Utilisation Request. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.

2 We wish to borrow the Loan on the following terms:

Proposed Utilisation Date: [●] (or, if that is not a Business Day, the next Business Day)  
Amount: [●] or, if less, the Available Facility  
Interest Period for the Loan: [●]

3 You are authorised and requested to deduct from the Loan prior to funds being remitted the following amounts set out against the following items:

Deductible Items	\$
Net proceeds of Loan	_____

4 We confirm that each condition specified in Clause 4.1 (*Initial conditions precedent*) and Clause 4.2 (*Further conditions precedent*) of the Agreement is satisfied on the date of this Utilisation Request.

5 The net proceeds of the Loan should be credited to [account].

6 This Utilisation Request is irrevocable.

Yours faithfully

---

[●]  
authorised signatory for  
**Penelope Marine LLC**

**PART B**  
**SELECTION NOTICE**

From: PENELOPE MARINE LLC

To: Credit Agricole Corporate and Investment Bank

Dated: [•]

Dear Sirs

**PENELOPE MARINE LLC — US\$51,700,000 Facility Agreement dated [0] (the “Agreement”)**

- 1 We refer to the Agreement. This is a Selection Notice. Terms defined in the Agreement have the same meaning in this Selection Notice unless given a different meaning in this Selection Notice.
- 2 We request [that the next Interest Period for the Loan be [o]] OR [an Interest Period for a part of the Loan in an amount equal to [•] (which is the amount of the Repayment Instalment next due) ending on [0] (which is the Repayment Date relating to that Repayment Instalment) and that the Interest Period for the remaining part of the Loan shall be [o].
- 3 This Selection Notice is irrevocable.

Yours faithfully

---

[•]  
authorised signatory for  
**Penelope Marine LLC**

**SCHEDULE 4**

**FORM OF TRANSFER CERTIFICATE**

To: Credit Agricole Corporate and Investment Bank as Facility Agent

From: [The Existing Lender] (the “Existing Lender”) and [The New Lender] (the “New Lender”)

Dated: [•]

Dear Sirs

**PENELOPE MARINE LLC — US\$51,700,000 Facility Agreement dated [■] (the “Agreement”)**

- 1           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.
- 2           We refer to Clause 27.5 (*Procedure for transfer*) of the Agreement:
- (a)       The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation all of the Existing Lender’s rights and obligations under the Agreement and the other Finance Documents which relate to that portion of the Existing Lender’s Commitment and participation in the Loan under the Agreement as specified in the Schedule in accordance with Clause 27.5 (*Procedure for transfer*) of the Agreement.
- (b)       The proposed Transfer Date is [0].
- (c)       The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 36.2 (*Addresses*) of the Agreement are set out in the Schedule.
- 3           The New Lender expressly acknowledges the limitations on the Existing Lender’s obligations set out in paragraph (c) of Clause 27.4 (*Limitation of responsibility of Existing Lenders*) of the Agreement.
- 4           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.
- 5           This Transfer Certificate and any non-contractual obligations arising out of or in connection with it are governed by English law.
- 6           This Transfer Certificate has been entered into on the date stated at the beginning of this Transfer Certificate.

**Note: The execution of this Transfer Certificate may not transfer a proportionate share of the Existing Lender’s interest in the Transaction Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to perfect a transfer of such a share in the Existing Lender’s Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.**

**THE SCHEDULE**

**Commitment/rights and obligations to be transferred**

*[insert relevant details]*

[Facility Office address, fax number and attention details  
for notices and account details for payments.]

[Existing Lender]

[New Lender]

By: [●]

By: [●]

This Transfer Certificate is accepted by the Facility Agent and the Transfer Date is confirmed as [●].

**CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK**

By: [●]

**SCHEDULE 5**

**FORM OF ASSIGNMENT AGREEMENT**

To: Credit Agricole Corporate and Investment Bank as Facility Agent and Penelope Marine LLC as Borrower, for and on behalf of each Transaction Obligor

From: [the Existing Lender] (the “Existing Lender”) and [the New Lender] (the “New Lender”)

Dated: [●]

Dear Sirs

**PENELOPE MARINE LLG– US\$51,700,000 Facility Agreement dated [6] (the “Agreement”)**

1 We refer to the Agreement. This is an Assignment Agreement. Terms defined in the Agreement have the same meaning in this Assignment Agreement unless given a different meaning in this Assignment Agreement.

2 We refer to Clause 27.6 (*Procedure for assignment*) of the Agreement:

(a) the Existing Lender assigns absolutely to the New Lender all the rights of the Existing Lender under the Agreement, the other Finance Documents and in respect of the Transaction Security which correspond to that portion of the Existing Lender’s Commitment and participations in the Loan under the Agreement as specified in the Schedule;

(b) the Existing Lender is released from all the obligations of the Existing Lender which correspond to that portion of the Existing Lender’s Commitments and participations in the Loan under the Agreement specified in the Schedule;

(c) the New Lender becomes a Party as a Lender and is bound by obligations equivalent to those from which the Existing Lender is released under paragraph (b) above;

(d) all rights and interests (present, future or contingent) which the Existing Lender has under or by virtue of the Finance Documents are assigned to the New Lender absolutely, free of any defects in the Existing Lender’s title and of any rights or equities which the Borrower or any other Transaction Obligor had against the Existing Lender.

3 The proposed Transfer Date is [i]

4 On the Transfer Date the New Lender becomes Party to the Finance Documents as a Lender.

5 The Facility Office and address, fax, number and attention details for notices of the New Lender for the purposes of Clause 36.2 (*Addresses*) of the Agreement are set out in the Schedule.

6 The New Lender expressly acknowledges the limitations on the Existing Lender’s obligations set out in paragraph (c) of Clause 27.4 (*Limitation of responsibility of Existing Lenders*) of the Agreement.

7 This Assignment Agreement acts as notice to the Facility Agent (on behalf of each Finance Party) and, upon delivery in accordance with Clause 27.7 (*Copy of Transfer Certificate or*

*Assignment Agreement to Borrower*) of the Agreement, to the Borrower (on behalf of each Transaction Obligor) of the assignment referred to in this Assignment Agreement.

8 This Assignment Agreement 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 Assignment Agreement.

9 This Assignment Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

10 This Assignment Agreement has been entered into on the date stated at the beginning of this Assignment Agreement.

**Note: The execution of this Assignment Agreement may not transfer a proportionate share of the Existing Lender's interest in the Transaction Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to perfect a transfer of such a share in the Existing Lender's Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.**

**THE SCHEDULE**

**Commitment rights and obligations to be transferred by assignment, release and accession**

*[insert relevant details]*

[Facility office address, fax number and attention details for notices  
and account details for payments]

[Existing Lender]

[New Lender]

By: [●]

By: [●]

This Assignment Agreement is accepted by the Facility Agent and the Transfer Date is confirmed as [●].

Signature of this Assignment Agreement by the Facility Agent constitutes confirmation by the Facility Agent of receipt of notice of the assignment referred to herein, which notice the Facility Agent receives on behalf of each Finance Party.

**CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK**

By:

**SCHEDULE 6**

**FORM OF COMPLIANCE CERTIFICATE**

To: Credit Agricole Corporate and Investment Bank as Facility Agent  
From: Global Ship Lease, Inc.

Dated: [●]

Dear Sirs

**PENELOPE MARINE LLC — US\$51,700,000 Facility Agreement dated [0] (the “Agreement”)**

1 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.

2 We confirm that:

(a) The Net Worth of the Parent Guarantor is [0].

(b) The Value Adjusted Leverage Ratio is [o].

(c) The Consolidated Liquidity of the Parent Guarantor is [o].

3 [We confirm that no Default is continuing.]

Signed:

Chief Financial Officer  
of  
**Global Ship Lease, Inc.**

**SCHEDULE 7**

**DETAILS OF THE SHIP**

<b>Ship name</b>	<b>Name of the owner</b>	<b>Type</b>	<b>IMO Number</b>	<b>Approved Flag</b>	<b>Approved Classification Society</b>	<b>Approved Classification</b>
MAIRA XL	Penelope Marine LLC	Container Vessel	9710232	Liberia	DNV-GL/ RINA	DNV-GL/ RINA

**SCHEDULE 8**

**ACCOUNTS**

<b>Account</b>	<b>Account Number</b>	<b>Party</b>
Earnings Account	FR76 3148 9000 1000 2613 2585 747	PENELOPE MARINE LLC
Retention Account	FR76 3148 9000 1000 2613 2595 447	PENELOPE MARINE LLC

## SCHEDULE 9

### TIMETABLES

Delivery of a duly completed Utilisation Request (Clause 5.1 (*Delivery of the Utilisation Request*)) or a Selection Notice (Clause 9.1 (*Selection of Interest Periods*)) Three Business Days before the intended Utilisation Date (Clause 5.1 (*Delivery of the Utilisation Request*)) or the expiry of the preceding Interest Period (Clause 9.1 (*Selection of Interest Periods*))

Facility Agent notifies the Lenders of the Loan in accordance with Clause 5.4 (*Lenders' participation*) Three Business Days before the intended Utilisation Date.

LIBOR is fixed Quotation Day as of 11:00 am London time

**EXECUTION PAGES**

**BORROWER**

**SIGNED** by Filanthi Katsefatou ) /s/ Filanthi Katsefatou  
Attorney-in-fact )  
for and on behalf of )  
**PENELOPE MARINE LLC** )  
in the presence of: )

Witness' signature: ) /s/ Anna-Maria Matsa  
Witness' name: ) 13 Delteras Menandrou Street  
Witness' address: ) 18535 Piraeus, Greece

**GUARANTORS**

**SIGNED** by Filanthi Katsefatou ) /s/ Filanthi Katsefatou  
Attorney-in-fact )  
for and on behalf of )  
**GLOBAL SHIP LEASE, INC.** )  
in the presence of: )

Witness' signature: ) /s/ Anna-Maria Matsa  
Witness' name: ) 13 Delteras Menandrou Street  
Witness' address: ) 18535 Piraeus, Greece

**SIGNED** by Filanthi Katsefatou ) /s/ Filanthi Katsefatou  
Attorney-in-fact )  
for and on behalf of )  
**POSEIDON CONTAINERS HOLDINGS LLC** )  
in the presence of: )

Witness' signature: ) /s/ Anna-Maria Matsa  
Witness' name: ) 13 Delteras Menandrou Street  
Witness' address: ) 18535 Piraeus, Greece

**ORIGINAL LENDERS**

**SIGNED** by Eugenia Anastasopoulidi ) /s/ Eugenia Anastasopoulidi  
Attorney-in-fact )  
for and on behalf of )  
**CREDIT AGRICOLE CORPORATE** )  
**AND INVESTMENT BANK** )  
in the presence of: )

Witness' signature: ) /s/ Charalampos Kazantis  
Witness' name: ) Solicitor  
Witness' address: ) Watson Farley & Williams Greece  
348 Syngrou Avenue  
176 74 Kallithea  
Athens - Greece

**SIGNED** by Carrie Huug ) /s/ Carrie Huug  
Attorney-in-fact – Vice President )  
for and on behalf of )  
**BANK SINOPAC CO., LTD.** )  
in the presence of: )

Witness' signature: ) /s/ Sean Huang  
Witness' name: ) B1F, G-1  
Witness' address: ) Guien Kuo N Rd., Sec. 2,  
Tripei 904, Taiwan

**SIGNED** by Ting Guen ) /s/ Ting Guen  
Attorney-in-fact )  
for and on behalf of )  
**CTBC BANK CO.,LTD.** )  
in the presence of: )

Witness' signature: ) /s/ Neal Lai  
Witness' name: ) 11568 No. 168, Jingmao 2<sup>nd</sup> Road, Nangang Dist., Taipei, Taiwan  
Witness' address: )

**BOOKRUNNER**

**SIGNED** by Eugenia Anastasopouli ) /s/ Eugenia Anastasopouli  
Attorney-in-fact )  
for and on behalf of )  
**CREDIT AGRICOLE CORPORATE** )  
**AND INVESTMENT BANK** )  
in the presence of: )

Witness' signature: ) /s/ Charalampos Kazantis  
Witness' name: ) Solicitor  
Witness' address: ) Watson Farley & Williams Greece  
348 Syngrou Avenue  
176 74 Kallithea  
Athens - Greece

**ARRANGER**

**SIGNED** by Eugenia Anastasopouli ) /s/ Eugenia Anastasopouli  
Attorney-in-fact )  
for and on behalf of )  
**CREDIT AGRICOLE CORPORATE** )  
**AND INVESTMENT BANK** )  
in the presence of: )

Witness' signature: ) /s/ Charalampos Kazantis  
Witness' name: ) Solicitor  
Witness' address: ) Watson Farley & Williams Greece  
348 Syngrou Avenue  
176 74 Kallithea  
Athens - Greece

**MANDATED LEAD ARRANGERS**

**SIGNED** by Eugenia Anastasopouli ) /s/ Eugenia Anastasopouli  
Attorney-in-fact )  
for and on behalf of )  
**CREDIT AGRICOLE CORPORATE** )  
**AND INVESTMENT BANK** )  
in the presence of: )

Witness' signature: ) /s/ Charalampos Kazantis  
Witness' name: ) Solicitor  
Witness' address: ) Watson Farley & Williams Greece  
348 Syngrou Avenue  
176 74 Kallithea  
Athens - Greece

**SIGNED** by Carrie Huug ) /s/ Carrie Huug  
Attorney-in-fact – Vice President )  
for and on behalf of )  
**BANK SINOPAC CO., LTD.** )  
in the presence of: )

Witness' signature: ) /s/ Sean Huang  
Witness' name: ) B1F, G-1  
Witness' address: ) Guien Kuo N Rd., Sec. 2,  
Tripei 904, Taiwan

**SIGNED** by Ting Guen ) /s/ Ting Guen  
Attorney-in-fact )  
for and on behalf of )  
**CTBC BANK CO.,LTD.** )  
in the presence of: )

Witness' signature: ) /s/ Neal Lai  
Witness' name: ) 11568 No. 168, Jingmao 2<sup>nd</sup> Road, Nangang Dist., Taipei, Taiwan  
Witness' address: )

**FACILITY AGENT**

**SIGNED** by Eugenia Anastasopouli ) /s/ Eugenia Anastasopouli  
Attorney-in-fact )  
for and on behalf of )  
**CREDIT AGRICOLE CORPORATE** )  
**AND INVESTMENT BANK** )  
in the presence of: )

Witness' signature: ) /s/ Charalampos Kazantis  
Witness' name: ) Solicitor  
Witness' address: ) Watson Farley & Williams Greece  
348 Syngrou Avenue  
176 74 Kallithea  
Athens - Greece

**SECURITY AGENT**

**SIGNED** by Eugenia Anastasopouli ) /s/ Eugenia Anastasopouli  
Attorney-in-fact )  
for and on behalf of )  
**CREDIT AGRICOLE CORPORATE** )  
**AND INVESTMENT BANK** )  
in the presence of: )

Witness' signature: ) /s/ Charalampos Kazantis  
Witness' name: ) Solicitor  
Witness' address: ) Watson Farley & Williams Greece  
348 Syngrou Avenue  
176 74 Kallithea  
Athens - Greece



Dated 15 April 2021

**GSL ARCADIA LLC**  
**GSL TEGEA LLC**  
**GSL MYNY LLC**  
**GSL MELITA LLC**  
**GSL MARIA LLC**  
and  
**GSL DOROTHEA LLC**  
as joint and several Borrowers

**THE BANKS AND FINANCIAL INSTITUTIONS**  
listed in Schedule 1  
as Lenders

and

**HAMBURG COMMERCIAL BANK AG**  
as Agent, Mandated Lead Arranger  
and Security Trustee

**LOAN AGREEMENT**

relating to  
a senior secured post-delivery term loan facility of up to US\$64,200,000  
to provide finance secured on six Post-Panamax container vessels named  
“E.R. Berlin” (tbr “GSL ARCADIA”), “E.R. Los Angeles” (tbr “GSL TEGEA”),  
“E.R. Felixstowe” (tbr “GSL MYNY”), “E.R. France” (tbr “GSL MELITA”),  
“E.R. Canada” (tbr “GSL MARIA”) and “E.R. Kobe” (tbr “GSL DOROTHEA”)

## Index

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THIS AGREEMENT is made on 15 April 2021

**BETWEEN**

- (1) **GSL ARCADIA LLC, GSL TEGEA LLC, GSL MYNY LLC, GSL MELITA LLC, GSL MARIA LLC and GSL DOROTHEA LLC**, each a limited liability company formed in the Republic of Liberia whose registered address is at 80 Broad Street, Monrovia, Republic of Liberia, as joint and several **Borrowers**;
- (2) **THE BANKS AND FINANCIAL INSTITUTIONS** listed in Schedule 1, as **Lenders**;
- (3) **HAMBURG COMMERCIAL BANK AG** acting through its office at Gerhart-Hauptmann-Platz 50, 20095 Hamburg, Germany, as **Agent**;
- (4) **HAMBURG COMMERCIAL BANK AG** acting through its office at Gerhart-Hauptmann-Platz 50, 20095 Hamburg, Germany, as **Mandated Lead Arranger**;
- (5) **HAMBURG COMMERCIAL BANK AG** acting through its office at Gerhart-Hauptmann-Platz 50, 20095 Hamburg, Germany, as **Security Trustee**.

**BACKGROUND**

The Lenders have agreed to make available to the Borrowers a secured post-delivery term loan facility of up to the lesser of (A) US\$64,200,000 and (B) 57.5 per cent. of the aggregate Initial Market Value of the Ships, in six equal advances, each in an amount of up to the lesser of (i) US\$10,700,000 and (ii) 57.5 per cent. of the Initial Market Value of the Ship to which that Advance relates, for the purpose of partly financing the Ships' Initial Market Value (as defined below).

**IT IS AGREED** as follows:

**1 INTERPRETATION**

**1.1 Definitions**

Subject to Clause 1.5, in this Agreement:

“**Account**” means each of the Earnings Accounts, the Liquidity Account, the Dry Dock Reserve Account and the Retention Account and, in the plural, means all of them.

“**Account Bank**” means Hamburg Commercial Bank AG, acting in such capacity through its office at Gerhart-Hauptmann-Platz 50, 20095 Hamburg, Germany, or any successor.

“**Account Pledge**” means, in relation to each Account, a pledge agreement creating security in respect of that Account in the Agreed Form and, in the plural, means all of them.

“**Additional Minimum Liquidity**” has the meaning given in Clause 11.19.

“**Advance**” means each of Advance A, Advance B, Advance C, Advance D, Advance E and Advance F and, in the plural, means all of them.

“**Advance A**” means the principal amount of the borrowing by the Borrowers under this Agreement in respect of Ship A or, as the context may require, the principal amount outstanding of such Advance in respect of that Ship under this Agreement.

**“Advance B”** means the principal amount of the borrowing by the Borrowers under this Agreement in respect of Ship B or, as the context may require, the principal amount outstanding of such Advance in respect of that Ship under this Agreement.

**“Advance C”** means the principal amount of the borrowing by the Borrowers under this Agreement in respect of Ship C or, as the context may require, the principal amount outstanding of such Advance in respect of that Ship under this Agreement.

**“Advance D”** means the principal amount of the borrowing by the Borrowers under this Agreement in respect of Ship D or, as the context may require, the principal amount outstanding of such Advance in respect of that Ship under this Agreement.

**“Advance E”** means the principal amount of the borrowing by the Borrowers under this Agreement in respect of Ship E or, as the context may require, the principal amount outstanding of such Advance in respect of that Ship under this Agreement.

**“Advance F”** means the principal amount of the borrowing by the Borrowers under this Agreement in respect of Ship F or, as the context may require, the principal amount outstanding of such Advance in respect of that Ship under this Agreement.

**“Affected Lender”** has the meaning given in Clause 5.7.

**“Agency and Trust Agreement”** means the agency and trust agreement executed or to be executed between the Borrowers and the Creditor Parties in the Agreed Form.

**“Agent”** means Hamburg Commercial Bank.AG, acting in such capacity through its office at Gerhart-Hauptmann-Platz 50, D-20095 Hamburg, Germany, or any successor of it appointed under clause 5 of the Agency and Trust Agreement.

**“Aggregate Insurable Amount”** has the meaning given to it in Clause 13.16.

**“Agreed Form”** means in relation to any document, that document in the form approved in writing by the Agent (acting on the instructions of the Majority Lenders) or as otherwise approved in accordance with any other approval procedure specified in any relevant provisions of any Finance Document.

**“Applicable Lender”** has the meaning given in Clause 5.2.

**“Approved Broker”** means each of Arrow, Barry Rogliano Salles, Clarksons, Fearnleys, Maersk Brokers K/S, Howe Robinson Partners and Weselmann (or any affiliate of such person through which valuations are commonly issued) and, in the plural, means all of them.

**“Approved Charter”** means, in respect of a Ship, a time charter in respect of that Ship entered or to be entered into between the Borrower which is the owner of that Ship and Maersk A/S or any of its subsidiaries, with a duration of not less than three years, providing for a gross hire rate of not less than \$18,600 per day and, in the plural, means all of them.

**“Approved Flag”** means, in relation to a Ship, the Liberian flag, the Marshall Islands flag, the Greek flag or such other flag as the Agent may approve (in its sole and absolute discretion) as the flag on which that Ship is or, as the case may be, shall be registered.

**“Approved Flag State”** means, in relation to a Ship, the Republic of Liberia, the Republic of the Marshall Islands, the Hellenic Republic or any other country in which the Agent may approve that that Ship is or, as the case may be, shall be registered.

**“Approved Manager”** means, in respect of a Ship:

- (a) Conchart Commercial Inc. as approved commercial manager, a corporation incorporated in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH96960, the Marshall Islands having established an office in Greece pursuant to L.27/1975 at 3-5 Menandrou Str.14561 Kifisia, Athens, Greece;
- (b) Technomar Shipping Inc. as approved technical manager, a corporation incorporated in the Republic of Liberia whose registered address is at 80 Broad Street, Monrovia, Liberia having established an office in Greece pursuant to L.27/1975 at 3-5 Menandrou Str.14561 Kifisia, Athens, Greece;
- (c) or any other company which the Agent (acting on the instructions of the Majority Lenders) may approve from time to time as the commercial and/or technical manager of that Ship.

**“Approved Manager’s Undertaking”** means, in relation to each Ship, a letter of undertaking including, *inter alio*, an assignment of each Approved Manager’s rights, title and interest in the Insurances of that Ship executed or to be executed by that Approved Manager in favour of the Security Trustee in the Agreed Form agreeing certain matters in relation to that Approved Manager serving as manager of that Ship and subordinating its rights against that Ship and the Borrower which is the owner thereof to the rights of the Creditor Parties under the Finance Documents and, in the plural, means all of them.

**“Article 55 BRRD”** means Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms.

**“Assignable Charter”** means, in relation to a Ship, any time charterparty (including, without limitation, any Approved Charter or any Substitute Charter), consecutive voyage charter or contract of affreightment in respect of such Ship having a duration (or capable of exceeding a duration) of more than 12 months and any guarantee of the obligations of the charterer under such charter or any bareboat charter in respect of that Ship and any guarantee of the obligations of the charterer under such bareboat charter, entered or to be entered into by the Borrower which is the owner thereof and a charterer or, as the context may require, bareboat charterer and, in the plural, means all of them.

**“Availability Period”** means, in relation to each Advance, the period commencing on the date of this Agreement and ending on:

- (a) 30 September 2021 (or such later date as the Agent may, with the authorisation of the Lenders, agree with the Borrowers); or
- (b) if earlier, the date on which the Total Commitments are fully borrowed, cancelled or terminated.

**“Bail-In Action”** means the exercise of any Write-down and Conversion Powers.

**“Bail-In Legislation”** means:

- (a) in relation to an EEA Member Country which has implemented, or which at any time implements, Article 55 BRRD, the relevant implementing law or regulation as described in the EU Bail-In Legislation Schedule from time to time; and
- (b) in relation to any state other than such an EEA Member Country or (to the extent that the United Kingdom is not such an EEA Member Country) the United Kingdom, any analogous law or regulation from time to time which requires contractual recognition of any Write-down and Conversion Powers contained in that law or regulation.

**“Basel III”** 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”.

**“Borrower”** means each of Borrower A, Borrower B, Borrower C, Borrower D, Borrower E and Borrower F and, in the plural, means all of them.

**“Borrower A”** means GSL Arcadia LLC, a limited liability company formed and existing in the Republic of Liberia whose registered address is at 80 Broad Street Monrovia, Republic of Liberia.

**“Borrower B”** means, GSL Tegea LLC, a limited liability company formed and existing in the Republic of Liberia whose registered address is at 80 Broad Street Monrovia, Republic of Liberia.

**“Borrower C”** means, GSL MYNY LLC, a limited liability company formed and existing in the Republic of Liberia whose registered address is at 80 Broad Street Monrovia, Republic of Liberia.

**“Borrower D”** means, GSL Melita LLC, a limited liability company formed and existing in the Republic of Liberia whose registered address is at 80 Broad Street Monrovia, Republic of Liberia.

**“Borrower E”** means, GSL Maria LLC, a limited liability company formed and existing in the Republic of Liberia whose registered address is at 80 Broad Street Monrovia, Republic of Liberia.

**“Borrower F”** means, GSL Dorothea LLC, a limited liability company formed and existing in the Republic of Liberia whose registered address is at 80 Broad Street Monrovia, Republic of Liberia.

**“Break Costs”** has the meaning given in Clause 21.2.

**“Breakeven Amount”** means, in relation to a Ship during a Relevant Period, the aggregate of the Operating Expenses and the Debt Service of that Ship.

**“Business Day”** means a day (other than a Saturday or Sunday) on which banks are open for general business:

- (a) in Hamburg and London regarding the fixing of any interest rate which is required to be determined under this Agreement or any Finance Document;
- (b) in Hamburg and New York in respect of any payment which is required to be made under a Finance Document; and
- (c) in Hamburg, Copenhagen, Athens and Piraeus regarding any other action to be taken under this Agreement or any other Finance Document.

**“BWTs”** means, in respect of each of Ship B, Ship D, Ship E and Ship F, the ballast water treatment system in respect of that Ship.

**“Cancellation Notice”** has the meaning given in Clause 8.6.

**“Change of Control”** means, if at any time during the Security Period:

- (a) a change occurs in the direct legal or beneficial ownership or control of any of the shares of the Borrowers;
- (b) Mr George Giouroukos ceases to be the Executive Chairman of (or to hold an equivalent executive officer position in) the Corporate Guarantor other than by reason of death or other incapacity in managing his affairs; or
- (c) any person(s) own(s) more than 35 per cent. of the shares in the Corporate Guarantor, unless such person(s) owned such shares on the date of this Agreement.

**“Charterparty Assignment”** means, in relation to a Ship, an assignment of the rights of the Borrower who is the owner of that Ship under any Assignable Charter relative thereto and any guarantee of such Assignable Charter executed or to be executed by that Borrower in favour of the Security Trustee in the Agreed Form and, in the plural, means all of them.

**“Code”** means the US Internal Revenue Code of 1986.

**“Commitment”** means, in relation to a Lender, the amount set opposite its name in Schedule 1, or, as the case may require, the amount specified in the relevant Transfer Certificate, as that amount may be reduced, cancelled or terminated in accordance with this Agreement (and **“Total Commitments”** means the aggregate of the Commitments of all the Lenders).

**“Compliance Certificate”** means a certificate in the form set out in Schedule 6 (or in any other form which the Agent approves or requires) to be provided at the times and in the manner set out in Clause 11.21.

“**Contract Price**” means, in relation to each Ship, the price payable for that Ship under the relevant MOA.

“**Contractual Currency**” has the meaning given in Clause 21.6.

“**Contribution**” means, in relation to a Lender, the part of the Loan which is owing to that Lender.

“**Corporate Guarantee**” means a guarantee of the obligations of the Borrowers under this Agreement and the other Finance Documents to which each Borrower is a party, in the Agreed Form.

“**Corporate Guarantor**” means Global Ship Lease, Inc., a corporation incorporated in the Republic of the Marshall Islands, whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960.

“**Correction Rate**” means, at any relevant time in relation to an Applicable Lender, the amount (expressed as a rate per annum) by which that Lender’s Cost of Funding exceeds LIBOR.

“**Cost of Funding**” means, in relation to a Lender, the rate per annum determined by that Lender to be the rate at which deposits in Dollars are offered to that Lender by leading banks in the Relevant Interbank Market at that Lender’s request at or about the Specified Time on the Quotation Date for an Interest Period and for a period equal to that Interest Period and for delivery on the first Business Day of it, or, if that Lender uses other ways to fund deposits in Dollars, such rate as determined by that Lender to be the Lender’s cost of funding deposits in Dollars for that Interest Period, such determination being conclusive and binding in the absence of manifest error.

“**Creditor Party**” means the Agent, the Security Trustee, the Mandated Lead Arranger, any Lender, whether as at the date of this Agreement or at any later time and, in the plural, means all of them.

“**Debt Service**” means, in relation to a Ship during a Relevant Period, any sums to be incurred by the Borrower owning that Ship in respect of the payment of principal of, and any interest to be accrued on, the Advance to which that Ship relates and any accrued costs and expenses pursuant to this Agreement in respect of that Advance.

“**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 Loan (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, if applicable, any Security Party; 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 or, if applicable, any Security Party preventing that, or any other, Party or, if applicable, any Security Party:
  - (i) from performing its payment obligations under the Finance Documents; or

(ii) from communicating with other Parties or, if applicable, any Security Party 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 or, if applicable, any Security Party whose operations are disrupted.

“**Dollars**” and “\$” means the lawful currency for the time being of the United States of America.

“**Drawdown Date**” means, in respect of each Advance, the date requested by the Borrowers for that Advance to be borrowed, or (as the context requires) the date on which that Advance is actually borrowed.

“**Drawdown Notice**” means a notice in the form set out in Schedule 2 (or in any other form which the Agent approves or reasonably requires).

“**Dry Dock Reserve Account**” means, an account in the joint name of the Borrowers with the Account Bank designated “*names of Borrowers — Dry Dock Reserve Account*”, or any other account (with that or another office of the Account Bank) which replaces such account and is designated by the Agent as the Dry Dock Reserve Account for the purposes of this Agreement.

“**Dry Docking Reserve Amount**” has the meaning given to it in Clause 11.20.

“**Earnings**” means, in relation to a Ship, all moneys whatsoever which are now, or later become, payable (actually or contingently) to the Borrower owning that Ship or the Security Trustee and which arise out of the use or operation of that Ship, including (but not limited to):

- (a) except to the extent that they fall within paragraph (b);
  - (i) all freight, (if applicable) hire and passage moneys;
  - (ii) compensation payable to that Borrower or the Security Trustee in the event of requisition of a Ship for hire;
  - (iii) remuneration for salvage and towage services;
  - (iv) demurrage and detention moneys;
  - (v) damages for breach (or payments for variation or termination) of any charterparty or other contract for the employment of that Ship; and
  - (vi) if applicable, all moneys which are at any time payable under any Insurances in respect of loss of hire; and
- (b) if and whenever that Ship is employed on terms whereby any moneys falling within paragraphs (a)(i) to (vi) are pooled or shared with any other person, that proportion of the net receipts of the relevant pooling or sharing arrangement which is attributable to the Ship.

“**Earnings Account**” means, in relation to a Ship, an account in the name of the Borrower owning that Ship with the Account Bank designated “*name of relevant Borrower - Earnings Account*”, or any other account (with that or another office of the Account Bank) which replaces such account and is designated by the Agent as that Earnings Account for the purposes of this Agreement.

**“EEA Member Country”** means any member state of the European Union, Iceland, Liechtenstein and Norway.

**“Environmental Claim”** means:

- (a) any claim by any governmental, judicial or regulatory authority which arises out of an Environmental Incident or an alleged Environmental Incident or which relates to any Environmental Law; or
- (b) any claim by any other person which relates to an Environmental Incident or to an alleged Environmental Incident,

and **“claim”** means a claim for damages, compensation, fines, penalties or any other payment of any kind whether or not similar to the foregoing; an order or direction to take, or not to take, certain action or to desist from or suspend certain action; and any form of enforcement or regulatory action, including the arrest or attachment of any asset.

**“Environmental Incident”** means, in relation to each Ship:

- (a) any release of Environmentally Sensitive Material from that Ship; or
- (b) any incident in which Environmentally Sensitive Material is released from a vessel other than that Ship and which involves a collision between that Ship and such other vessel or some other incident of navigation or operation, in either case, in connection with which that Ship is actually or potentially liable to be arrested, attached, detained or enjoined and/or that Ship and/or the Borrower which is the owner thereof and/or any operator or manager of that Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action; or
- (c) any other incident in which Environmentally Sensitive Material is released otherwise than from that Ship and in connection with which that Ship is actually or potentially liable to be arrested and/or where the Borrower which is the owner thereof and/or any operator or manager of that Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action.

**“Environmental Law”** means any law, regulation, convention and agreement relating to pollution or protection of the environment, to the carriage of Environmentally Sensitive Material or to actual or threatened releases of Environmentally Sensitive Material.

**“Environmentally Sensitive Material”** means oil, oil products and any other substance (including any chemical, gas or other hazardous or noxious substance) which is (or is capable of being or becoming) polluting, toxic or hazardous.

**“EU Bail-In Legislation Schedule”** means the document described as such and published by the LMA from time to time.

**“Event of Default”** means any of the events or circumstances described in Clause 19.1.

**“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 Deduction”** means a deduction or withholding from a payment under a Finance Document required by FATCA.

**“FATCA Exempt Party”** means a Party that is entitled to receive payments free from any FATCA Deduction.

**“Final Repayment Date”** means, in relation to an Advance, the date falling on the earlier of (i) the fourth anniversary of the Drawdown Date in respect of that Advance and (ii) 30 September 2025.

**“Finance Documents”** means together:

- (a) this Agreement;
- (b) the Agency and Trust Agreement;
- (c) the Account Pledges;
- (d) the Corporate Guarantee;
- (e) any Subordination Agreement;
- (f) any Subordinated Debt Security;
- (g) the Mortgages;
- (h) the General Assignments;
- (I) any Charterparty Assignments;
- (j) the Approved Manager’s Undertakings; and
- (k) any other document (whether creating a Security Interest or not) which is executed at any time by a Borrower, the Corporate Guarantor, any Approved Manager or any other person as security for, or to establish any form of subordination or priorities arrangement in relation to, any amount payable to the Lenders under this Agreement or any of the other documents referred to in this definition and, in the singular, means any of them.

**“Financial Indebtedness”** means, in relation to a person (the **“debtor”**), any actual or contingent liability of the debtor:

- (a) for principal, interest or any other sum payable in respect of any moneys borrowed or raised by the debtor;

- (b) under any loan stock, bond, note or other security issued by the debtor;
- (c) under any acceptance credit, guarantee or letter of credit facility made available to the debtor;
- (d) under a financial lease, a deferred purchase consideration arrangement (in each case, other than in respect of assets or services obtained on normal commercial terms in the ordinary course of business) or any other agreement having the commercial effect of a borrowing or raising of money by the debtor;
- (e) under any foreign exchange transaction, any interest or currency swap, exchange or any other kind of derivative transaction entered into by the debtor or, if the agreement under which any such transaction is entered into requires netting of mutual liabilities, the liability of the debtor for the net amount; or
- (f) under receivables sold or discounted (other than any receivables to the extent that they are sold on a non-recourse basis); or
- (g) under a guarantee, indemnity or similar obligation entered into by the debtor in respect of a liability of another person which would fall within (a) to (f) if the references to the debtor referred to the other person.

**“Financial Year”** means, in relation to each of the Borrowers and the Corporate Guarantor, each period of one year commencing on 1 January in respect of which its individual or, as the case may be, consolidated accounts are or ought to be prepared.

**“GAAP”** means generally accepted accounting principles in the United States.

**“General Assignment”** means, in relation to a Ship, a general assignment of (*inter alia*) the Earnings, the Insurances and any Requisition Compensation relative to that Ship in the Agreed Form and, in the plural, means both of them.

**“Group”** means the Corporate Guarantor and its direct and indirect subsidiaries from time to time, including, without limitation, the Borrowers and **“member of the Group”** shall be construed accordingly.

**“IACS”** means the International Association of Classification Societies.

**“IFRS”** means international accounting standards within the meaning of the IAS Regulations 1606/2002 to the extent applicable to the relevant financial statements.

**“Initial Market Value”** means, in relation to each Ship, the Market Value thereof calculated in accordance with the valuation relative thereto referred to in paragraph 4 of Schedule 3, Part B.

**“Instalment”** has the meaning given in Clause 8.1.

**“Insurances”** means, in relation to a Ship:

- (a) all policies and contracts of insurance and reinsurance, policies or contracts, including entries of that Ship in any protection and indemnity or war risks association, effected in respect of that Ship, its Earnings or otherwise in relation to it whether before, on or after the date of this Agreement; and

- (b) all rights (including, without limitation, any and all rights or claims which the Borrower owning that Ship may have under or in connection with any cut-through clause relative to any reinsurance contract relating to the aforesaid policies or contracts of insurance) and other assets relating to, or derived from, any of the foregoing, including any rights to a return of a premium and any rights in respect of any claim whether or not the relevant policy, contract of insurance or entry has expired on or before the date of this Agreement.

“**Interest Period**” means a period determined in accordance with Clause 6 or Clause 7 as the case may be.

“**Interpolated Screen Rate**” means, in relation to an Interest Period, 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 that Interest Period; and
- (b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds that Interest Period,

each as of the Specified Time on the Quotation Date for that Interest Period.

“**ISM Code**” means the International Safety Management Code (including the guidelines on its implementation), adopted by the International Maritime Organisation as the same may be amended or supplemented from time to time (and the terms “**safety management system**”, “**Safety Management Certificate**” and “**Document of Compliance**” have the same meanings as are given to them in the ISM Code).

“**ISPS Code**” means the International Ship and Port Facility Security Code as adopted by the International Maritime Organisation, as the same may be amended or supplemented from time to time.

“**ISSC**” means a valid and current International Ship Security Certificate issued under the ISPS Code.

“**Lender**” means, subject to Clause 26.6, a bank or financial institution listed in Schedule 1 and acting through its branch indicated in Schedule 1 (or through another branch notified to the Agent under Clause 26.15) or its transferee, successor or assign.

“**LIBOR**” means, for an Interest Period:

- (a) the rate per annum equal to the offered quotation for deposits in Dollars for a period equal to, or as near as possible equal to, the relevant Interest Period which appears on the Screen Rate; or;
- (b) (if no Screen Rate is available for that Interest Period), the applicable Interpolated Screen Rate for that Interest Period; or
- (c) if no Screen Rate is available and it is not possible to calculate an Interpolated Screen Rate for that Interest Period, the rate per annum determined by the Agent to be the arithmetic mean (rounded upwards, if necessary, to the nearest fifth decimal point) of the rate(s) per annum notified to the Agent by each, or if there is only one Reference Bank, that Reference Bank as the rate at which deposits in Dollars are offered to that

Reference Bank by leading banks in the Relevant Interbank Market at that Reference Bank's request,

at or about the Specified Time on the Quotation Date for that Interest Period for a period equal to that Interest Period and for delivery on the first Business Day of it and, if any such rate is below zero, LIBOR will be deemed to be zero.

**"Liquidity Account"** means an account in the joint names of the Borrowers with the Account Bank designated "*Name of the Borrowers — Liquidity Account*", or any other account (with that or another office of the Account Bank) which replaces such account and is designated by the Agent as the Liquidity Account for the purposes of this Agreement.

**"LMA"** means the Loan Market Association or any successor organisation.

**"Loan"** means the principal amount for the time being outstanding under this Agreement.

**"Legal Opinion"** means any legal opinion delivered to the Agent under clause 9.1 (*Documents, fees and no default*).

**"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;
- (c) similar principles, rights and defences under the laws of any Pertinent Jurisdiction; and
- (d) any other matters which are set out as qualifications or reservations as to matters of law of general application in a Legal Opinion.

**"LSW 1189"** means the London Standard Wording for marine insurances which incorporates the German Direct Mortgage Clause.

**"LDT"** means, in relation to a Ship, the light displacement tons of that Ship, being:

- (a) 24.858,8 MT in relation to Ship A;
- (b) 24.308,4 MT in relation to Ship B;
- (c) 24.875,7 MT in relation to Ship C;
- (d) 24.847,7 MT in relation to Ship D;
- (e) 24.413,9 MT in relation to Ship E; and
- (f) 24.243,2 MT in relation to Ship F.

**“Major Casualty”** means, in relation to a Ship, any casualty to that Ship in respect of which the claim or the aggregate of the claims against all insurers, before adjustment for any relevant franchise or deductible, exceeds \$1,000,000 or the equivalent in any other currency;

**“Majority Lenders”** means:

- (a) before an Advance is made, Lenders whose Commitments total 66 <sup>2</sup>/<sub>3</sub> per cent. of the Total Commitments; and
- (b) after an Advance is made, Lenders whose Contributions total 66 <sup>2</sup>/<sub>3</sub> per cent. of the Loan.

**“Mandated Lead Arranger”** means Hamburg Commercial Bank=AG, acting in such capacity through its office at Gerhart-Hauptmann-Platz 50, D-20095 Hamburg, Germany, or any successor.

**“Mandatory Cost”** means the percentage rate per annum calculated by the Agent in accordance with Schedule 4.

**“Margin”** means 3.50 per cent. per annum.

**“Market Value”** means, in relation to each Ship, the market value thereof determined in accordance with Clause 15.3.

**“Material Adverse Change”** means any event or series of events which, in the opinion of the Majority Lenders, is likely to have a Material Adverse Effect.

**“Material Adverse Effect”** means a material adverse effect on:

- (a) the business, property, assets, liabilities, operations or condition (financial or otherwise) of a Borrower and/or the Corporate Guarantor taken as a whole;
- (b) the ability of a Borrower and/or the Corporate Guarantor to (i) comply with or perform any of its obligations or (ii) discharge any of its liabilities, under any Finance Document as they fall due; or
- (c) the validity, legality or enforceability of any Finance Document.

**“Maximum Advance Amount”** means, in respect of an Advance, an amount up to the lesser of (i) \$10,700,000 and (ii) 57.5 per cent. of the Initial Market Value of the Ship to which that Advance relates.

**“Minimum Liquidity”** has the meaning given in Clause 11.19.

**“MOA”** means, in relation to each Ship, the Memorandum of Agreement made or (as the context may require) to be made between (i) the relevant Seller and (ii) the Borrower which is the buyer of that Ship for the sale by that Seller of that Ship and its purchase by that Borrower.

**“Mortgage”** means, in relation to each Ship, the first preferred or, as the case may be, priority ship mortgage on that Ship in the Agreed Form and, in the plural, means both of them.

**“Mortgaged Ship”** means a Ship which is subject to a Mortgage at the relevant time and, in the plural, means both of them.

**“Negotiation Period”** has the meaning given in Clause 5.10.

**“Notifying Lender”** has the meaning given in Clause 21.2, Clause 23.1 or Clause 24.1 as the context requires.

**“Operating Expenses”** means, in relation to a Ship during a Relevant Period, the aggregate expenditure incurred by the Borrower which is the owner of that Ship in operating, crewing, insuring, maintaining, repairing and generally trading that Ship as defined under GAAP.

**“Participating Member State”** means any member state of the European Union that has the Euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

**“Party”** means a party to this Agreement.

**“Payment Currency”** has the meaning given in Clause 21.6.

**“Permitted Security Interests”** means:

- (a) Security Interests created by the Finance Documents;
- (b) liens for unpaid master’s and crew’s wages in accordance with usual maritime practice;
- (c) liens for salvage;
- (d) liens arising by operation of law for not more than one month’s 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 relevant Borrower in good faith by appropriate steps) and subject, in the case of liens for repair or maintenance, to Clause 14.13(d);
- (f) any Security Interest created in favour of a plaintiff or defendant in any proceedings or arbitration as security for costs and expenses while a Borrower is actively prosecuting or defending such proceedings or arbitration in good faith; and
- (g) Security Interests 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.

**“Pertinent Document”** means:

- (a) any Finance Document;
- (b) any policy or contract of insurance contemplated by or referred to in Clause 13 or any other provision of this Agreement or another Finance Document;
- (c) any other document contemplated by or referred to in any Finance Document; and

- (d) any document which has been or is at any time sent by or to a Servicing Bank in contemplation of or in connection with any Finance Document or any policy, contract or document falling within paragraphs (a) or (c).

**“Pertinent Jurisdiction”** in relation to a company, means:

- (a) England and Wales;
- (b) the country under the laws of which the company is incorporated or formed;
- (c) a country in which the company has the centre of its main interests or which the company’s central management and control is or has recently been exercised;
- (d) a country in which the overall net income of the company is subject to corporation tax, income tax or any similar tax;
- (e) a country in which assets of the company (other than securities issued by, or loans to, related companies) having a substantial value are situated, in which the company maintains a branch or permanent place of business, or in which a Security Interest created by the company must or should be registered in order to ensure its validity or priority; and
- (f) a country the courts of which have jurisdiction to make a winding up, administration or similar order in relation to the company, whether as a main or territorial or ancillary proceedings, or which would have such jurisdiction if their assistance were requested by the courts of a country referred to in paragraphs (b) or (c).

**“Pertinent Matter”** means:

- (a) any transaction or matter contemplated by, arising out of, or in connection with a Pertinent Document; or
- (b) any statement relating to a Pertinent Document or to a transaction or matter falling within paragraph (a),

and covers any such transaction, matter or statement, whether entered into, arising or made at any time before the signing of this Agreement or on or at any time after that signing.

**“Potential Event of Default”** means any event or circumstance specified in clause 19 (*Events of Default*) which, with the giving of any notice, the lapse of time, a determination of the Majority Lenders and/or the satisfaction of any other condition, would constitute an Event of Default.

**“Prepayment Date”** has the meaning given in Clause 15.2.

**“Prepayment Notice”** has the meaning given in Clause 8.5(b).

**“Prepositioning Bank”** has the meaning given in Clause 4.7.

**“Quotation Date”** means, in relation to any Interest Period (or any other period for which an interest rate is to be determined under any provision of a Finance Document), the day on which quotations would ordinarily be given by leading banks in the Relevant Interbank Market

for deposits in the currency in relation to which such rate is to be determined for delivery on the first day of that Interest Period or other period.

“**Reference Banks**” means, subject to Clause 26.18, together, the Hamburg branch of **Hamburg Commercial Bank AG**, the head office of any other bank which is a Lender at the relevant time (unless such Lender has advised the Agent in writing that it does not wish to *be* a Reference Bank) and any of their respective successors.

“**Relevant Interbank Market**” means the London interbank market.

“**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.

“**Relevant Person**” has the meaning given in Clause 19.9.

“**Relevant Period**” means each 3-month period during a Substitute Charter, the first of which shall commence on the commencement date of that Substitute Charter and end 3 months thereafter with each subsequent period commencing at 3-monthly intervals thereafter.

“**Repayment Date**” means a date on which a repayment is required to be made under Clause 8.

“**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 Lenders, 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 Lenders, an appropriate successor to a Screen Rate.

“**Requisition Compensation**” includes all compensation or other moneys payable by reason of any act or event such as is referred to in paragraph (b) of the definition of “**Total Loss**”.

“**Resolution Authority**” means any body which has authority to exercise any Write-down and Conversion Powers.

“**Retention Account**” means an account in the joint names of the Borrowers with the Account Bank designated “[*names of Borrowers*] — Retention Account”, or any other account (with that or another office of the Account Bank) which replaces this account and is designated by the Agent as the Retention Account for the purposes of this Agreement.

**“Scrap Cover Ratio”** means, at any time, the ratio of the amount of the Loan outstanding to the aggregate Ships’ light displacement tonnage.

**“Screen Rate”** means the London interbank offered rate administered by the ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for Dollars for the relevant period displayed on pages LIBOR01 or LIBOR02 of the Reuters screen (or any replacement Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of 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 Borrowers.

**“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 Lenders, 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, 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 Lenders) temporary; or
  - (ii) that Screen Rate is calculated in accordance with any such policy or arrangement for a period no less than 15 Business Days; or

- (d) in the opinion of the Lenders, that Screen Rate is otherwise no longer appropriate for the purposes of calculating interest under this Agreement.

**“Secured Liabilities”** means all liabilities which the Borrowers, the Security Parties or any of them have, at the date of this Agreement or at any later time or times, under or in connection with any Finance Document or any judgment relating to any Finance Document; and for this purpose, there shall be disregarded any total or partial discharge of these liabilities, or variation of their terms, which is effected by, or in connection with, any bankruptcy, liquidation, arrangement or other procedure under the insolvency laws of any country.

**“Security Cover Ratio”** means, at any relevant time, the aggregate of (i) the aggregate of the Market Value of the Mortgaged Ships and (ii) the net realisable value of any additional security provided at that time under Clause 15, at that time expressed as a percentage of the Loan.

**“Security Interest”** means:

- (a) a mortgage, charge (whether fixed or floating) or pledge, any maritime or other lien or any other security interest of any kind;
- (b) the rights of a plaintiff under an action *in rem*; and
- (c) any arrangement entered into by a person (A) the effect of which is to place another person (B) in a position which is similar, in economic terms, to the position in which B would have been had he held a security interest over an asset of A; but paragraph (c) does not apply to a right of set off or combination of accounts conferred by the standard terms of business of a bank or financial institution.

**“Security Party”** means any other person (except a Creditor Party, an Approved Manager or a charterer), who, as a surety or mortgagor, as a party to any subordination or priorities arrangement, or in any similar capacity, executes a document falling within the final paragraph of the definition of **“Finance Documents”**.

**“Security Period”** means the period commencing on the date of this Agreement and ending on the date on which the Agent notifies the Borrowers, the Security Parties and the other Creditor Parties that:

- (a) all amounts which have become due for payment by a Borrower or any Security Party under the Finance Documents have been paid;
- (b) no amount is owing or has accrued (without yet having become due for payment) under any Finance Document;
- (c) neither a Borrower nor any Security Party has any future or contingent liability under Clauses 20, 21 or 22 or any other provision of this Agreement or another Finance Document; and
- (d) the Agent, the Mandated Lead Arranger, the Security Trustee and the Majority Lenders do not consider that there is a significant risk that any payment or transaction under a Finance Document would be set aside, or would have to be reversed or adjusted, in any present or possible future bankruptcy of a Borrower or a Security Party or in any present or possible future proceeding relating to a Finance Document or any asset covered (or previously covered) by a Security Interest created by a Finance Document.

“**Security Trustee**” means Hamburg Commercial Bank AG, acting in such capacity through its office at Gerhart-Hauptmann-Platz 50, D-20095, Hamburg, Germany, or any successor of it appointed under clause 5 of the Agency and Trust Agreement.

“**Seller**” means Maersk A/S of Esplanaden 50, Copenhagen, Denmark.

“**Servicing Bank**” means the Agent or the Security Trustee.

“**Ship**” means each of Ship A, Ship B, Ship C, Ship D, Ship E and Ship F and, in the plural, means all of them.

“**Ship A**” means the Panamax container vessel of 66,289 dwt currently registered in the ownership of the Seller with IMO number 9214214 with the name “E.R. BERLIN”, which is to be purchased by Borrower A under the MOA in respect of Ship A and which, on delivery, is to be registered in the ownership of Borrower A under an Approved Flag in accordance with the laws of the relevant Approved Flag State and with the name “GSL ARCADIA”.

“**Ship B**” means the Panamax container vessel of 66,058 dwt currently registered in the ownership of the Seller with IMO number 9222986 with the name “E.R. LOS ANGELES”, which is to be purchased by Borrower B under the MOA in respect of Ship B and which, on delivery, is to be registered in the ownership of Borrower B under an Approved Flag in accordance with the laws of the relevant Approved Flag State and with the name “GSL TEGEA”.

“**Ship C**” means the Panamax container vessel of 66,289 dwt currently registered in the ownership of the Seller with IMO number 9213583 with the name “E.R. FELIXSTOWE”, which is to be purchased by Borrower C under the MOA in respect of Ship C and which, on delivery, is to be registered in the ownership of Borrower C under an Approved Flag in accordance with the laws of the relevant Approved Flag State and with the name “GSL MYNY”.

“**Ship D**” means the Panamax container vessel of 66,289 dwt currently registered in the ownership of the Seller with IMO number 9214226 with the name “E.R. FRANCE”, which is to be purchased by Borrower D under the MOA in respect of Ship D and which, on delivery, is to be registered in the ownership of Borrower D under an Approved Flag in accordance with the laws of the relevant Approved Flag State and with the name “GSL MELITA”.

“**Ship E**” means the Panamax container vessel of 65,792 dwt currently registered in the ownership of the Seller with IMO number 9231236 with the name “E.R. CANADA”, which is to be purchased by Borrower E under the MOA in respect of Ship E and which, on delivery, is to be registered in the ownership of Borrower E under an Approved Flag in accordance with the laws of the relevant Approved Flag State and with the name “GSL MARIA”.

“**Ship F**” means the Panamax container vessel of 66,058 dwt currently registered in the ownership of the Seller with IMO number 9222974 with the name “E.R. KOBE”, which is to be purchased by Borrower F under the MOA in respect of Ship F and which, on delivery, is to be registered in the ownership of Borrower F under an Approved Flag in accordance with the laws of the relevant Approved Flag State and with the name “GSL DOROTHEA”.

“**Specified Time**” means 11.00 a.m. London time.

“**Subordinated Creditor**” means a Borrower, a Security Party or any other person who becomes a Subordinated Creditor in accordance with this Agreement.

**“Subordinated Debt”** in relation to a Subordinated Creditor, has the meaning given to it in the Subordination Agreement entered into by that Subordinated Creditor.

**“Subordinated Debt Security”** means a document creating a Security Interest in relation to any Subordinated Debt in the Agreed Form.

**“Subordination Agreement”** means a subordination agreement entered into or to be entered into by a Subordinated Creditor, a Borrower, a Security Party and the Security Trustee in the Agreed Form.

**“Substitute Charter”** has the meaning given in Clause 8.9.

**“Total Loss”** means, in relation to a Ship:

- (a) actual, constructive, compromised, agreed or arranged total loss of that Ship;
- (b) any expropriation, confiscation, requisition or acquisition of that Ship, whether for full or part consideration, a consideration less than its proper value, a nominal consideration or without any consideration, which is effected by any government or official authority or by any person or persons claiming to be or to represent a government or official authority unless it is within one month from the date of such occurrence redelivered to the full control of the Borrower owning that Ship;
- (c) any arrest, capture, seizure, confiscation or detention of that Ship unless it is within one month redelivered to the full control of the Borrower owning that Ship; and
- (d) any theft or hijacking of that Ship unless it is within one month redelivered to the full control of the Borrower owning that Ship.

**“Total Loss Date”** means, in relation to a Ship:

- (a) in the case of an actual loss of that Ship, the date on which it occurred or, if that is unknown, the date when that Ship was last heard of;
- (b) in the case of a constructive, compromised, agreed or arranged total loss of that Ship, the earlier of:
  - (i) the date on which a notice of abandonment is given to the insurers; and
  - (ii) the date of any compromise, arrangement or agreement made by or on behalf of the Borrower owning that Ship with that Ship’s insurers in which the insurers agree to treat the Ship as a total loss; and
- (c) in the case of any other type of total loss, on the date (or the most likely date) on which it appears to the Agent that the event constituting the total loss occurred.

**“Transfer Certificate”** has the meaning given in Clause 26.2.

**“Trust Property”** has the meaning given in clause 3.1 of the Agency and Trust Agreement.

**“UK Bail-In Legislation”** means (to the extent that the United Kingdom is not an EEA Member Country which has implemented, or implements, Article 55 BRRD) Part 1 of the United Kingdom Banking Act 2009 and any other law or regulation applicable in the United Kingdom

relating to the resolution of unsound or failing banks, investment firms or other financial institutes or their affiliates (otherwise than through liquidation, administration or other insolvency proceedings).

**“Underlying Document”** means any Assignable Charter and any MOA and, in the plural, means all of them.

**“US”** means the United States of America.

**“US Tax Obligor”** means:

- (a) a Borrower which is resident for tax purposes in the US; or
- (b) a Borrower or a Security Party some or all whose payments under the Finance Documents are from sources within the US for US federal income tax purposes.

**“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;
- (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
  - (ii) any similar or analogous powers under that Bail-In Legislation; and
- (c) in relation to any UK Bail-In Legislation:
  - (i) any powers under that UK 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 UK Bail-In Legislation that are related to or ancillary to any of those powers; and
  - (ii) any similar or analogous powers under that UK Bail-In Legislation.

**Construction of certain terms**

In this Agreement:

**“administration notice”** means a notice appointing an administrator, a notice of intended appointment and any other notice which is required by law (generally or in the case concerned) to be filed with the court or given to a person prior to, or in connection with, the appointment of an administrator;

**“approved”** means, for the purposes of Clause 13, approved in writing by the Agent at its discretion;

**“asset”** includes every kind of property, asset, interest or right, including any present, future or contingent right to any revenues or other payment;

**“company”** includes any partnership, joint venture and unincorporated association;

**“consent”** includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration, notarisation and legalisation;

**“contingent liability”** means a liability which is not certain to arise and/or the amount of which remains unascertained;

**“document”** includes a deed; also a letter or fax;

**“excess risks”** means, in relation to a Ship, the proportion of claims for general average, salvage and salvage charges not recoverable under the hull and machinery policies in respect of the Ship in consequence of its insured value being less than the value at which the Ship is assessed for the purpose of such claims;

**“expense”** means any kind of cost, charge or expense (including all legal costs, charges and expenses) and any applicable value added or other tax;

**“gross negligence”** means a form of negligence which is distinct from ordinary negligence, in which the due diligence and care which are generally to be exercised have been disregarded to a particularly high degree, in which the plainest deliberations have not been made and that which should be most obvious to everybody has not been followed;

**“law”** includes any order or decree, any form of delegated legislation, any treaty or international convention and any regulation or resolution of the Council of the European Union, the European Commission, the United Nations or its Security Council;

**“legal or administrative action”** means any legal proceeding or arbitration and any administrative or regulatory action or investigation;

**“liability”** includes every kind of debt or liability (present or future, certain or contingent), whether incurred as principal or surety or otherwise;

**“months”** shall be construed in accordance with Clause 1.3;

**“obligatory insurances”** means, in relation to a Ship, all insurances effected, or which the Borrower owning that Ship is obliged to effect, under Clause 13 or any other provision of this Agreement or another Finance Document;

“**parent company**” has the meaning given in Clause 1.4;

“**person**” includes any individual, any partnership, any company; any state, political sub-division of a state and local or municipal authority; and any international organisation;

“**policy**” in relation to any insurance, includes a slip, cover note, certificate of entry or other document evidencing the contract of insurance or its terms;

“**protection and indemnity risks**” means the usual risks covered by a protection and indemnity association which is a member of the International Group of Protection and Indemnity Associations, including pollution risks and the proportion (if any) of any sums payable to any other person or persons in case of collision which are not recoverable under the hull and machinery policies by reason of the incorporation in them of clause 1 of the Institute Time Clauses (Hulls) (1/10/82) or clause 8 of the Institute Time Clauses (Hulls) (1/11/1995) or the Institute Amended Running Down Clause (1/10/71) or any equivalent provision;

“**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 (monetary or otherwise), department, central bank, regulatory, self-regulatory or other authority or organisation;

“**subsidiary**” has the meaning given in Clause 1.4;

“**successor**” includes any person who is entitled (by assignment, novation, merger or otherwise) to any person’s rights under this Agreement or any other Finance Document (or any interest in those rights) or who, as administrator, liquidator or otherwise, is entitled to exercise those rights; and in particular references to a successor include a person to whom those rights (or any interest in those rights) are transferred or pass as a result of a merger, division, reconstruction or other reorganisation of it or any other person;

“**tax**” includes any present or future tax, duty, impost, levy or charge of any kind which is imposed by any state, any political sub-division of a state or any local or municipal authority (including any such imposed in connection with exchange controls), and any connected penalty, interest or fine;

“**war risks**” includes the risk of mines and all risks excluded by clause 29 of the International Hull Clauses (1/11/02 or 1/11/03), clause 24 of the Institute Time Clauses (Hulls)(1/11/95) or clause 23 of the Institute Time Clauses (Hulls) (1/10/83); and

a Potential 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 remedied or waived **Provided that**, following the exercise by the Agent of any right pursuant to Clause 19.2, an Event of Default is “continuing” only if it has not been waived.

### 1.3 Meaning of “month”

A period of one or more “**months**” ends on the day in the relevant calendar month numerically corresponding to the day of the calendar month on which the period started (“**the numerically corresponding day**”), but:

- (a) on the Business Day following the numerically corresponding day if the numerically corresponding day is not a Business Day or, if there is no later Business Day in the same calendar month, on the Business Day preceding the numerically corresponding day; or

- (b) on the last Business Day in the relevant calendar month, if the period started on the last Business Day in a calendar month or if the last calendar month of the period has no numerically corresponding day,

and “month” and “monthly” shall be construed accordingly.

#### **1.4 Meaning of “subsidiary”**

A company (S) is a subsidiary of another company (P) if:

- (a) a majority of the issued shares in S (or a majority of the issued shares in S which carry unlimited rights to capital and income distributions) are directly owned by P or are indirectly attributable to P; or
- (b) P has direct or indirect control over a majority of the voting rights attaching to the issued shares of S; or
- (c) P has the direct or indirect power to appoint or remove a majority of the directors of S; or
- (d) P otherwise has the direct or indirect power to ensure that the affairs of S are conducted in accordance with the wishes of P,

and any company of which S is a subsidiary is a parent company of S.

#### **1.5 General Interpretation**

In this Agreement:

- (a) references to, or to a provision of, a Finance Document or any other document are references to it as amended or supplemented, whether before the date of this Agreement or otherwise;
- (b) references to, or to a provision of, any law include any amendment, extension, re-enactment or replacement, whether made before the date of this Agreement or otherwise;
- (c) words denoting the singular number shall include the plural and vice versa; and
- (d) Clauses 1.1 to 1.5 apply unless the contrary intention appears.

#### **1.6 Headings**

In interpreting a Finance Document or any provision of a Finance Document, all clause, sub-clause and other headings in that and any other Finance Document shall be entirely disregarded.

## **2 FACILITY**

### **2.1 Amount of facility**

Subject to the other provisions of this Agreement, the Lenders shall make available to the Borrowers a senior secured term loan facility of up to \$64,200,000, in up to six Advances, Advance A, Advance B, Advance C, Advance D, Advance E and Advance F, for the purpose stated in the preamble to this Agreement.

**2.2 Lenders' participations in Advances**

Subject to the other provisions of this Agreement, each Lender shall participate in each Advance in the proportion which, as at the relevant Drawdown Date, its Commitment bears to the Total Commitments.

**2.3 Purpose of Advances**

The Borrowers undertake with each Creditor Party to use each Advance only for the purpose stated in the preamble to this Agreement.

**3 POSITION OF THE LENDERS**

**3.1 Interests several**

The rights of the Lenders under this Agreement are several.

**3.2 Individual right of action**

Each Lender shall *be* entitled to sue for any amount which has become due and payable by the Borrowers to it under this Agreement without joining the Agent, the Security Trustee or any other Lender as additional parties in the proceedings.

**3.3 Proceedings requiring Majority Lender consent**

Except as provided in Clause 3.2, no Lender may commence proceedings against the Borrowers or any Security Party in connection with a Finance Document without the prior consent of the Majority Lenders.

**3.4 Obligations several**

The obligations of the Lenders under this Agreement are several; and a failure of a Lender to perform its obligations under this Agreement shall not result in:

- (a) the obligations of the other Lenders being increased; nor
  - (b) a Borrower, any Security Party, any other Lender being discharged (in whole or in part) from its obligations under any Finance Document;
- and in no circumstances shall a Lender have any responsibility for a failure of another Lender to perform its obligations under this Agreement.

**4 DRAWDOWN**

**4.1 Request for an Advance**

Subject to the following conditions, the Borrowers may request an Advance to be borrowed by ensuring that the Agent receives a completed Drawdown Notice not later than 11.00 a.m. (Hamburg time) three Business Days prior to the relevant Drawdown Date.

#### **4.2 Availability**

The conditions referred to in Clause 4.1 are that:

- (a) a Drawdown Date has to be a Business Day during the relevant Availability Period;
- (b) each Advance shall not exceed the relevant Maximum Advance Amount;
- (c) any undrawn portion of the Total Commitments in respect of an Advance to occur, upon the determination of the Initial Market Value of the Ship to which that Advance relates, shall be automatically cancelled as at the Drawdown Date of that Advance; and
- (d) the aggregate amount of the Advances shall not exceed the Total Commitments.

#### **4.3 Notification to Lenders of receipt of a Drawdown Notice**

The Agent shall promptly notify the Lenders that it has received a Drawdown Notice and shall inform each Lender of:

- (a) the amount of the Advance to which that Drawdown Notice relates and the relevant Drawdown Date;
- (b) the amount of that Lender's participation in that Advance; and
- (c) the duration of the first Interest Period in respect of that Advance.

#### **4.4 Drawdown Notice irrevocable**

A Drawdown Notice must be signed by a duly authorised signatory of the Borrowers; and once served, a Drawdown Notice cannot be revoked without the prior consent of the Agent, acting on the authority of the Lenders.

#### **4.5 Lenders to make available Contributions**

Subject to the provisions of this Agreement, each Lender shall, on and with value on each Drawdown Date, make available to the Agent for the account of the Borrowers the amount due from that Lender on that Drawdown Date under Clause 2.2.

#### **4.6 Disbursement of Advance**

Subject to the provisions of this Agreement, the Agent shall on each Drawdown Date pay to the Borrowers the amounts which the Agent receives from the Lenders under Clause 4.5 and that payment to the Borrowers shall be made:

- (a) to the account which the Borrowers specify in the Drawdown Notice; and
- (b) in like funds as the Agent received the payments from the Lenders.

The payment by the Agent under this Clause 4.6 shall constitute the making of the Advance and the Borrowers shall at that time become indebted, as principal and direct obligors, to each Lender in an amount equal to that Lender's participation in the Advance.

#### 4.7 **Prepositioning of funds**

The Agent (at its sole discretion) may, at the Borrowers' request, agree to preposition on the relevant Drawdown Date the amounts which the Agent receives from the Lenders in respect of the Advance together with any equity which is to be provided by the Borrowers, by making payment of such amounts:

- (a) to such account and with such bank (the **"Prepositioning Bank"**) as the Borrowers may have agreed with the Agent in advance of that Drawdown Date and as specified in the relevant Drawdown Notice;
- (b) in like funds as the Agent received the payments from the Lenders; and
- (c) on terms that:
  - (i) such amounts shall be held to the order of the Agent until the conditions described in the remittance message (the **"Remittance Message"**) with which the conditional payment is effected for transfer of funds to the Seller are fulfilled or, if earlier, such time as the Agent confirms in writing to the Prepositioning Bank that the Advance may be released to the Seller in accordance with Clause 4.8;
  - (ii) such prepositioning shall constitute the making of the Advance and the Borrowers shall at that time become indebted, as principal and direct obligors, to each Lender in an amount equal to that Lender's participation in the Advance; and
  - (iii) the date on which the Advance is prepositioned shall constitute its Drawdown Date.

#### 4.8 **Disbursement of Advance**

If the Agent has agreed to the Borrowers' request under Clause 4.7, the Agent shall, on the relevant Ship's delivery, instruct the Prepositioning Bank to release the amount of the Advance to the Seller subject to the Agent having received all the documents described in Part B of Schedule 3 in form and substance satisfactory to the Agent and its lawyers and further subject to the other provisions of Clause 9.1 unless the funds representing the Advance will be released by the Prepositioning **Bank** pursuant to the Remittance Message.

### 5 **INTEREST**

#### 5.1 **Payment of normal interest**

Subject to the provisions of this Agreement, interest on each Advance in respect of each Interest Period relative to that Advance shall be paid by the Borrowers on the last day of that Interest Period.

#### 5.2 **Normal rate of interest**

Subject to the provisions of this Agreement, the rate of interest on each Advance in respect of an Interest Period relative to that Advance shall be the aggregate of (i) the Margin, (ii) the Mandatory Cost (if any), (iii) LIBOR for that Interest Period and (iv) if a Lender (the **"Applicable Lender"**) notifies the Agent at least 5 Business Days before the start of that Interest Period that its Cost of Funding exceeds LIBOR (including the amount of such excess) on the Quotation Date for that Interest Period, additionally in respect of that Applicable Lender's Contribution in the

relevant Advance, the Correction Rate applicable to the Applicable Lender for that Interest Period.

**5.3 Payment of accrued interest**

In the case of an Interest Period of longer than three months (subject to the prior agreement of the Agent in accordance with Clause 6.2(b)), accrued interest shall be paid every three months during that Interest Period and on the last day of that Interest Period.

**5.4 Notification of Interest Periods and rates of normal interest**

The Agent shall notify the Borrowers and each Lender of:

- (a) each rate of interest; and
- (b) the duration of each Interest Period,

as soon as reasonably practicable after each is determined.

**5.5 Obligation of Reference Banks to quote**

A Reference Bank which is a Lender shall use all reasonable efforts to supply the quotation required of it for the purposes of fixing a rate of interest under this Agreement unless that Reference Bank ceases to be a Lender pursuant to Clause 26.18.

**5.6 Absence of quotations by Reference Banks**

If any Reference Bank fails to supply a quotation, the Agent shall determine the relevant LIBOR on the basis of the quotations supplied by the other Reference Bank(s) but if two or more of the Reference Banks fail (or, if at any time there is only one Reference Bank, that Reference Bank fails) to provide a quotation, the relevant rate of interest shall be set in accordance with the following provisions of this Clause 5.

**5.7 Market disruption**

The following provisions of this Clause 5 apply if:

- (a) no rate is quoted on the Screen Rate, it is not possible to calculate an Interpolated Screen Rate for that Interest Period and two or more of the Reference Banks do not (or, if at any time there is only one Reference Bank, that Reference Bank does not), before 1.00 p.m. (London time) on the Quotation Date for an Interest Period, provide a quotation to the Agent in order to fix LIBOR; or
- (b) at least three Business Days before the start of an Interest Period, the Agent is notified by a Lender (the “**Affected Lender**”) that for any reason it is unable to obtain Dollars in the Relevant Interbank Market in order to fund its Contribution (or any part of it) during the Interest Period.

**5.8 Notification of market disruption**

The Agent shall promptly notify the Borrowers and each of the Lenders stating the circumstances falling within Clause 5.7 which have caused its notice to be given.

**5.9 Suspension of drawdown**

If the Agent's notice under Clause 5.8 is served before an Advance is made:

- (a) in a case falling within Clause 5.7(a), the Lenders' obligation to advance that Advance; and
  - (b) in a case falling within Clause 5.7(b), the Affected Lender's obligation to participate in that Advance,
- shall be suspended while the circumstances referred to in the Agent's notice continue.

**5.10 Negotiation of alternative rate of interest**

- (a) If the Agent's notice under Clause 5.8 is served after an Advance is borrowed then, subject to Clause 27.4, the Borrowers, the Agent, the Lenders or (as the case may be) the Affected Lender shall use reasonable endeavours to agree, within 30 days after the date on which the Agent serves its notice under Clause 5.8 (the "**Negotiation Period**"), an alternative interest rate or (as the case may be) an alternative basis for the Lenders or (as the case may be) the Affected Lender to fund or continue to fund their or its Contribution during the Interest Period concerned.
- (b) During the Negotiation Period the Agent shall, with the agreement of each Lender or (as the case may be) the Affected Lender, set an interest period and interest rate representing the Cost of Funding of the Lenders or (as the case may be) the Affected Lender in Dollars, in each case as determined by the relevant Lender, or in any available currency of their or its Contribution plus the Margin and the Mandatory Cost (if any).

**5.11 Application of agreed alternative rate of interest**

Subject to Clause 27.4, any alternative interest rate or an alternative basis which is agreed during the Negotiation Period shall take effect in accordance with the terms agreed.

**5.12 Alternative rate of interest in absence of agreement**

If an alternative interest rate or alternative basis is not agreed within the Negotiation Period, and the relevant circumstances are continuing at the end of the Negotiation Period, then the procedure provided for in Clause 5.10(b) shall be repeated at the end of the interest period set by the Agent pursuant to that Clause.

**5.13 Notice of prepayment**

If the Borrowers do not agree with an interest rate set by the Agent under Clause 5.12, the Borrowers may give the Agent not less than five Business Days' notice of their intention to prepay the Loan at the end of the interest period set by the Agent.

**5.14 Prepayment; termination of Commitments**

A notice under Clause 5.13 shall be irrevocable; the Agent shall promptly notify the Lenders of the Borrowers' notice of intended prepayment; and:

- (a) on the date on which the Agent serves that notice, the Total Commitments shall be cancelled; and

- (b) on the last Business Day of the interest period set by the Agent, the Borrowers shall prepay (without premium or penalty) the Loan, together with accrued interest thereon at the applicable rate plus the Margin and the Mandatory Cost (if any).

**5.15 Application of prepayment**

The provisions of Clause 8 shall apply in relation to the prepayment.

**6 INTEREST PERIODS**

**6.1 Commencement of Interest Periods**

The first Interest Period applicable to an Advance shall commence on the Drawdown Date in respect of that Advance and each subsequent Interest Period shall commence on the expiry of the preceding Interest Period.

**6.2 Duration of normal Interest Periods**

Subject to Clauses 6.3 and 6.4, each Interest Period in respect of each Advance shall be:

- (a) 3 months; or
- (b) such other period (as proposed by the Borrowers to the Agent not later than 11:00 a.m. (Hamburg time) 5 Business Days before the commencement of the Interest Period in respect of that Advance) as the Agent may, with the authorisation of the Majority Lenders, agree with the Borrowers (failing which the Interest Period shall be three months).

**6.3 Duration of Interest Periods for Instalments**

In respect of an amount due to be repaid under Clause 8 on a particular Repayment Date, an Interest Period in respect of the Advance to which that Repayment Date relates shall end on that Repayment Date.

**6.4 Non-availability of matching deposits for Interest Period selected**

If, after the Borrowers have proposed and the Lenders have agreed an Interest Period longer than three months, any Lender notifies the Agent by 11.00 a.m. (Hamburg **time**) on the third Business Day before the commencement of the Interest Period that it is not satisfied that deposits in Dollars for a period equal to the Interest Period will be available to it in the Relevant Interbank Market when the Interest Period commences, the Interest Period shall be of three months.

**7 DEFAULT INTEREST**

**7.1 Payment of default interest on overdue amounts**

The Borrowers shall pay interest in accordance with the following provisions of this Clause 7 on any amount payable by the Borrowers under any Finance Document which the Agent, the Security Trustee or the other designated payee does not receive on or before the relevant date, that is:

- (a) the date on which the Finance Documents provide that such amount is due for payment; or

- (b) if a Finance Document provides that such amount is payable on demand, the date on which the demand is served; or
- (c) if such amount has become immediately due and payable under Clause 19.4, the date on which it became immediately due and payable.

**7.2 Default rate of interest**

Interest shall accrue on an overdue amount from (and including) the relevant date until the date of actual payment (as well after as before judgment) at the rate per annum determined by the Agent to be 2.50 per cent. above:

- (a) in the case of an overdue amount of principal, the higher of the rates set out at Clauses 7.3(a) and 7.3(b); or
- (b) in the case of any other overdue amount, the rate set out at Clause 7.3(b).

**7.3 Calculation of default rate of interest The rates referred to in Clause 7.2 are:**

- (a) the rate applicable to the overdue principal amount immediately prior to the relevant date (but only for any unexpired part of any then current Interest Period applicable to it);
- (b) the aggregate of the Margin, any Correction Rate and the Mandatory Cost (if any) plus, in respect of successive periods of any duration (including at call) up to three months which the Agent may select from time to time:
  - (i) LIBOR; or
  - (ii) if the Agent (after consultation with the Reference Banks) determines that Dollar deposits for any such period are not being made available to any Reference Bank by leading banks in the Relevant Interbank Market in the ordinary course of business, a rate from time to time determined by the Agent by reference to the cost of funds to the Reference Banks from such other sources as the Agent (after consultation with the Reference Banks) may from time to time determine.

**7.4 Notification of interest periods and default rates**

The Agent shall promptly notify the Lenders and the Borrowers of each interest rate determined by the Agent under Clause 7.3 and of each period selected by the Agent for the purposes of paragraph (b) of that Clause; but this shall not be taken to imply that the Borrowers are liable to pay such interest only with effect from the date of the Agent's notification.

**7.5 Payment of accrued default interest**

Subject to the other provisions of this Agreement, any interest due under this Clause shall be paid on the last day of the period by reference to which it was determined; and the payment shall be made to the Agent for the account of the Creditor Party to which the overdue amount is due.

**7.6 Compounding of default interest**

Any such interest which is not paid at the end of the period by reference to which it was determined shall thereupon be compounded.

**8 REPAYMENT AND PREPAYMENT**

**8.1 Amount of Instalments**

The Borrowers shall repay each Advance by 16 equal consecutive quarterly instalments, each in the amount of \$668,750 (each an “**Instalment**” and, together, the “**Instalments**”) **Provided that**, if the amount advanced in respect of an Advance is less than \$10,700,000, the aggregate amount of the Instalments in respect of that Advance shall be reduced by an amount equal to the undrawn amount on a *pro rata* basis.

**8.2 Repayment Dates**

The first Instalment in respect of each Advance shall be repaid on the date falling three months after the Drawdown Date in respect of that Advance, each subsequent Instalment shall be repaid at three-monthly intervals thereafter and the last Instalment in respect of that Advance, shall be repaid, latest on the relevant Final Repayment Date.

**8.3 Final Repayment Date**

On the Final Repayment Date, the Borrowers shall additionally pay to the Agent for the account of the Creditor Parties all other sums then accrued or owing under any Finance Document.

**8.4 Voluntary prepayment**

Subject to the following conditions, the Borrowers may prepay the whole or any part of the Loan on the last day of an Interest Period.

**8.5 Conditions for voluntary prepayment**

The conditions referred to in Clause 8.4 are that:

- (a) a partial prepayment shall be \$1,000,000 or a higher integral multiple thereof;
- (b) the Agent has received from the Borrowers at least five Business Days’ prior irrevocable written notice (each, a “**Prepayment Notice**”) specifying the amount to be prepaid and the date on which the prepayment is to be made;
- (c) the Borrowers have provided evidence satisfactory to the Agent that any consent required by any Borrower or any Security Party in connection with the prepayment has been obtained and remains in force, and that any regulation relevant to this Agreement which affects any Borrower or any Security Party has been complied with; and
- (d) the Borrowers are in compliance with Clause 8.12 on or prior to the date of prepayment.

**8.6 Optional facility cancellation**

The Borrowers shall be entitled, upon giving to the Agent not less than five Business Days’ prior written notice, to cancel, in whole or in part, and, if in part, by an amount of \$1,000,000 or a higher multiple thereof (or such other amount acceptable to the Agent in its sole discretion),

the undrawn balance of the Total Commitments (the **“Cancellation Notice”**) which notice shall be irrevocable and shall, at the option of the Borrowers, specify whether such cancellation will be applied against a specific Advance, in which case the Borrowers will specify the Advance against which that cancellation should be applied. A failure by the Borrowers to make such a designation, in circumstances where all Advances have been made, shall result in the cancellation being applied against all Advances proportionately. Upon such cancellation taking effect on expiry of a Cancellation Notice the several obligations of the Lenders to make their respective Commitments available in relation to the portion of the Total Commitments to which such Cancellation Notice relates shall terminate.

**8.7 Cancellation Notice or Prepayment Notice**

The Agent shall notify the Lenders promptly upon receiving a Cancellation Notice or Prepayment Notice, and shall provide, in the case of a Prepayment Notice, any Lender which so requests with a copy of any document delivered by the Borrowers under Clause 8.5(c).

**8.8 Mandatory prepayment in the case of sale or Total Loss**

(a) The Borrowers shall be obliged to prepay the Relevant Amount if a Ship:

- (i) is sold (including, for the avoidance of doubt for scrapping), on or before the date on which the sale is completed by delivery of that Ship to the buyer; or
- (ii) becomes a Total Loss, on the earlier of the date falling 120 days after the Total Loss Date and the date of receipt by the Security Trustee of the proceeds of insurance relating to such Total Loss.

In this Clause 8.8:

**“Relevant Amount”** means an amount equal to the greater of:

- (i) the Advance to which the Ship being sold or which has become a Total Loss relates; and
- (ii) an amount (if any) which after the application of the prepayment to be made pursuant to Clause 8.13(c) results in the Security Cover Ratio being the greater of (A) 135 per cent. of the Loan and (B) the percentage which applied immediately prior to the applicable event described in paragraph (i) or (ii) of this Clause 8.8,

**Provided that** if, on the date of such sale or Total Loss,

- (a) the Scrap Cover Ratio is more than \$150/LDT, any surplus amount remaining following the prepayment of any Relevant Amount shall be applied, towards reduction of the other Advances proportionately and within each Advance, against the Instalments in respect of that Advance which are at the time being outstanding in inverse order of maturity; or
- (b) the Scrap Cover Ratio is less than \$150/LDT, any such surplus shall be paid to the Borrowers.

**8.9 Mandatory prepayment relating to an Approved Charter or Substitute Charter**

(a) If

- (i) any Approved Charter is frustrated (except as a result of a Total Loss of the relevant Ship), terminated (except by mere effluxion of time) or expired, cancelled or rescinded or purported to be cancelled or rescinded or the relevant Ship is withdrawn from service under that Approved Charter before its scheduled expiration (any of such events to be referred to as a “**Cancellation Event**”); and
- (ii) the Borrower owning the relevant Ship has not, at least 21 days prior to, either, (A) the date falling on the third anniversary of the Drawdown Date of the Advance relating to that Ship or (B) the termination date of that Approved Charter following a Cancellation Event, which ever comes later, provided evidence satisfactory to the Agent that it has entered into, subject to the provisions of Clause 14.12 (a), a substitute charter (the “Substitute Charter”) or an extension to that Approved Charter, each at a daily hire rate equal to or exceeding the Breakeven Amount in relation to that Ship,

the Borrowers shall be obliged to prepay the Advance to which that Ship relates.

- (b) If, any Substitute Charter in respect of a Ship, is frustrated (except as a result of a Total Loss of the relevant Ship), terminated (except by mere effluxion of time), cancelled or rescinded or purported to be cancelled or rescinded or the relevant Ship is withdrawn from service under that Substitute Charter before its scheduled expiration, and the Borrower owning the relevant Ship has not provided evidence reasonably satisfactory to the Agent prior to such expiration of another Substitute Charter, the Borrowers shall be obliged to prepay the Advance to which that Ship relates.

#### **8.10 Mandatory prepayment in the case of a Change of Control**

If a Change of Control occurs, without the prior written consent of the Agent, the Agent shall (acting on the instructions of the Majority Lenders), by not less than 10 days’ notice to the Borrowers, declare the Loan, together with accrued interest, and all other amounts accrued under the Finance Documents immediately due and payable, whereupon the Loan and all such outstanding interest and other amounts will become immediately due and payable.

#### **8.11 Effect of Prepayment Notice and Cancellation Notice**

Neither a Prepayment Notice nor a Cancellation Notice may be withdrawn or amended without the consent of the Agent, given with the authorisation of the Majority Lenders, and:

- (a) in the case of a Prepayment Notice, the amount specified in that Prepayment Notice shall become due and payable by the Borrowers on the date for prepayment specified in that Prepayment Notice; and
- (b) in the case of a Cancellation Notice, the amount cancelled shall be permanently cancelled and may not be borrowed.

#### **8.12 Amounts payable on prepayment**

A **prepayment** shall be made together with accrued interest (and any other amount payable under Clause 21 or otherwise) in respect of the amount prepaid and, if the prepayment is not made on the last day of an Interest Period together with any sums payable under Clause 21.2 and any **prepayment** fee payable under Clause 20.2) but without premium or penalty.

### **8.13 Application of partial prepayment or cancellation**

Each partial prepayment shall be applied:

- (a) if made pursuant to Clause 5.13, 15.2, 19.2, 23.3 or 24.6 proportionately between each Advance and within each Advance in inverse order of maturity;
- (b) if made pursuant to Clause 8.4 proportionately between each Advance thereafter against the Instalments in respect of each Advance in inverse order of maturity;
- (c) if made pursuant to Clause 8.8, towards full repayment of the Relevant Amount (and any surplus thereafter to be applied in accordance with the proviso set out in clause 8.8); and
- (d) if made pursuant to Clause 8.9, towards full repayment of the Advance related to the Ship which does not have an Approved Charter.

### **8.14 No reborrowing**

No amount prepaid or cancelled may be (re) borrowed.

## **9 CONDITIONS PRECEDENT**

### **9.1 Documents, fees and no default**

Each Lender's obligation to contribute to an Advance is subject to the following conditions precedent:

- (a) that, on or before the service of the first Drawdown Notice, the Agent receives:
  - (i) the documents described in Part A of Schedule 3 in form and substance satisfactory to the Agent and its lawyers; and
  - (ii) payment in full of the Account Bank fee payable pursuant to Clause 20.1(b);
- (b) that, on each Drawdown Date but prior to the making of an Advance, the Agent receives:
  - (i) the documents described in Part B of Schedule 3 in form and substance satisfactory to the Agent and its lawyers save for any documents that the Agent agrees at the Borrowers' request to receive after the repositioning of funds under Clause 4.7 but before the disbursement of the Advance pursuant to Clause 4.8;
  - (ii) the structuring fee payable in respect of that Advance pursuant to Clause 20.1 (a) (i);
  - (iii) payment in full of any commitment fee payable pursuant to Clause 20.1(a)(ii); and
  - (iv) payment of any expenses payable pursuant to Clause 20.2 which are due and payable on the Drawdown Date to which that Drawdown Notice relates;
- (c) that both at the date of each Drawdown Notice and at the relevant Drawdown Date and, if applicable, the date on which the Advance is disbursed pursuant to Clause 4.8:
  - (i) no Event of Default or Potential Event of Default is continuing or would result from the borrowing of the relevant Advance;

- (ii) the representations and warranties in Clause 10 and those of the Borrowers or any Security Party which are set out in the other Finance Documents would be true and not misleading if repeated on each of those dates with reference to the circumstances then existing;
- (iii) none of the circumstances contemplated by Clause 5.7 has occurred and is continuing; and
- (iv) there has been no Material Adverse Change; and

(d) that the Agent has received, and found to be acceptable to it, any further opinions, consents, agreements and documents in connection with the Finance Documents which the Agent may, with the authorisation of the Majority Lenders, reasonably request by notice to the Borrowers prior to the relevant Drawdown Date.

## **9.2 Waiver of conditions precedent**

If the Majority Lenders, at their discretion, permit an Advance to be borrowed before certain of the conditions referred to in Clause 9.1 are satisfied, the Borrowers shall ensure that those conditions are satisfied within five Business Days after the relevant Drawdown Date (or such longer period as the Agent may, with the authorisation of the Majority Lenders, specify).

## **10 REPRESENTATIONS AND WARRANTIES**

### **10.1 General**

Each Borrower represents and warrants to each Creditor Party as follows.

### **10.2 Status**

Each Borrower is duly formed, validly existing and in good standing under the laws of the **Republic** of Liberia and no Borrower is a US Tax Obligor.

### **10.3 Share capital and ownership**

Each Borrower is authorised to issue 500 LLC Shares (as such term is defined in each Borrower's Limited Liability Company Agreement), all of which shares have been issued, and the legal title and beneficial ownership of all those shares is held, free of any Security Interest or other claim, by the Corporate Guarantor.

### **10.4 Corporate power**

Each Borrower has the corporate capacity, and has taken all corporate action and obtained all consents necessary for it:

- (a) to execute the Underlying Documents to which it is a party and to register its Ship in its ownership under the applicable Approved Flag;
- (b) to execute the Finance Documents to which that Borrower is a party; and
- (c) to borrow under this Agreement and to make all the payments contemplated by, and to comply with, those Finance Documents to which that Borrower is a party.

**10.5 Consents in force**

All the consents referred to in Clause 10.4 remain in force and nothing has occurred which makes any of them liable to revocation.

**10.6 Legal validity; effective Security Interests**

The Finance Documents to which each Borrower is a party, do now or, as the case may be, will, upon execution and delivery (and, where applicable, registration as provided for in the Finance Documents):

- (a) constitute that Borrower's legal, valid and binding obligations enforceable against that Borrower in accordance with their respective terms; and
- (b) create legal, valid and binding Security Interests (having the priority specified in the relevant Finance Document) enforceable in accordance with their respective terms over all the assets to which they, by their terms, relate,

subject to the Legal Reservations.

**10.7 No third party Security Interests**

Without limiting the generality of Clause 10.5 and subject to the Legal Reservations, at the time of the execution and delivery of each Finance Document to which each Borrower is a party:

- (a) that Borrower will have the right to create all the Security Interests which that Finance Document purports to create; and
- (b) no third party will have any Security Interest (except for Permitted Security Interests) or any other interest, right or claim over, in or in relation to any asset to which any such Security Interest, by its terms, relates.

**10.8 No conflicts**

The execution by each Borrower of each Finance Document and each Underlying Document to which it is a party, and the borrowing by that Borrower (together with the other Borrower) of the Loan (or any part thereof), and its compliance with each Finance Document and each Underlying Document to which it is a party:

- (a) will not involve or lead to a contravention of:
  - (i) any law or regulation; or
  - (ii) the constitutional documents of that Borrower or other Security Party; or
  - (iii) any contractual or other obligation or restriction which is binding on that Borrower or other Security Party or any of its assets, and
- (b) will not have a Material Adverse Effect; and
- (c) is for the corporate benefit of that Borrower.

**10.9 No withholding taxes**

All payments which each Borrower is liable to make under the Finance Documents to which it is a party may be made without deduction or withholding for or on account of any tax payable under any law of any Pertinent Jurisdiction.

**10.10 No default**

No Event of Default or Potential Event of Default is continuing.

**10.11 Information**

All information which has been provided in writing by or on behalf of the Borrowers to any Creditor Party in connection with any Finance Document satisfied the requirements of Clause 11.5; all audited and unaudited accounts and financial statements which have been so provided satisfied the requirements of Clause 11.7 and are true, correct and not misleading and present fairly and accurately the financial position of the Borrowers the Corporate Guarantor or the Group (as the case may be); and there has been no change in the financial position or state of affairs of any Borrower, the Corporate Guarantor or the Group (or any member thereof) from that disclosed in the latest of those accounts which is likely to have a Material Adverse Effect.

**10.12 No litigation**

No legal or administrative action involving a Borrower (including action relating to any alleged or actual breach of the ISM Code or the ISPS Code) has been commenced or taken or, to that Borrower's knowledge, is likely to be commenced or taken which would, in either case, be likely to have a Material Adverse Effect.

**10.13 Validity and completeness of the Underlying Documents**

Each of the Underlying Documents constitutes valid, binding and enforceable obligations of the parties thereto in accordance with its terms and:

- (a) each of the copies of the Underlying Documents delivered to the Agent before the date of this Agreement is a true and complete copy; and
- (b) no amendments or additions to an Underlying Document have been agreed nor has any party which is the party to an Underlying Document waived any of its respective rights thereunder.

**10.14 Compliance with certain undertakings**

At the date of this Agreement, the Borrowers are in compliance with Clauses 11.2, 11.4, 11.9, 11.13, 13, 14.3 and 14.10.

**10.15 No rebates etc.**

There is no agreement or understanding to allow or pay any rebate, premium, commission, discount or other benefit or payment (howsoever described) to a Borrower or a third party in connection with the purchase by that Borrower of its Ship, other than as disclosed to the Agent in writing on or prior to the date of this Agreement.

**10.16 Taxes paid**

Each Borrower has paid all taxes applicable to, or imposed on or in relation to that Borrower, its business or the Ship owned by it.

**10.17 ISM Code and ISPS Code compliance**

All requirements of the ISM Code and the ISPS Code as they relate to the Borrowers, the Corporate Guarantor, the Approved Managers and the Ships have been complied with.

**10.18 No Money laundering**

(a) No Borrower has, in connection with this Agreement or any of the other Finance Documents, contravened, or permitted any subsidiary to contravene, any law, official requirement or other regulatory measure or procedure implemented to combat "money laundering" (as defined in Article 1 of the Directive 2015/849/EC of the European Parliament and of the Council of the European Union of 20 May 2015) and any comparable US federal and state laws.

(b) Each Borrower hereby confirms to the Agent that the entering into this Agreement and performing hereunder and any drawdowns under this Agreement are made and drawn for its own commercial benefit and not for the account of a beneficial owner (wirtschaftlich Berechtigter) within the meaning of Section 3 paragraph 1 of the German Money Laundering Act (Gesetz über das Aufspüren von Gewinnen aus schweren Straftaten (Geldwaschegesetz)).

**10.19 No immunity**

No Borrower nor any of its assets is entitled to immunity on grounds of sovereignty or otherwise from any legal action or proceeding (including, without limitation, suit, attachment prior to judgement, execution or other enforcement).

**10.20 Choice of law**

Subject to the Legal Reservations, the choice of the laws of England to govern this Agreement and those other Finance Documents which are expressed to be governed by the laws of England, the laws of Germany to govern the Account Pledges and the laws of the applicable Approved Flag State to govern the Mortgages, constitutes a valid choice of law and the submission by the Borrowers thereunder to the jurisdiction of the Courts of England and, in the case of each Account Pledge, Germany or, in the case of the Mortgages, the applicable Approved Flag State is a valid submission and does not contravene the laws of England or, in the case of each Account Pledge, Germany or, in the case of the Mortgages, the applicable Approved Flag State or the laws of any other Pertinent Jurisdiction, will be applied by the courts of any Pertinent Jurisdiction if this Agreement or those other Finance Documents or any claim thereunder comes under their jurisdiction upon proof of the relevant provisions of the laws of England or, in the case of each Account Pledge, Germany or, in the case of the Mortgages, the applicable Approved Flag State.

**10.21 Pari passu ranking**

The obligations of each Borrower under the Finance Documents to which it is a party are direct, general and unconditional obligations and rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except for obligations mandatorily preferred by law applying to companies generally.

**10.22 Repetition**

The representations and warranties in this Clause 10 shall be deemed to be repeated by the Borrowers:

- (a) on the date of service of each Drawdown Notice;
  - (b) on each Drawdown Date; and
  - (c) with the exception of Clauses 10.9 and 10.14, on the first day of each Interest Period and on the date of any Compliance Certificate issued pursuant to Clause 11.21,
- as if made with reference to the facts and circumstances existing on each such day.

**11 GENERAL UNDERTAKINGS**

**11.1 General**

Each Borrower undertakes with each Creditor Party to comply with the following provisions of this Clause 11 at all times during the Security Period except as the Agent, acting with the authorisation of the Majority Lenders, may otherwise permit in writing.

**11.2 Title and negative pledge**

Each Borrower will:

- (a) hold the legal title to, and own the entire beneficial interest in its Ship, her Insurances and Earnings, free from all Security Interests and other interests and rights of every kind, except for those created by the Finance Documents and the effect of assignments contained in the Finance Documents and except for Permitted Security Interests; and
- (b) not create or permit to arise any Security Interest (except for Permitted Security Interests) over any other asset, present or future.

**11.3 No disposal of assets**

No Borrower will transfer, lease or otherwise dispose of:

- (a) all or a substantial part of its assets, whether by one transaction or a number of transactions, whether related or not; or
- (b) any debt payable to it or any other right (present, future or contingent right) to receive a payment, including any right to damages or compensation, but paragraph (a) does not apply to any charter of a Ship or a disposal of a Ship (subject to the Borrowers complying with clause 8.8).

**11.4 No other liabilities or obligations to be incurred**

No Borrower will enter into any investments, any sale or leaseback agreements or any off-balance sheet transactions, or incur any other liability or obligation (including, without limitation, any Financial Indebtedness or any obligations under a guarantee) except:

- (a) liabilities and obligations under the Finance Documents and the Underlying Documents to which it is or, as the case may be, will be a party;
- (b) liabilities or obligations reasonably incurred or guarantee (including any guarantee or undertaking required by any protection and indemnity or war risks association in relation to the Ship (which shall be provided when required by the association)) issued in the normal course of its business of trading, operating and chartering, maintaining and repairing the Ship owned by it (including, without limitation, any Financial Indebtedness owing to the Corporate Guarantor subject to the relevant Borrower ensuring on or prior to the first Drawdown Date, that the rights of each creditor thereunder are fully subordinated in writing pursuant to a Subordination Agreement).

#### **11.5 Information provided to be accurate**

All financial and other information, including but not limited to factual information, exhibits and reports, which is provided in writing by or on behalf of a Borrower under or in connection with any Finance Document will be true, correct and not misleading and will not omit any material fact or consideration.

#### **11.6 Provision of financial statements**

Each Borrower will send or procure that there are sent to the Agent:

- (a) as soon as possible, but in no event later than 180 days after the end of each Financial Year of the Corporate Guarantor, the consolidated audited annual financial statements of the Corporate Guarantor (commencing with the financial statements for the Financial Year which ended on 31 December 2020) which shall be the same as those publicly filed with the Securities and Exchange Commission of the New York Stock Exchange;
- (b) as soon as possible, but in no event later than 120 days after the 6-month period ending on 30 June in each Financial Year of the Corporate Guarantor, the semi-annual consolidated unaudited financial statements of the Corporate Guarantor, for that 6-month period (commencing with the financial statements for the 6-month period ending on 30 June 2021), duly certified as to their correctness by the chief financial officer of the Corporate Guarantor;
- (c) as soon as possible, but in no event later than 90 days after the 3-month period ending on 30 June, 30 September, 31 December and 31 March in each Financial Year of the Corporate Guarantor, the quarterly consolidated unaudited financial statements of the Corporate Guarantor, for that 3-month period (commencing with the financial statements for the 3-month period ending on 31 March 2021), duly certified as to their correctness by the chief financial officer of the Corporate Guarantor; and
- (d) promptly after each request by the Agent, such further financial or other information in respect of that Borrower, each Ship, the Corporate Guarantor and the other Security Parties (including, without limitation, any information regarding any sale and purchase agreements, investment brochures, shipbuilding contracts, charter agreements, operational expenditures for the Ships and utilisation rates of the Ships) as may be requested by the Agent.

#### **11.7 Form of financial statements**

All accounts delivered under Clause 11.6 will:

- (a) be prepared in accordance with all applicable laws and GAAP and, in the case of any audited financial statements, be certified by an independent and reputable auditor selected and appointed by the Corporate Guarantor and accepted by the Agent;
- (b) give a true and fair view of the state of affairs of each Borrower, the Corporate Guarantor and the Group at the date of those accounts and of its profit for the period to which those accounts relate;
- (c) comply with the requirements of the New York Stock Exchange; and
- (d) fully disclose or provide for all significant liabilities of each Borrower, the Corporate Guarantor and the Group and each of its subsidiaries.

**11.8 Shareholder and creditor notices and press releases**

Each Borrower will send the Agent promptly upon its request copies of all communications which are despatched to that Borrower's shareholders or creditors or any class of them and copies of any relevant press releases.

**11.9 Consents**

Each Borrower will maintain in force and promptly obtain or renew, and will promptly send certified copies to the Agent of, all consents required:

- (a) for that Borrower to perform its obligations under any Finance Document or any Underlying Document to which it is a party;
- (b) for the validity or enforceability of any Finance Document or any Underlying Document to which it is a party;
- (c) for that Borrower to continue to own and operate the Ship owned by it, and that Borrower will comply with the terms of all such consents.

**11.10 Maintenance of Security Interests**

Each Borrower will:

- (a) at its own cost, do all that it reasonably can to ensure that any Finance Document validly creates the obligations and the Security Interests which it purports to create; and
- (b) without limiting the generality of paragraph (a), at its own cost, promptly register, file, record or enrol any Finance Document with any court or authority in all Pertinent Jurisdictions, pay any stamp, registration or similar tax in all Pertinent Jurisdictions in respect of any Finance Document, give any notice or take any other step which, in the opinion of the Majority Lenders, is or has become necessary or desirable for any Finance Document to be valid, enforceable or admissible in evidence or to *ensure* or protect the priority of any Security Interest which it creates in any Pertinent Jurisdiction.

**11.11 Notification of litigation**

Each Borrower will provide the Agent with details of any legal or administrative action involving that Borrower, the Ship owned by it, the Earnings or the Insurances in respect of that Ship, any

Security Party or the Approved Managers, as soon as such action is instituted or it becomes apparent to that Borrower that it is likely to be instituted, unless it is clear that the legal or administrative action is not likely to have a Material Adverse Effect, and each Borrower shall procure that all reasonable measures are taken to defend any such legal or administrative action.

**11.12 No amendment to Underlying Documents**

- (a) The Borrowers will not waive or fail to enforce, the Underlying Documents to which it is a party or any of its provisions.
- (b) The Borrowers shall promptly notify the Agent of any amendment or supplement to any Underlying Document **provided that**, in the case of an Assignable Charter, such notification shall only be required if any amendment or supplement relates to (i) a reduction in the daily hire rate payable thereunder (so that the Agent may determine whether such daily hire rate equals to or exceeds the Breakeven Amount) or (ii) the minimum period of that Assignable Charter.

**11.13 Principal place of business**

Each Borrower will maintain its place of business, and keep its corporate documents and records, at the address stated in Clause 28.2; and no Borrower will establish, or do anything as a result of which it would be deemed to have, a place of business in any country other than Greece.

**11.14 Confirmation of no default**

Each Borrower will, within two Business Days after service by the Agent of a written request, serve on the Agent a notice which is signed by an officer of that Borrower and which:

- (a) states that no Event of Default or Potential Event of Default is continuing; or
- (b) states that no Event of Default or Potential Event of Default is continuing, except for a specified event or matter, of which all material details are given.

The Agent may serve requests under this Clause 11.14 from time to time but only if asked to do so by a Lender or Lenders having Contributions exceeding 10 per cent. of the Loan or (if no Advances have been made) Commitments exceeding 10 per cent. of the Total Commitments; and this Clause 11.14 does not affect the Borrowers' obligations under Clause 11.15.

**11.15 Notification of default**

Each Borrower will notify the Agent as soon as that Borrower becomes aware of:

- (a) the occurrence of an Event of Default or a Potential Event of Default which is continuing; or
  - (b) any matter which indicates that an Event of Default or a Potential Event of Default is may have occurred and is continuing,
- and will keep the Agent fully up-to-date with all developments.

**11.16 Provision of further information**

Each Borrower will, as soon as practicable after receiving the request, provide the Agent with any additional financial or other information relating:

- (a) to that Borrower, the Ship owned by it, the Earnings or the Insurances; or
- (b) to any other matter relevant to, or to any provision of, a Finance Document,

which may be requested by the Agent, the Security Trustee or any Lender at any time.

**11.17 Provision of copies and translation of documents**

Each Borrower will supply the Agent with a sufficient number of copies of the documents referred to above to provide one copy for each Creditor Party; and if the Agent so requires in respect of any of those documents, the Borrowers will provide a certified English translation prepared by a translator approved by the Agent.

**11.18 “Know your customer” checks**

If:

- (a) 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;
- (b) any change in the status of the shareholder of the Borrowers or any Security Party after the date of this Agreement; or
- (c) a proposed assignment or transfer by a Lender of any of its rights and obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges the Agent or any Lender (or, in the case of paragraph (c), 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, the Borrowers shall promptly upon the request of the Agent or the Lender concerned 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 the Lender concerned (for itself or, in the case of the event described in paragraph (c), on behalf of any prospective new Lender) in order for the Agent, the Lender concerned or, in the case of the event described in paragraph (c), any prospective new Lender to carry out and be satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

**11.19 Minimum Liquidity and Additional Minimum Liquidity**

- (a) The Borrowers shall maintain in the Liquidity Account credit balances in an aggregate amount of not less than \$400,000 in respect of each Mortgaged Ship (\$2,400,000 in aggregate, the “**Minimum Liquidity**”) commencing from the Drawdown Date in respect of the Advance which will finance the relevant Mortgaged Ship and at all times thereafter until the earlier of (i) the full repayment or, as the case may be prepayment, of the Advance financing the relevant Mortgaged Ship provided that no Event of Default has occurred and is continuing on the date of such repayment and (ii) the end of the Security Period.

- (b) In addition to the amount required to be maintained under paragraph (a) of this Clause 11.19, the Borrowers shall maintain in the Liquidity Account from the Drawdown Date in respect of the Advance which will finance the relevant Mortgaged Ship credit balances in an aggregate amount of not less than \$300,000 in respect of each Mortgaged Ship (\$1,800,000 in aggregate, the **“Additional Minimum Liquidity”**). The Additional Minimum Liquidity shall remain in the Liquidity Account and shall be released to the Borrowers as follows:
- (i) the aggregate amount of up to \$600,000 (being \$100,000 per Mortgaged Ship) shall be released to the Borrowers upon full repayment of the fourth Instalment in respect of each Advance;
  - (ii) the aggregate amount of up to \$600,000 (being \$100,000 per Mortgaged Ship) shall be released to the Borrowers upon full repayment of the eighth Instalment in respect of each Advance; and
  - (iii) the aggregate amount of up to \$600,000 (being \$100,000 per Mortgaged Ship) shall be released to the Borrowers upon full repayment of the twelfth Instalment in respect of each Advance.

#### **11.20 Dry Docking Reserve Amount**

- (a) The Borrowers shall deposit in the Dry Docking Reserve Account, on each Drawdown Date relating to each of Ship B, Ship D, Ship E and Ship F (each a **“Dry Dock Ship”**), an amount of \$1,450,000 per Dry Dock Ship (\$5,800,000 in aggregate, collectively, the **“Dry Docking Reserve Amount”**), which shall remain, subject to paragraphs (b) and (c) below of this Clause 11.20, blocked in the Dry Docking Reserve Account throughout the Security Period.
- (b) The Dry Docking Reserve Amount shall be released to the Borrowers, only for (i) the payment of any costs incurred in relation to the dry docking, special survey and BWTS installation in respect of a Dry Dock Ship which is scheduled to take place in 2021 or such other later date as may be extended by the relevant Classification Society and (ii) the prepayment of any advances to the suppliers in relation to any upcoming dry docking, special survey and BWTS installation in respect of that Dry Dock Ship,

(such costs referred to in paragraph (b) above are, together, the **“Dry Docking Expenses”**) and subject to, in each case:

- (A) the Borrowers previously delivering to the Agent, in form and substance satisfactory to the Agent, a list of scheduled payments in this respect and if requested by the Agent, copies of the invoices and/or proforma invoices to be paid (partially or in full out of the Dry Docking Reserve Amount) in respect of the Dry Docking Expenses; and
- (B) no Event of Default having occurred and being continuing at the relevant time or resulting from the release of the relevant part of the Dry Docking Reserve Amount.

Upon completion of each of the dry docking, special survey or BWTS installations referred to in paragraph (b) above, the Borrowers shall promptly deliver to the Agent evidence satisfactory to it that such special survey or BWTS installation has been completed. If there is any balance in the Dry Docking Reserve Account, following the completion of all the dry docking, special surveys or BWTS installations in respect of the relevant Dry Dock Ships, such balance shall be

released to the respective Earnings Accounts of the Borrowers **Provided that** no Event of Default has occurred at the relevant time or will result from such release.

- (c) If a Dry Dock Ship is sold or becomes a total loss and all amounts payable pursuant to Clause 8.8 have been paid by the Borrowers before the completion of the dry docking, special survey or BWTS installation in respect of that Dry Dock Ship, the relevant portion of the Dry Docking Reserve Amount in relation to that dry docking, special survey or BWTS installation will be released to the respective Earnings Accounts of the Borrowers **Provided that** no Event of Default has occurred and is continuing at the relevant time or will result from such release.
- (d) If the dry docking, special survey or BWTS installation in respect of a Dry Dock Ship occurs at any time before the Drawdown Date relating to that Dry Dock Ship, the Borrowers shall not be required to deposit the Dry Docking Reserve Amount in respect of that Dry Dock Ship.

#### **11.21 Compliance Certificate**

- (a) The Borrowers shall supply to the Agent, together with each set of financial statements delivered pursuant to paragraph (a) and (b) of Clause 11.6, a Compliance Certificate (commencing with the financial statements to be provided for the 6-month period ending on 30 June 2021).
- (b) Each Compliance Certificate shall be duly signed by an officer of each Borrower and the Corporate Guarantor, evidencing (inter alia) the Borrowers' and the Corporate Guarantor's compliance (or not, as the case may be) with the provisions of Clause 11.19, 11.20 and Clause 15.1.

#### **11.22 No Money laundering**

- (a) Each Borrower:
  - (i) will not, and will procure that no Security Party, to the extent applicable, will, in connection with this Agreement or any of the other Finance Documents, contravene, or permit any subsidiary to contravene, any law, official requirement or other regulatory measure or procedure implemented to combat "money laundering" (as defined in Article 1 of the Directive 2015/849/EC of the European Parliament and of the Council of the European Union of 20 May 2015) and any comparable US federal and state laws; and
  - (ii) shall further submit any documents and declarations on request, if such documents or declarations are required by any Creditor Party to comply with its domestic money laundering and/or legal identification requirements.
- (b) Each Borrower:
  - (i) subject to paragraph (ii) below, shall confirm to the Agent that the entering into this Agreement and performing hereunder and any drawdowns under this Agreement will be made and drawn for its own commercial benefit and not for the account of a beneficial owner (wirtschaftlich Berechtigter) within the meaning of Section 3 paragraph 1 of the German Money Laundering Act (Gesetz über das Aufspüren von Gewinnen aus schweren Straftaten (Geldwaschegesetz)).
  - (ii) if and to the extent a Borrower holds or performs or raises any amounts under this Agreement for a beneficial owner within the meaning of Section 3 paragraph 1 of the

German Money Laundering Act, that Borrower will promptly inform the Lenders (by written notice to the Agent) and will provide any information requested by the Agent in order to identify such beneficial owner.

(c) The Agent shall promptly notify the Lenders of any written notice it *receives under* subparagraph (b)(ii) above.

## 12 CORPORATE UNDERTAKINGS

### 12.1 General

Each Borrower also undertakes with each Creditor Party to comply with the following provisions of this Clause 12 at all times during the Security Period except as the Agent, acting with the authorisation of the Majority Lenders, may otherwise permit in writing.

### 12.2 Maintenance of status

Each Borrower will maintain its separate corporate existence and remain in good standing under the laws of the Republic of Liberia.

### 12.3 Negative undertakings

No Borrower will:

(a) change the nature of its business or carry on any business other than the ownership, chartering and operation of the Ship owned by it;

(b)

(i) pay any dividend or make any other form of distribution if:

(A) an Event of Default has occurred and is continuing at the relevant time; or

(B) an Event of Default will result from the payment of a dividend or the making of any other form of distribution,

(ii) effect any form of redemption, purchase or return of its issued shares; or

(c) repay any Subordinated Debt;

(d) provide any form of credit or financial assistance (including any guarantee or indemnity) to:

(i) a person who is directly or indirectly interested in that Borrower's share or loan capital; or

(ii) any company in or with which such a person is directly or indirectly interested or connected,

or enter into any transaction with or involving such a person or company on terms which are, in any respect, less favourable to that Borrower than those which it could obtain in a bargain made at arms' length;

- (e) enter into any agreement other than:
  - (i) the Finance Documents and the Underlying Documents; or
  - (ii) any other agreement expressly allowed under any other term of this Agreement or entered into in the ordinary course of business to give effect to that Borrower's business in the nature described in paragraph (a) above;
- (f) open or maintain any account with any bank or financial institution except accounts with the Agent, the Account Bank and the Security Trustee for the purposes of the Finance Documents;
- (g) issue, allot or grant any person a right to any shares in its capital or repurchase or reduce its issued shares and/or number of shares it is authorised to issue;
- (h) acquire any shares or other securities other than short term debt obligations or Treasury bills issued by the US, the UK or a Participating Member State and certificates of deposit issued by major North American or European banks, or enter into any transaction in a derivative;
- (i) allow a Change of Control; or
- (j) enter into any form of amalgamation, merger or de-merger, acquisition, divesture, split-up or any form of reconstruction or reorganisation.

#### **12.4 Corporate Guarantor's subsidiaries**

The Borrowers shall provide the Agent on or before the date of this Agreement with a list of each member of the Group at the date of this Agreement and shall promptly advise the Agent in writing of any amendments to such list.

### **13 INSURANCE**

#### **13.1 General**

Each Borrower also undertakes with each Creditor Party to comply with the following provisions of this Clause 13 at all times during the Security Period except as the Agent, acting with the authorisation of the Majority Lenders, may otherwise permit in writing.

#### **13.2 Maintenance of obligatory insurances**

Each Borrower shall keep the Ship owned by it insured at the expense of that Borrower against:

- (a) fire and usual marine risks (including hull and machinery and excess risks);
- (b) war risks (including, without limitation, protection and indemnity war risks with a separate limit not less than hull value of the relevant Ship);
- (c) protection and indemnity risks (including, without limitation, protection and indemnity war risks in excess of the amount for war risks (hull) and oil pollution liability risks) in each case in the highest amount available as per IG P&I rules; and
- (d) any other risks the insurance (excluding loss of hire insurance) of which the Security Trustee (acting on the instructions of the Majority Lenders), having regard to practices, recommendations and other circumstances prevailing at the relevant time, may from time to time require by notice to that Borrower.

### 13.3 Terms of obligatory insurances

Each Borrower shall effect such insurances in such amounts in such *currency* and upon such terms and conditions (including, without limitation, any LSW 1189 or any other, in the opinion of the Security Trustee, comparable mortgage clause) as shall from time to time be approved in writing by the Security Trustee in its sole discretion, but in any event as follows:

- (a) in Dollars;
- (b) in the case of fire and usual marine risks and war risks, on an agreed value basis in an amount equal to at least the higher of:
  - (i) an amount which is equal to 120 per cent. of the aggregate of:
    - (A) the Advance relating to the Ship owned by it: and
    - (B) the aggregate principal amount secured by Permitted Security Interests over that Ship which have a prior ranking to the Security Interests created by the Finance Documents; and
  - (ii) the Market Value of that Ship;
- (c) in the case of oil pollution liability risks, for an amount equal to the highest level of cover from time to time available under basic protection and indemnity club entry (with the International Group of Protection and Indemnity Clubs) and the international marine insurance market (currently \$1,000,000,000 for any one accident or occurrence);
- (d) in relation to protection and indemnity risks in respect of the full value and tonnage of that Ship;
- (e) in relation to war risks insurance, extended to cover piracy and terrorism where excluded under the fire and usual marine risks insurance;
- (f) on approved terms and conditions;
- (g) such other risks of whatever nature and howsoever arising in respect of which insurance would be maintained by a prudent owner of a vessel similar to that Ship; and
- (h) through approved brokers and with approved insurance companies and/or underwriters which have a Standard & Poor's rating of at least BBB- or a comparable rating by any other rating agency acceptable to the Security Trustee (acting on the instructions of the Majority Lenders) or, in the case of war risks and protection and indemnity risks, in approved war risks and protection and indemnity risks associations which are members of the International Group of Protection and Indemnity Clubs.

### 13.4 Further protections for the Creditor Parties

In addition to the terms set out in Clause 13.3, each Borrower shall and shall procure that:

- (a) it and any Approved Manager who are named assured or co-assured under any obligatory insurance shall assign their interest in any and all obligatory insurances and other Insurances in favour of the Security Trustee if so required by the Agent;

- (b) subject to paragraph (a) above, whenever the Security Trustee requires, the obligatory insurances name (or be amended to name) the Security Trustee as additional named assured for its rights and interests, warranted no operational interest and with full waiver of rights of subrogation they may have under any applicable law against the Security Trustee but without the Security Trustee thereby being liable to pay (but having the right to pay) premiums, calls or other assessments in respect of such insurance;
- (c) the interest of the Security Trustee as assignee and as loss payee shall be duly endorsed on all slips, cover notes, policies, certificates of entry or other instruments of insurance in respect of the obligatory insurances;
- (d) the obligatory insurances shall name the Security Trustee as sole loss payee with such directions for payment as the Security Trustee may specify;
- (e) the obligatory insurances shall provide that all payments by or on behalf of the insurers under the obligatory insurances to the Security Trustee shall be made without set-off, counterclaim or deductions or condition whatsoever;
- (f) the obligatory insurances shall provide that the insurers shall waive, to the fullest extent permitted by English law, their entitlement (if any) (whether by statute, common law, equity, or otherwise) to be subrogated to the rights and remedies of the Security Trustee in respect of any rights or interests (secured or not) held by or available to the Security Trustee in respect of the Secured Liabilities, until the Secured Liabilities shall have been fully repaid and discharged, except that the insurers shall not be restricted by the terms of this paragraph (f) from making personal claims against persons (other than a Borrower or any Creditor Party) in circumstances where the insurers have fully discharged their liabilities and obligations under the relevant obligatory insurances;
- (g) the obligatory insurances shall provide that the obligatory insurances shall be primary without right of contribution from other insurances effected by the Security Trustee or any other Creditor Party;
- (h) the obligatory insurances shall provide that the Security Trustee may make proof of loss if that Borrower fails to do so; and
- (i) the obligatory insurances shall provide that if any obligatory insurance is cancelled, or if any substantial change is made in the coverage which adversely affects the interest of the Security Trustee, or if any obligatory insurance is allowed to lapse for non-payment of premium, such cancellation, charge or lapse shall only be effective against the Security Trustee 14 days (or 7 days in the case of war risks) after receipt by the Security Trustee of prior written notice from the insurers of such cancellation, change or lapse.

### **13.5 Renewal of obligatory insurances**

Each Borrower shall:

- (a) at least 7 days before the expiry of any obligatory insurance effected by it:
  - (i) notify the Security Trustee of the brokers, underwriters, insurance companies and any protection and indemnity or war risks association through or with whom that Borrower proposes to renew that obligatory insurance and of the proposed terms and conditions of renewal; and

- (ii) seek the Security Trustee's approval to the matters referred to in paragraph (i);
- (b) at least 3 days before the expiry of any obligatory insurance, renew that obligatory insurance in accordance with the Security Trustee's approval pursuant to paragraph (a); and
- (c) procure that the approved brokers and/or the war risks and protection and indemnity associations with which such a renewal is effected shall promptly after the renewal notify the Security Trustee in writing of the terms and conditions of the renewal.

### **13.6 Copies of policies; letters of undertaking**

Each *Borrower* shall *ensure* that all approved brokers provide the Security Trustee with pro forma copies of all cover notes and policies relating to the obligatory insurances which they are to effect or *renew* and of a letter or letters of undertaking in a form required by the Security Trustee and including undertakings by the approved brokers that:

- (a) they will have endorsed on each policy, immediately upon issue, a loss payable clause and a notice of assignment complying with the provisions of Clause 13.4;
- (b) they will hold such policies, and the benefit of such insurances, to the order of the Security Trustee in accordance with the said loss payable clause;
- (c) they will advise the Security Trustee immediately of any material change to the terms of the obligatory insurances;
- (d) they will notify the Security Trustee, not less than 7 days before the expiry of the obligatory insurances, in the event of their not having received notice of renewal instructions from that Borrower or its agents and, in the event of their receiving instructions to renew, they will promptly notify the Security Trustee of the terms of the instructions; and
- (e) they will not set off against any sum recoverable in respect of a claim relating to the Ship owned by that Borrower under such obligatory insurances any premiums or other amounts due to them or any other person whether in respect of that Ship or otherwise, they waive any lien on the policies, or any sums received under them, which they might have in respect of such premiums or other amounts, and they will not cancel such obligatory insurances by reason of non-payment of such premiums or other amounts, and will arrange for a separate policy to be issued in respect of that Ship forthwith upon being so requested by the Security Trustee.

### **13.7 Copies of certificates of entry; letters of undertaking**

Each Borrower shall ensure that any protection and indemnity and/or war risks associations in which the Ship owned by that Borrower is entered provides the Security Trustee with:

- (a) a copy of the certificate of entry for that Ship;
- (b) a letter or letters of undertaking in such form as may be required by the Security Trustee in accordance with market standards;
- (c) where required to be issued under the terms of insurance/indemnity provided by that Borrower's protection and indemnity association, a certified copy of each United States of America voyage quarterly declaration (or other similar document or documents) made by that

Borrower in accordance with the requirements of such protection and indemnity association; and

- (d) a certified copy of each certificate of financial responsibility for pollution by oil or other Environmentally Sensitive Material issued by the relevant certifying authority or, as the case may be, protection and indemnity associations in relation to that Ship (if applicable).

**13.8 Deposit of original policies**

Each Borrower shall ensure that all policies relating to obligatory insurances effected by it are deposited with the approved brokers through which the insurances are effected or renewed.

**13.9 Payment of premiums**

Each Borrower shall punctually pay all premiums or other sums payable in respect of the obligatory insurances effected by it and produce all relevant receipts when so required by the Security Trustee.

**13.10 Guarantees**

Each Borrower shall ensure that any guarantees required by a protection and indemnity or war risks association are promptly issued and remain in full force and effect.

**13.11 Compliance with terms of insurances**

Each Borrower shall not do or omit to do (nor permit to be done or not to be done) any act or thing which would or might render any obligatory insurance invalid, void, voidable or unenforceable or render any sum payable under an obligatory insurance repayable in whole or in part; and, in particular it shall:

- (a) take all necessary action and comply with all requirements which may from time to time be applicable to the obligatory insurances, and (without limiting the obligation contained in Clause 13.6(c)) ensure that the obligatory insurances are not made subject to any exclusions or qualifications to which the Security Trustee has not given its prior approval;
- (b) not make any changes relating to the classification or classification society or manager or operator of the Ship owned by it approved by the underwriters of the obligatory insurances;
- (c) make (and promptly supply copies to the Agent) of all quarterly or other voyage declarations which may be required by the protection and indemnity risks association in which that Ship is entered to maintain cover for trading to the United States of America and Exclusive Economic Zone (as defined in the United States Oil Pollution Act 1990 or any other applicable legislation) and, if applicable, shall procure that each Approved Manager complies with this requirement; and
- (d) not employ that Ship, nor allow it to be employed, otherwise than in conformity with the terms and conditions of the obligatory insurances, without first obtaining the consent of the insurers and complying with any requirements (as to extra premium or otherwise) which the insurers specify.

**13.12 Alteration to terms of insurances**

Each Borrower shall neither make nor agree to any alteration to the terms of any obligatory insurance or waive any right relating to any obligatory insurance.

**13.13 Settlement of claims**

No Borrower shall settle, compromise or abandon any claim under any obligatory insurance for Total Loss or for a Major Casualty, and shall do all things necessary and provide all documents, evidence and information to enable the Security Trustee to collect or recover any moneys which at any time become payable in respect of the obligatory insurances and shall do all things necessary to ensure such collection or recovery is made.

**13.14 Provision of copies of communications**

If an Event of Default occurs and is continuing, each Borrower shall provide the Security Trustee at the time of each such communication, copies of all written communications between that Borrower and:

- (a) the approved brokers;
- (b) the approved protection and indemnity and/or war risks associations; and
- (c) the approved insurance companies and/or underwriters, which relate directly or indirectly to:
  - (i) that Borrower's obligations relating to the obligatory insurances including, without limitation, all requisite declarations and payments of additional premiums or calls; and
  - (ii) any credit arrangements made between that Borrower and any of the persons referred to in paragraphs (a) or (b) relating wholly or partly to the effecting or maintenance of the obligatory insurances.

**13.15 Provision of information and further undertakings**

In addition, each Borrower shall promptly provide the Security Trustee (or any persons which it may designate) with any information which the Security Trustee (or any such designated person) reasonably requests for the purpose of:

- (a) obtaining or preparing any report from an independent marine insurance broker as to the adequacy of the obligatory insurances effected or proposed to be effected; and/or
  - (b) effecting, maintaining or renewing any such insurances as are referred to in Clause 13.16 or dealing with or considering any matters relating to any such insurances,
- and that Borrower shall:
- (i) do all things necessary and provide the Agent and the Security Trustee with all documents and information to enable the Security Trustee to collect or recover any moneys in respect of the Insurances which are payable to the Security Trustee pursuant to the Finance Documents; and
  - (ii) promptly provide the Agent with full information regarding any Major Casualty in consequence whereof the Ship owned by that Borrower has become or may become

a Total Loss and agree to any settlement of such casualty or other accident or damage to that Ship only with the Agent's prior written consent,

and that Borrower shall, forthwith upon demand, indemnify the Security Trustee in respect of all fees and other expenses incurred by or for the account of the Security Trustee in connection with any such report as is referred to in paragraph (a).

**13.16 Mortgagee's interest and additional perils insurances**

The Security Trustee shall be entitled from time to time to effect, maintain and renew all or any of the following insurances in such amounts, on such terms, through such insurers and generally in such manner as the Majority Lenders may from time to time consider appropriate:

- (a) a mortgagee's interest insurance in respect of each Ship providing for the indemnification of the Creditor Parties for any losses under or in connection with any Finance Document which directly or indirectly result from loss of or damage to a Ship or a liability of such Ship or of the Borrower owning that Ship, such loss or damage being *prima facie* covered by an obligatory insurance but in respect of which there is a non-payment (or reduced payment) by the underwriters by reason of, or on the basis of, an allegation concerning:
- (i) any act or omission on the part of that Borrower, of any operator, charterer, manager or sub-manager of that Ship or of any officer, employee or agent of that Borrower or of any *such* person, including any breach of warranty or condition or any nondisclosure relating to such obligatory insurance;
  - (ii) any act or omission, whether deliberate, negligent or accidental, or any knowledge or privity of that Borrower, any other person referred to in paragraph (i) above, or of any officer, employee or agent of that Borrower or of such a person, including the casting away or damaging of that Ship and/or that Ship being unseaworthy; and/or
  - (iii) any other matter capable of being insured against under a mortgagee's interest marine insurance policy, whether or not similar to the foregoing,

in an amount of up to 120 per cent. of the aggregate of:

- (A) the Advance relating to the Ship owned by it: and
- (B) the aggregate principal amount secured by Permitted Security Interests over that Ship which have a prior ranking to the Security Interests created by the Finance Documents,

(the aggregate of (A) and (B) being the "**Aggregate Insurable Amount**");

- (b) a mortgagee's interest additional perils insurance in respect of each Ship providing for the indemnification of the Creditor Parties against, amongst other things, any possible losses or other consequences of any Environmental Claim, including the risk of expropriation, arrest or any form of detention of that Ship, the imposition of any Security Interest over that Ship and/or any other matter capable of being insured against under a mortgagee's interest additional perils policy, whether or not similar to the foregoing, and in an amount of up to 110 per cent. of the Aggregate Insurable Amount;

and the Borrowers shall upon demand fully indemnify the Security Trustee in respect of all premiums and other expenses which are incurred in connection with, or with a view to,

effecting, maintaining or renewing any such insurance or dealing with, or considering, any matter arising out of any such insurance.

**13.17 Review of insurance requirements**

The Security Trustee shall be entitled to review the requirements of this Clause 13 from time to time in order to take account of any changes in circumstances after the date of this Agreement which are, in the opinion of the Agent (acting on the instructions of the Majority Lenders), significant and capable of affecting the Borrowers, each Ship and its Insurances (including, without limitation, changes in the availability or the cost of insurance coverage or the risks to which the Borrower owning that Ship may be subject) and the Borrowers shall upon within five Business Days of the Agent's demand fully indemnify the Agent in respect of all fees and other expenses incurred by or for the account of the Agent in appointing an independent marine insurance broker or adviser to conduct such review.

**13.18 Modification of insurance requirements**

The Security Trustee shall notify the Borrowers of any proposed modification under Clause 13.17 to the requirements of this Clause 13 which the Security Trustee reasonably considers appropriate in the circumstances, and such modification shall take effect on and from the date it is notified in writing to the Borrowers as an amendment to this Clause 13 and shall bind the Borrowers accordingly.

**13.19 Compliance with mortgagee's instructions**

The Security Trustee shall be entitled (without prejudice to or limitation of any other rights which it may have or acquire under any Finance Document) to require a Ship to remain at any safe port or to proceed to and remain at any safe port designated by the Security Trustee until the Borrower owning that Ship implements any amendments to the terms of the obligatory insurances and any operational changes required as a result of a notice served under Clause 13.18.

**14 SHIP COVENANTS**

**14.1 General**

Each Borrower also undertakes with each Creditor Party to comply with the following provisions of this Clause 14 at all times during the Security Period except as the Agent, acting with the authorisation of the Majority Lenders, may otherwise permit in writing (and in the case of Clauses 14.2 (*Ship's name and registration*) and 14.3 (*Repair and classification*) such permission not to be unreasonably withheld).

**14.2 Ship's name and registration**

Each Borrower shall keep the Ship owned by it registered in its name under an Approved Flag; shall not do, omit to do or allow to be done anything as a result of which such registration might be cancelled or imperilled; and shall not change the name or port of registry of that Ship.

**14.3 Repair and classification**

Each Borrower shall, and shall procure that each Approved Manager shall, keep the Ship owned by that Borrower in a good and safe condition and state of repair, sea and cargo worthy in all respects:

- (a) consistent with first-class ship ownership and management practice;
- (b) so as to maintain the highest class free of overdue recommendations and conditions, with a classification society which is a member of IACS (other than the China Classification Society, the Russian Maritime Registry of Shipping and the Indian Register of Shipping) and acceptable to the Agent; and
- (c) so as to comply with all laws and regulations applicable to vessels registered at ports in the applicable Approved Flag State or to vessels trading to any jurisdiction to which that Ship may trade from time to time, including but not limited to the ISM Code and the ISPS Code,

and the Agent shall be given power of attorney in the form attached as Schedule 6 to act on behalf of that Borrower, if required and if that Borrower does not comply with this Clause 14.3, in order to, inspect the class records and any files held by the classification society and to require the classification society to provide the Agent or any of its nominees with any information, document or file, it might request and the classification society shall be fully entitled to rely hereon without any further inquiry.

#### 14.4 Classification society undertaking

Each Borrower shall:

- (a) send to the Security Trustee, following receipt of a written request from the Security Trustee, certified true copies of all original class records and any other related records held by the classification society in relation to the Ship owned by that Borrower;
- (b) allow the Security Trustee (or its agents), at any time and from time to time, to inspect the original class and related records of that Ship at the offices of the classification society and to take copies of them;
- (c) notify the Security Trustee immediately in writing:
  - (i) if that Borrower or any person notifies the classification society that that Ship's classification society is to be changed; or
  - (ii) becomes aware of any facts or matters which may result in or have resulted in a change, suspension, discontinuance, withdrawal or expiry of that Ship's class under the rules or terms and conditions of that Borrower's or that Ship's membership of the classification society;

**Provided that** upon the occurrence of an Event of Default or a Potential Event of Default, the Security Trustee may directly instruct the classification society to provide it with the information referred to in paragraphs (a) to (c) above.

- (d) following receipt of a written request from the Security Trustee:
  - (i) confirm that that Borrower is not in default of any of its contractual obligations or liabilities to the classification society and, without limiting the foregoing, that it has paid in full all fees or other charges due and payable to the classification society; or
  - (ii) if that Borrower is in default of any of its contractual obligations or liabilities to the classification society, to specify to the Security Trustee in reasonable detail the facts

and circumstances of such default, the consequences thereof, and any remedy period agreed or allowed by the classification society.

**14.5 Modification**

No Borrower shall make any modification or repairs to, or replacement of, its Ship or equipment installed on it which would or might materially alter the structure, type or performance characteristics of that Ship or materially reduce its value.

**14.6 Removal of parts**

No Borrower shall remove any material part of its Ship, or any item of equipment installed on that Ship unless the part or item so removed is forthwith replaced by a suitable part or item which is in the same condition as or better condition than the part or item removed, is free from any Security Interest or any right in favour of any person other than the Security Trustee and becomes on installation on that Ship the property of that Borrower and subject to the security constituted by the relevant Mortgage **Provided that** a Borrower may install equipment owned by a third party if the equipment can be removed without any risk of damage to the Ship owned by it.

**14.7 Surveys**

Each Borrower shall submit the Ship owned by it regularly to all periodical or other surveys which may be required for classification purposes and, if so required by the Security Trustee provide the Security Trustee, with copies of all survey reports.

**14.8 Inspection**

- (a) Each Borrower shall permit the Security Trustee (by surveyors or other persons appointed by it for that purpose) to board the Ship owned by that Borrower at all reasonable times to inspect its condition or to satisfy themselves about proposed or executed repairs and shall afford all proper facilities for such inspections at the Borrowers' expense, and if the inspector or surveyor appointed by the Security Trustee under this Clause is of the opinion that there are any technical, commercial or operational actions being undertaken or omitted to be undertaken by the Borrower which is the owner of that Ship or the relevant Approved Manager which adversely affect the operation or value of that Ship, the Borrowers shall forthwith (at their expense) within five Business Days of the Security Trustee's demand remedy such action or inaction and provide the Security Trustee with evidence that it has taken such remedial action.
- (b) The cost of such inspections shall be borne by the Borrowers only in relation to three Ships in each 12-month period unless an Event of Default has occurred and is continuing.

**14.9 Prevention of and release from arrest**

Each Borrower shall promptly discharge:

- (a) all liabilities which give or may give rise to maritime or possessory liens on or claims enforceable against the Ship owned by it, the Earnings or the Insurances;
- (b) all taxes, dues and other amounts charged in respect of that Ship, the Earnings or the Insurances; and

- (c) all other outgoings whatsoever in respect of that Ship, the Earnings or the Insurances,
- and, forthwith upon receiving notice of the arrest of that Ship, or of its detention in exercise or purported exercise of any lien or claim, that Borrower shall procure its release by providing bail or otherwise as the circumstances may require.

**14.10 Compliance with laws etc.**

Each Borrower shall:

- (a) comply, or procure compliance with the ISM Code, the ISPS Code, all Environmental Laws and all other laws or regulations relating to the Ship owned by it, its ownership, operation and management or to the business of that Borrower;
- (b) not employ the Ship owned by it nor allow its employment in any manner contrary to any law or regulation in any relevant jurisdiction including but not limited to the ISM Code and the ISPS Code; and
- (c) in the event of hostilities in any part of the world (whether war is declared or not), not cause or permit that Ship to enter or trade to any zone which is declared a war zone by any government or by the Ship's war risks insurers unless prior to entering or trading to any such zone (i) the prior written consent of the underwriters of that Ship has been given and (ii) that Borrower has (at its own expense) effected any special, additional or modified insurance cover (to the extent not covered by such Ship's war risks insurances) which the underwriters of that Ship may require.

**14.11 Provision of information**

Each Borrower shall promptly provide the Security Trustee with any information which it requests regarding:

- (a) the Ship owned by it, its employment, position and engagements;
- (b) the Earnings and payments and amounts due to the master and crew of that Ship;
- (c) any expenses incurred, or likely to be incurred, in connection with the operation, maintenance or repair of that Ship and any payments made in respect of that Ship;
- (d) any towages and salvages; and
- (e) its compliance, each Approved Manager's compliance and the compliance of that Ship with the ISM Code and the ISPS Code,
- and, upon the Security Trustee's request, provide copies of any current charter relating to that Ship, of any current charter guarantee and copies of that Borrower's or the relevant Approved Manager's Document of Compliance, Safety Management Certificate and the ISSC.

**14.12 Notification of certain events**

Each Borrower shall:

- (a) before entering into:
- (i) any demise charter for any period in respect of its Ship; or

(ii) any other Assignable Charter,

notify the Agent and, to the extent available to that Borrower, provide copies of any draft charter relating to its Ship and, if applicable, any draft charter guarantee and that Borrower shall be entitled to enter into such charter **Provided that** on the date of such entry or shortly thereafter:

- (A) that Borrower executes in favour of the Security Trustee a specific assignment of all its rights, title and interest in and to such charter and any charter guarantee in the form of a Charterparty Assignment;
- (B) that Borrower uses all reasonably commercial endeavours to require the charterer and any charter guarantor to acknowledge to the Security Trustee (1) the specific assignment of such charter and charter guarantee by executing an acknowledgement substantially in the form included in the relevant Charterparty Assignment and (2) that the Mortgage over that Ship has been registered prior to the entry into such charter and the charterer provides to the Security Trustee a letter of undertaking pursuant to which the charterer subordinates all its claims against the relevant Borrower and its Ship to the claims of the Creditor Parties under or in connection with the Finance Documents in the Agreed Form;
- (C) in the case where such charter is a demise charter the charterer undertakes to the Security Trustee (1) to comply with all of that Borrower's undertakings with regard to the employment, insurances, operation, repairs and maintenance of its Ship contained in this Agreement, the Mortgage and the General Assignment in relation to that Ship and (2) to provide an assignment of its interest in the insurances of that Ship in the Agreed Form;
- (D) the relevant Borrower provides certified true and complete copies of the charter relating to its Ship (or a final fixture recap appending the agreed form charter) and of any current charter guarantee, if any, immediately after its execution; and
- (E) the Agent's receipt of a copy of the charter and its failure or neglect to act, delay or acquiescence in connection with the relevant Borrower's entering into such charter shall not in any way constitute an acceptance by the Agent of whether or not the Earnings under the charter are sufficient to meet the debt service requirements under this Agreement nor shall it in any way affect the Agent's or the Security Trustee's entitlement to exercise its rights under the Finance Documents pursuant to Clause 19 upon the occurrence of an Event of Default arising as a result of an act or omission of the charterer; and
- (F) the Borrower delivers to the Agent such other documents as the Agent may reasonably require in relation to the creation, perfection or protection of any Security Interest created pursuant to the Charterparty Assignment in respect of such charter (including any process agent appointment letters and any legal opinion(s) from the counsel(s) of the Creditor Parties with respect to the due execution of, enforceability of, or the creation and perfection of any Security Interest under such Charterparty Assignment).

(b) promptly, notify the Security Trustee by letter, of:

- (i) its entry into any agreement or arrangement for the postponement of any date on which any Earnings are due, the reduction of the amount of any Earnings or otherwise for the release or adverse alteration of any right of that Borrower to any Earnings;
- (ii) its entry into any time or consecutive voyage charter in respect of that Ship for a term which exceeds, or which by virtue of any optional extensions may exceed, three months;
- (iii) any casualty which is or is likely to be or to become a Major Casualty;
- (iv) any occurrence as a result of which the Ship owned by it has become or is, by the passing of time or otherwise, likely to become a Total Loss;
- (v) any requirement, condition or recommendation made by any insurer or classification society or by any competent authority which is not immediately complied with;
- (vi) any arrest or detention of that Ship, any exercise or purported exercise of any lien on that Ship or its Earnings or any requisition of that Ship for *hire*;
- (vii) any intended dry docking of that Ship;
- (viii) any Environmental Claim made against that Borrower or in connection with that Ship, or any Environmental Incident;
- (ix) any claim for breach of the ISM Code or the ISPS Code being made against that Borrower, any Approved Manager or otherwise in connection with that Ship;
- (x) its intention to de-activate or lay up its Ship; or
- (xi) any other matter, event or incident, actual or threatened, the effect of which will or could lead to the ISM Code or the ISPS Code not being complied with,

and that Borrower shall keep the Security Trustee advised in writing on a regular basis and in such detail as the Security Trustee shall require of that Borrower's, any Approved Manager's or any other person's response to any of those events or matters.

**14.13 Restrictions on chartering, appointment of managers etc.**

No Borrower shall, in relation to the Ship owned by it:

- (a) enter into any charter in relation to that Ship under which more than two months' hire (or the equivalent) is payable in advance;
- (b) charter that Ship otherwise than on bona fide arm's length terms at the time when that Ship is fixed;
- (c) appoint a manager of that Ship other than the Approved Managers or agree to any alteration to the terms of any Approved Manager's appointment; or
- (d) put that Ship into the possession of any person for the purpose of work being done upon it in an amount exceeding or likely to exceed \$1,000,000 (or the equivalent in any other currency) unless that person has first given to the Security Trustee and in terms satisfactory to it a written undertaking not to exercise any lien on that Ship or its Earnings for the cost of such work or it

is demonstrated to the Agent's reasonable satisfaction that funds will be available to meet the full cost of that work, whether from insurers or otherwise.

**14.14 Notice of Mortgage**

Each Borrower shall keep the Mortgage relative to its Ship registered against that Ship as a valid first preferred or, as the case may be, priority mortgage, carry on board that Ship a certified copy of that Mortgage and place and maintain in a conspicuous place in the navigation room and the Master's cabin of that Ship a framed printed notice stating that that Ship is mortgaged by that Borrower to the Security Trustee.

**14.15 Sharing of Earnings**

No Borrower shall enter into any agreement or arrangement for the sharing of any Earnings (other than (i) any profit sharing agreement with a charterer which takes effect above an agreed minimum charter hire rate payable to the relevant Borrower under a charter to which that Borrower is a party and (ii) any pool agreement, in either case, on bona fide arm's length terms).

**14.16 ISPS Code**

Each Borrower shall comply with the ISPS Code and in particular, without limitation, shall:

- (a) procure that the Ship owned by it and the company responsible for that Ship's compliance with the ISPS Code comply with the ISPS Code; and
- (b) maintain for that Ship an ISSC; and
- (c) notify the Agent immediately in writing of any actual or threatened withdrawal, suspension, cancellation or modification of the ISSC.

**14.17 Approved Charters**

Notwithstanding the prepayment obligations pursuant to Clause 8.9, each Borrower shall, prior to the Drawdown Date relating to the Ship to be owned by it, *enter* into an Approved Charter in respect of its Ship. If, on or prior to a Drawdown Date, a Ship is employed under an existing charter, such Approved Charter shall commence upon the expiration of any existing charter.

**15 SECURITY COVER**

**15.1 Minimum required security cover**

Clause 15.2 applies if the Agent notifies the Borrowers that the Security Cover Ratio is below 135 per cent. of the Loan.

**15.2 Prepayment; provision of additional security**

If the Agent serves a notice on the Borrowers under Clause 15.1, the Borrowers shall prepay such part of the Loan as will eliminate the shortfall on or before the date falling 30 calendar days after the date on which the Agent's notice is served under Clause 15.1 (the "**Prepayment Date**") unless at least five calendar days before the Prepayment Date the Borrowers have provided, or ensured that a third party has provided, additional security which, in the opinion

of the Majority Lenders, has a net realisable value at least equal to the shortfall and is documented in such terms as the Agent may, with the authorisation of the Majority Lenders, approve or require.

**15.3 Valuation of Ships**

(a) The Market Value of a Mortgaged Ship at any date is that shown by a valuation issued by an Approved Broker selected and appointed by the Agent, such valuation to be addressed to the Agent and prepared:

- (i) as at a date not more than 30 days previously;
- (ii) with or without physical inspection of that Ship (as the Agent may require); and
- (iii) on the basis of a sale for prompt delivery for cash on normal arm's length commercial terms as between a willing seller and a willing buyer, free of any existing charter or other contract of employment.

(b) If the Borrowers disagree with the valuation obtained by the Agent in accordance with paragraph (a) above, they shall be entitled to obtain a second valuation from an Approved Broker selected by the Borrowers and appointed by the Agent, and prepared in accordance with sub-paragraphs (i) to (iii) of paragraph (a) above. In that case the Market Value of the Mortgaged Ship shall be the arithmetic mean of the two valuations issued (one from the Approved Broker selected by the Borrowers and appointed by the Agent and one from the Approved Broker selected and appointed by the Agent) **provided that** if the Borrowers do not select an Approved Broker within 14 days after the Agent's request to receive a valuation of a Mortgaged Ship, the Market Value of that Mortgaged Ship shall be that shown in the sole valuation obtained by the Agent in accordance with paragraph (a) above.

**15.4 Value of additional vessel security**

The net realisable value of any additional security which is provided under Clause 15.2 and which consists of a Security Interest over a vessel shall be that shown by a valuation complying with the requirements of Clause 15.3.

**15.5 Valuations binding**

Any valuation under Clause 15.2, 15.3 or 15.4 shall be binding and conclusive as regards the Borrowers, as shall be any valuation which the Majority Lenders make of any additional security which does not consist of or include a Security Interest.

**15.6 Provision of information**

The Borrowers shall promptly provide the Agent and any Approved Broker or expert acting under Clause 15.3 or 15.4 with any information which the Agent or that Approved Broker or expert may request for the purposes of the valuation; and, if the Borrowers fail to provide the information by the date specified in the request, the valuation may be made on any basis and assumptions which that Approved Broker or the Majority Lenders (or the expert appointed by them) consider prudent.

**15.7 Payment of valuation expenses**

Without prejudice to the generality of the Borrowers' obligations under Clauses 20.2, 20.4 and 21.3, the Borrowers shall, within five Business Days of the Agent's demand, pay the Agent the amount of the fees and expenses of any Approved Broker or expert instructed by the Agent under this Clause and all legal and other expenses incurred by any Creditor Party in connection with any matter arising out of this Clause **Provided that** so long as no Event of Default has occurred which is continuing the Borrowers shall not be obliged to pay any such fees and expenses in respect of more than two sets of valuations of each Ship in any calendar year (in addition to the set of valuations to determine the Initial Market Value of each Ship obtained prior to the Drawdown Date).

**15.8 Frequency of valuations**

The Borrowers acknowledge and agree that the Agent may commission valuation(s) of any Ship at such times as the Agent (acting on the instructions of the Lenders) shall deem necessary and, in any event, not less than once during each 6-month period of the Security Period.

**15.9 Release of additional vessel security**

If, at any time, the Security Agent holds additional security provided under this clause 15 and the aggregate of the Market Value of the Ships disregarding the value of any additional security provided pursuant to clause 15.2 above exceeds the Minimum Security Cover required pursuant to clause 15.1 with reference to valuations provided no more than 30 days previously, the Borrowers may, by notice to the Agent, require the release **and discharge of that additional** security. The Agent shall, subject to obtaining all relevant internal approvals, then promptly direct the Security Agent to release and discharge that additional security if no Potential Event of Default or Event of Default is then continuing or will result from such release and discharge and, upon such release and discharge and, if so required by the Agent, the Borrowers shall reimburse to the Agent any costs and expenses payable under clause 20.4 (*Costs of variations, amendments, enforcement etc.*) in relation to that release and discharge.

**16 PAYMENTS AND CALCULATIONS**

**16.1 Currency and method of payments**

All payments to be made by the Lenders or by a Borrower under a Finance Document shall be made to the Agent or to the Security Trustee, in the case of an amount payable to it:

- (a) by not later than 11.00 a.m. (New York City time) on the due date;
- (b) in same day Dollar funds settled through the New York Clearing House Interbank Payments System (or in such other Dollar funds and/or settled in such other manner as the Agent shall specify as being customary at the time for the settlement of international transactions of the type contemplated by this Agreement);
- (c) in the case of an amount payable by a Lender to the Agent or by a Borrower to the Agent or any Lender, to the account of the Agent at J.P. Morgan Chase Bank (SWIFT Code CHASUS33) (Account No. 001 1331 808 in favour of Hamburg Commercial Bank AG, SWIFT Code HSHNDEHH) or to such other account with such other bank as the Agent may from time to time notify to the Borrowers and the other Creditor Parties; and

- (d) in the case of an amount payable to the Security Trustee, to such account as it may from time to time notify to the Borrowers and the other Creditor Parties.

**16.2 Payment on non-Business Day**

If any payment by a Borrower under a Finance Document would otherwise fall due on a day which is not a Business Day:

- (a) the due date shall be extended to the next succeeding Business Day; or
- (b) if the next succeeding Business Day falls in the next calendar month, the due date shall be brought forward to the immediately preceding Business Day,

and interest shall be payable during any extension under paragraph (a) at the rate payable on the original due date.

**16.3 Basis for calculation of periodic payments**

All interest and commitment fee and any other payments under any Finance Document which are of an annual or periodic nature shall accrue from day to day and shall be calculated on the basis of the actual number of days elapsed and a 360-day year.

**16.4 Distribution of payments to Creditor Parties**

Subject to Clauses 16.5, 16.6 and 16.7:

- (a) any amount received by the Agent under a Finance Document for distribution or remittance to a Lender or the Security Trustee shall be made available by the Agent to that Lender or, as the case may be, the Security Trustee by payment, with funds having the same value as the funds received, to such account as the Lender or the Security Trustee may have notified to the Agent not less than five Business Days previously; and
- (b) amounts to be applied in satisfying amounts of a particular category which are due to the Lenders generally shall be distributed by the Agent to each Lender pro rata to the amount in that category which is due to it.

**16.5 Permitted deductions by Agent**

Notwithstanding any other provision of this Agreement or any other Finance Document, the Agent may, before making an amount available to a Lender, deduct and withhold from that amount any sum which is then due and payable to the Agent from that Lender under any Finance Document or any sum which the Agent is then entitled under any Finance Document to require that Lender to pay on demand.

**16.6 Agent only obliged to pay when monies received**

Notwithstanding any other provision of this Agreement or any other Finance Document, the Agent shall not be obliged to make available to a Borrower or any Lender any sum which the Agent is expecting to receive for remittance or distribution to that Borrower or that Lender until the Agent has satisfied itself that it has received that sum.

**16.7 Refund to Agent of monies not received**

If and to the extent that the Agent makes available a sum to a Borrower or a Lender without first having received that sum, that Borrower or (as the case may be) the Lender concerned shall, on demand:

- (a) refund the sum in full to the Agent; and
- (b) pay to the Agent the amount (as certified by the Agent) which will indemnify the Agent against any funding or other loss, liability or expense incurred by the Agent as a result of making the sum available before receiving it.

**16.8 Agent may assume receipt**

Clause 16.7 shall not affect any claim which the Agent has under the law of restitution, and applies irrespective of whether the Agent had any form of notice that it had not received the sum which it made available.

**16.9 Creditor Party accounts**

Each Creditor Party shall maintain accounts showing the amounts owing to it by the Borrowers and each Security Party under the Finance Documents and all payments in respect of those amounts made by the Borrowers and any Security Party.

**16.10 Agent's memorandum account**

The Agent shall maintain a memorandum account showing the amounts advanced by the Lenders and all other sums owing to the Agent, the Security Trustee and each Lender from the Borrowers and each Security Party under the Finance Documents and all payments in respect of those amounts made by the Borrowers and any Security Party.

**16.11 Accounts prima facie evidence**

If any accounts maintained under Clauses 16.9 and 16.10 show an amount to *be* owing by a Borrower or a Security Party to a Creditor Party, those accounts shall be *prima facie* evidence that that amount is owing to that Creditor Party.

**17 APPLICATION OF RECEIPTS**

**17.1 Normal order of application**

Except as any Finance Document may otherwise provide, any sums which are received or recovered by any Creditor Party under or by virtue of any Finance Document shall be applied:

- (a) FIRST: in or towards satisfaction of any amounts then due and payable under the *Finance* Documents in the following order and proportions:
  - (i) firstly, in or towards satisfaction pro rata of all amounts then due and payable to the Creditor Parties under the Finance Documents (including, but without limitation, all amounts payable by a Borrower under Clauses 20, 21 and 22 of this Agreement or by a Borrower or any Security Party under any corresponding or similar provision in any other Finance Document) other than those amounts referred to at paragraphs (ii) and (iii);

- (ii) secondly, in or towards satisfaction pro rata of any and all amounts of interest or default interest payable to the Creditor Parties under the Finance Documents; and
  - (iii) thirdly, in or towards satisfaction of the Loan;
- (b) SECONDLY: in retention of an amount equal to any amount not then due and payable under any Finance Document but which the Agent, by notice to the Borrowers (or any of them), the Security Parties and the other Creditor Parties, states in its opinion will either or may become due and payable in the future and, upon those amounts becoming due and payable, in or towards satisfaction of them in accordance with the provisions of Clause 17.1(a); and
- (c) THIRDLY: any surplus shall be paid to the Borrowers or to any other person appearing to be entitled to it.

**17.2 Application by any covered bond Lender**

If and to the extent that any Lender includes the Loan and/or a Mortgage in its covered bond register, any enforcement proceeds recovered under the Finance Documents and attributable to it under the relevant Finance Document shall, notwithstanding the provisions of Clause 17.1(a), be applied by it first to the part of the Loan that corresponds to that Lender's Contribution registered in its covered bond register and thereafter in the following order:

- (a) firstly, in or towards satisfaction of the amounts set out under Clause 17.1(a)(i);
- (b) secondly, in or towards satisfaction of the amounts set out under Clause 17.1(a)(ii); and
- (c) thirdly, in or towards satisfaction of any part of the Loan that corresponds to any unregistered part of that Lender's contribution.

**17.3 Variation of order of application**

The Agent may, with the authorisation of the Majority Lenders, by notice to the Borrowers, the Security Parties and the other Creditor Parties provide for a different manner of application from that set out in Clause 17.1 (but not, for the avoidance of doubt, that set out in Clause 17.2) either as regards a specified sum or sums or as regards sums in a specified category or categories.

**17.4 Notice of variation of order of application**

The Agent may give notices under Clause 17.3 from time to time; and such a notice may be stated to apply not only to sums which may be received or recovered in the future, but also to any sum which has been received or recovered on or after the third Business Day before the date on which the notice is served.

**17.5 Appropriation rights overridden**

This Clause 17 and any notice which the Agent gives under Clause 17.3 shall override any right of appropriation possessed, and any appropriation made, by a Borrower or any Security Party.

**18 APPLICATION OF EARNINGS**

**18.1 Payment of Earnings**

Each Borrower undertakes with each Creditor Party that, throughout the Security Period (and subject only to the provisions of the General Assignment to which it is a party):

- (a) it shall maintain the Accounts with the Account Bank;
- (b) it shall ensure that all Earnings of the Ship owned by it are paid to the Earnings Account for that Ship;
- (c) the Minimum Liquidity and the Additional Minimum Liquidity required pursuant to Clause 11.19 shall be maintained in the Liquidity Account; and
- (d) the Dry Docking Reserve Amount required pursuant to Clause 11.20 shall be maintained in the Dry Dock Reserve Account.

**18.2 Monthly retentions to Retention Account**

The Borrowers undertake with each Creditor Party to ensure that, on and from the date falling one month after each Drawdown Date and at monthly intervals thereafter during the Security Period, there are transferred in respect of each Advance drawn on that Drawdown Date to the Retention Account out of the Earnings received in the relevant Earnings Account during the preceding month:

- (a) one-third of the amount of the relevant Instalment falling due in respect of that Advance under Clause 8.1 on the next Repayment Date; and
- (b) the relevant fraction of the aggregate amount of interest on that Advance which is payable on the next due date for payment of interest under this Agreement,

and the Borrowers irrevocably authorise the Agent to make those transfers (in its sole discretion and without any obligation) if the Borrowers fail to do so.

The “**relevant fraction**”, in relation to paragraph (b), is a fraction of which the numerator is 1 and the denominator the number of months comprised in the then current Interest Period (or if the current Interest Period in respect of that Advance ends after the next due date for payment of interest under this Agreement, the number of months from the later of the commencement of the current Interest Period in respect of that Advance or the last due date for payment of interest to the next due date for payment of interest in respect of that Advance under this Agreement).

**18.3 Shortfall in Earnings**

If the aggregate Earnings received in the Earnings Accounts are insufficient at any time for the required amount to be transferred to the Retention Account under Clause 18.2, the Borrowers shall immediately pay the amount of the insufficiency into the Retention Account.

**18.4 Application of retentions**

Until an Event of Default occurs and is continuing, the Agent shall, to the extent there are sufficient funds standing to the credit of the Retention Account, on each Repayment Date in

respect of an Advance and on each due date for the payment of interest in respect of that Advance under this Agreement distribute to the Lenders in accordance with Clause 16.4 so much of the then balance on the Retention Account as equals:

- (a) the Instalment in respect of the relevant Advance due on that Repayment Date pursuant to Clause 8.1; or
  - (b) the amount of interest in respect of the relevant Advance payable on that interest payment date,
- in discharge of the Borrowers' liability for that Instalment or that interest.

**18.5 Interest accrued on the Accounts**

Any credit balance on each Account shall bear interest at the rate from time to time offered by the Agent to its customers for Dollar deposits of similar amounts and for periods similar to those for which such balances *appear* to the Agent likely to remain on that Account.

**18.6 Release of accrued interest**

Interest accruing under Clause 18.5 shall be credited to the relevant Account and may be released to a Borrower pursuant to Clause 18.10.

**18.7 Location of Accounts**

Each Borrower shall promptly:

- (a) comply with any requirement of the Agent as to the location or re-location of the Accounts (or any of them); and
- (b) execute any documents which the Agent specifies to create or maintain in favour of the Security Trustee a Security Interest over (and/or rights of set-off, consolidation or other rights in relation to) the Accounts.

**18.8 Debits for fees, expenses etc.**

The Agent shall be entitled (but not obliged) from time to time to debit any Earnings Account without prior notice in order to discharge any amount due and payable under Clauses 20 or 21 to a Creditor Party or payment of which any Creditor Party has become entitled to demand under Clauses 20 or 21.

**18.9 Borrowers' obligations unaffected**

The provisions of this Clause 18 (as distinct from a distribution effected under Clause 18.4) do not affect:

- (a) the liability of the Borrowers to make payments of principal and interest on the due dates; or
- (b) any other liability or obligation of the Borrowers or any Security Party under any Finance Document.

**18.10 Restriction on withdrawal**

- (a) During the Security Period no sum may be withdrawn by the Borrowers from the Dry Dock Reserve Account or the Retention Account (other than interest pursuant to Clause 18.6 and/or any sums withdrawn and released in accordance with, and pursuant to, the terms of Clause 11.20, provided that no Event of Default has occurred which is continuing), without the prior written consent of the Agent.
- (b) The Borrowers may, in any calendar month, after having transferred and/or after having taken into account all amounts due or which will become due to the Retention Account in such calendar month in accordance with Clause 18.2, withdraw any surplus (a “**Surplus**”) from the Earnings Accounts as they may think fit for purposes permitted by this Agreement and the other Finance Documents **Provided always** no Event of Default has occurred which is continuing in which case any Surplus shall remain on the Earnings Accounts and the Borrowers may only withdraw the Surplus (or any part thereof) with the prior written consent of the Agent (acting upon the instructions of the Majority Lenders) in order to satisfy the documented and properly incurred operating expenses of the Ships.

**19 EVENTS OF DEFAULT**

**19.1 Events of Default**

An Event of Default occurs if:

- (a) any Relevant Person fails to pay when due or (if so payable) on demand any sum payable under a Finance Document or under any document relating to a Finance Document unless:
  - (i) its failure to pay is caused by administrative or technical error or a Disruption Event; and
  - (ii) payment is made within three Business Days; or
- (b) any breach occurs of Clause 2.3, 9.2, 11.2, 11.3, 11.18, 11.19, 11.21, 12.2, 12.3 or 15.2 or clause 11.17 of the Corporate Guarantee; or
- (c) any breach by a Relevant Person occurs of any provision of a Finance Document (other than a breach covered by paragraphs (a) or (b)) which, in the opinion of the Majority Lenders, is capable of remedy, and such default continues unremedied 15 Business Days after written notice from the Agent requesting action to remedy the same; or
- (d) (subject to any applicable grace period specified in the Finance Documents) any breach by any Relevant Person occurs of any provision of a Finance Document (other than a breach falling within paragraphs (a), (b) or (c)); or
- (e) any representation, warranty or statement made or repeated by, or by an officer of, a Relevant Person in a Finance Document or in a Drawdown Notice or any other notice or document relating to a Finance Document is untrue or misleading when it is made or repeated; or
- (f) any of the following occurs in relation to any Financial Indebtedness of a Relevant Person (which Financial Indebtedness, in the case of the Corporate Guarantor, exceeds in aggregate, \$15,000,000 (or the equivalent in any other currency or currencies)):
  - (i) any Financial Indebtedness of a Relevant Person is not paid when due; or

- (ii) any Financial Indebtedness of a Relevant Person becomes due and payable or capable of being declared due and payable prior to its stated maturity date as a consequence of any event of default, **Provided that** in the case of any Financial Indebtedness created under any guarantee and indemnity of the Corporate Guarantor to secure the obligations of any of its subsidiaries, the Financial Indebtedness of that subsidiary is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of that subsidiary's payment default, or following a breach of any asset cover ratio provisions included in financial agreements which the relevant guarantee and indemnity procure to secure or that subsidiary's declaration of bankruptcy or insolvency and, in the opinion of the Agent in its absolute discretion, that payment default or, as the case may be, that default due to a breach of the asset cover ratio provisions or that declaration of bankruptcy or insolvency may adversely affect the ability of the Corporate Guarantor to comply with its obligations under the Corporate Guarantee unless, in the case of any payment default, the Corporate Guarantor is able to provide evidence to the Agent that such payment default has been remedied within 10 days of the date on which the overdue payment(s) became due and payable; or
  - (iii) a lease, hire purchase agreement or charter (other than a charter in relation to a Ship which is an Approved Charter or an Assignable Charter) creating any Financial Indebtedness of a Relevant Person is terminated by the lessor or owner or becomes capable of being terminated as a consequence of any termination event; or
  - (iv) any overdraft, loan, note issuance, acceptance credit, letter of credit, guarantee, foreign exchange or other facility, or any swap or other derivative contract or transaction, relating to any Financial Indebtedness of a Relevant Person ceases to be available or becomes capable of being terminated as a result of any event of default, or cash cover is required, or becomes capable of being required, in respect of such a facility as a result of any event of default; or
  - (v) any Security Interest securing any Financial Indebtedness of a Relevant Person becomes enforceable;
- (g) any of the following occurs in relation to a Relevant Person:
- (i) a Relevant Person becomes, in the reasonable opinion of the Majority Lenders, unable to pay its debts as they fall due; and
  - (ii) any assets of a Relevant Person are subject to any form of execution, attachment, arrest, sequestration or distress or any form of freezing order **provided that** no Event of Default will occur under this paragraph (g)(ii) if such execution, attachment, arrest, sequestration or distress or form of freezing order does not relate to the Ships and is discharged or released within one month (or such longer period as may be requested by the Borrowers and approved by the Majority Lenders); or
  - (iii) any administrative or other receiver is appointed over any asset of a Relevant Person; or
  - (iv) an administrator is appointed (whether by the court or otherwise) in respect of a Relevant Person; or
  - (v) any formal declaration of bankruptcy or any formal statement to the effect that a Relevant Person is insolvent or likely to become insolvent is made by a Relevant Person

or by the directors of a Relevant Person or, in any proceedings, by a lawyer acting for a Relevant Person; or

- (vi) a provisional liquidator is appointed in respect of a Relevant Person, a winding up order is made in relation to a Relevant Person or a winding up resolution is passed by a Relevant Person; or
- (vii) a resolution is passed, an administration notice is given or filed, an application or petition to a court is made or presented or any other step is taken by (aa) a Relevant Person, (bb) the members or directors of a Relevant Person, (cc) a holder of Security Interests which together relate to all or substantially all of the assets of a Relevant Person, or (dd) a government minister or public or regulatory authority of a Pertinent Jurisdiction for or with a view to the winding up of that or another Relevant Person or the appointment of a provisional liquidator or administrator in respect of that or another Relevant Person, or that or another Relevant Person ceasing or suspending business operations or payments to creditors, save that this paragraph does not apply to a fully solvent winding up of a Relevant Person other than the Borrowers or the Corporate Guarantor which is, or is to be, effected for the purposes of an amalgamation or reconstruction previously approved by the Majority Lenders and effected not later than three months after the commencement of the winding up; or
- (viii) an administration notice is given or filed, an application or petition to a court is made or presented or any other step is taken by a creditor of a Relevant Person (other than a holder of Security Interests which together relate to all or substantially all of the assets of a Relevant Person) for the winding up of a Relevant Person or the appointment of a provisional liquidator or administrator in respect of a Relevant Person in any Pertinent Jurisdiction, unless the proposed winding up, appointment of a provisional liquidator or administration is being contested in good faith, on substantial grounds and not with a view to some other insolvency law procedure being implemented instead and either (aa) the application or petition is dismissed or withdrawn within 30 days of being made or presented, or (bb) within 30 days of the administration notice being given or filed, or the other relevant steps being taken, other action is taken which will ensure that there will be no administration and (in both cases (aa) or (bb)) the Relevant Person will continue to carry on business in the ordinary way and without being the subject of any actual, interim or pending insolvency law procedure; or
- (ix) a Relevant Person or its directors take any steps (whether by making or presenting an application or petition to a court, or submitting or presenting a document setting out a proposal or proposed terms, or otherwise) with a view to obtaining, in relation to that or another Relevant Person, any form of moratorium, suspension or deferral of payments, reorganisation of debt (or certain debt) or arrangement with all or a substantial proportion (by number or value) of creditors or of any class of them or any such moratorium, suspension or deferral of payments, reorganisation or arrangement is effected by court order, by the filing of documents with a court, by means of a contract or in any other way at all; or
- (x) any meeting of the members or directors, or of any committee of the board or senior management, of a Relevant Person is held or summoned for the purpose of considering a resolution or proposal to authorise or take any action of a type described in paragraphs (iv) to (ix) or a step preparatory to such action, or (with or without such a meeting) the members, directors or such a committee resolve or agree that such an

action or step should be taken or should be taken if certain conditions materialise or fail to materialise; or

- (xi) in a country other than England, any event occurs, any proceedings are opened or commenced or any step is taken which, in the opinion of the Majority Lenders is similar to any of the foregoing;

**Provided that** in respect of the Events of Default under paragraphs (i), (ix), (x) and (where applicable) (xi) above, no Event of Default will occur if a Relevant Person for any reason (including, without limitation, any actual or anticipated financial difficulties), following a prior written notice to the Agent, commences negotiations with one or more of its creditors (including the Agent for the account of the Lenders) with a view of rescheduling, deferring, reorganising or suspending any of its indebtedness and entering, as a result of such negotiations, into any agreement or contract with one or more of its creditors (including the Agent for the account of the Lenders) setting out the terms for any such rescheduling, deferral, reorganisation or suspension of its indebtedness within 30 days from the date of service of the notice to the Agent;

- (h) any Borrower ceases or suspends carrying on its business or a part of its business which, in the opinion of the Majority Lenders, is material in the context of this Agreement; or
- (i) it becomes unlawful in any Pertinent Jurisdiction or impossible:
  - (i) for any Relevant Person to discharge any liability under a Finance Document or to comply with any other obligation which the Majority Lenders consider material under a Finance Document; or
  - (ii) for the Agent, the Security Trustee or the Lenders to exercise or enforce any right under, or to enforce any Security Interest created by, a Finance Document; or
- (j) any official consent necessary to enable any Borrower to own, operate or charter the Ship owned by it or to enable any Relevant Person to comply with any provision which the Majority Lenders consider material of a Finance Document or any Underlying Document is not granted, expires without being renewed, is revoked or becomes liable to revocation or any condition of such a consent is not fulfilled; or
- (k) any provision of a Finance Document becomes invalid or unenforceable, or a Security Interest created by a Finance Document becomes invalid or unenforceable or such a Security Interest ranks after, or loses its priority to, another Security Interest or any other third party claim or interest (other than a Permitted Security Interest); or
- (l) a Relevant Person rescinds or purports to rescind or repudiates or purports to repudiate a Finance Document or evidences an intention to rescind or repudiate a Finance Document;
- (m) the security constituted by a Finance Document is in any way imperilled or in jeopardy; or
- (n) any other event occurs or any other circumstances arise or develop including, without limitation:
  - (i) a change in the financial position, state of affairs or prospects of any Borrower or the Corporate Guarantor; or

- (ii) any accident or other event involving any Ship or another vessel owned, chartered or operated by a Relevant Person; or
- (iii) the commencement of legal or administrative action involving a Borrower, a Ship or the Corporate Guarantor; or
- (iv) the withdrawal of any material license or governmental or regulatory approval in *respect* of a Ship or a Borrower (unless such withdrawal can be contested with the effect of suspension and is in fact so contested in good faith by the Borrowers),

which, in each case, constitutes a Material Adverse Change.

#### **19.2 Actions following an Event of Default**

On, or at any time after, the occurrence of an Event of Default which is continuing:

(a) the Agent may, and if so instructed by the Majority Lenders, the Agent shall:

- (i) serve on the Borrowers a notice stating that all or part of the Commitments and of the other obligations of each Lender to the Borrowers under this Agreement are cancelled; and/or
- (ii) serve on the Borrowers a notice stating that all or part of the Loan together with accrued interest and all other amounts accrued or owing under this Agreement are immediately due and payable or are due and payable on demand; and/or
- (iii) take any other action which, as a result of the Event of Default or any notice served under paragraph (i) or (ii), the Agent and/or the Lenders are entitled to take under any Finance Document or any applicable law; and/or

(b) the Security Trustee may, and if so instructed by the Agent, acting with the authorisation of the Majority Lenders, the Security Trustee shall take any action which, as a result of the Event of Default or any notice served under paragraph (a)(i) or (a)(ii), the Security Trustee, the Agent, the Mandated Lead Arranger and/or the Lenders are entitled to take under any Finance Document or any applicable law.

#### **19.3 Termination of Commitments**

On the service of a notice under Clause 19.2(a)(i), the Commitments and all other obligations of each Lender to the Borrowers under this Agreement shall be cancelled.

#### **19.4 Acceleration of Loan**

On the service of a notice under Clause 19.2(a)(ii), all or, as the case may be, the part of the Loan specified in the notice together with accrued interest and all other amounts accrued or owing from the Borrowers or any Security Party under this Agreement and every other Finance Document shall become immediately due and payable or, as the case may be, payable on demand.

#### **19.5 Multiple notices; action without notice**

The Agent may serve notices under Clauses 19.2(a)(i) or 19.2(a)(ii) simultaneously or on different dates and it and/or the Security Trustee may take any action referred to in Clause

19.2 if no such notice is served or simultaneously with or at any time after the service of both or either of such notices.

#### **19.6 Notification of Creditor Parties and Security Parties**

The Agent shall send to each Lender, the Security Trustee and each Security Party a copy or the text of any notice which the Agent serves on the Borrowers under Clause 19.2; but the notice shall become effective when it is served on the Borrowers, and no failure or delay by the Agent to send a copy or the text of the notice to any other person shall invalidate the notice or provide any Borrower or any Security Party with any form of claim or defence.

#### **19.7 Creditor Party rights unimpaired**

Nothing in this Clause shall be taken to impair or restrict the exercise of any right given to individual Lenders under a Finance Document or the general law; and, in particular, this Clause is without prejudice to Clause 3.1.

#### **19.8 Exclusion of Creditor Party liability**

No Creditor Party, and no receiver or manager appointed by the Security Trustee, shall have any liability to a Borrower or a Security Party:

- (a) for any loss caused by an exercise of rights under, or enforcement of a Security Interest created by, a Finance Document or by any failure or delay to exercise such a right or to enforce such a Security Interest; or
- (b) as mortgagee in possession or otherwise, for any income or principal amount which might have been produced by or realised from any asset comprised in such a Security Interest or for any reduction (however caused) in the value of such an asset,

except that this does not exempt a Creditor Party or a receiver or manager from liability for losses shown to have been directly and mainly caused by the dishonesty or the wilful misconduct of such Creditor Party's own officers and employees or (as the case may be) such receiver's or manager's own partners or employees.

#### **19.9 Relevant Persons**

In this Clause 19, a **"Relevant Person"** means a Borrower and the Corporate Guarantor.

#### **19.10 Interpretation**

In Clause 19.1(f) references to an event of default or a termination event include any event, howsoever described, which is similar to an event of default in a facility agreement or a termination event in a finance lease; and in Clause 19.1(g) **"petition"** includes an application.

### **20 FEES AND EXPENSES**

#### **20.1 Structuring, commitment and Account Bank fees:**

- (a) The Borrowers shall pay to the Agent:
  - (i) a non-refundable structuring fee (the **"Structuring Fee"**) in respect of each Advance in an amount of \$192,600 (representing 1.80 per cent. of the Maximum Advance Amount

in respect of that Advance) which shall be due and payable to the Agent for distribution among the Lenders pro rata to their Commitments on the Drawdown Date of such Advance;

- (ii) a non-refundable commitment fee, at the rate of 1.50 per cent. per annum on the undrawn or uncanceled amount of the Total Commitments, payable quarterly in arrears for distribution among the Lenders pro rata to their Commitments, during the period from (and including) 23 February 2021 (being the date of the Borrowers' acceptance of the firm offer letter in respect of the Loan) to the last day of the Availability Period.

- (b) The Borrowers shall pay to the Account Bank a non-refundable Account Bank fee in the amount of \$40,000 on the date of this Agreement.

#### **20.2 Prepayment fee**

If the Borrowers prepay the whole or any part of the Loan, due to a refinancing of the whole or any part of the Loan from another financial institution, on or before the date falling on the first anniversary of the last Drawdown Date, the Borrowers shall pay to the Agent, a prepayment fee in an amount representing 1.00 per cent. of the amount prepaid, which shall be due and payable on the date of such prepayment, for distribution among the Lenders pro rata to their Commitments.

#### **20.3 Costs of negotiation, preparation etc.**

The Borrowers shall pay to the Agent within five Business Days of the Agent's demand the amount of all legal and other expenses incurred by the Agent or the Security Trustee in connection with the negotiation, preparation, execution or registration of any Finance Document or any related document or with any transaction contemplated by a Finance Document or a related document.

#### **20.4 Costs of variations, amendments, enforcement etc.**

The Borrowers shall pay to the Agent, within five Business Days of the Agent's demand, for the account of the Creditor Party concerned, the amount of all legal and other expenses incurred by a Creditor Party in connection with:

- (a) the response to, or the evaluation, negotiation or implementation of, any amendment or supplement (or any proposal for such an amendment or supplement):
  - (i) requested (or, in the case of a proposal, made) by or on behalf of the Borrowers and relating to a Finance Document or any other Pertinent Document; or
  - (ii) which is contemplated in Clause 27.4;
- (b) any consent, waiver or suspension of rights by the Lenders, the Majority Lenders or the Creditor Party concerned or any proposal for any of the foregoing requested (or, in the case of a proposal, made) by or on behalf of the Borrowers under or in connection with a Finance Document or any other Pertinent Document;
- (c) the valuation of any security provided or offered under and pursuant to Clause 15 or any other matter relating to such security; or

- (d) any step taken by the Lender concerned with a view to the preservation, protection, exercise or enforcement of any rights or Security Interest created by a Finance Document or for any similar purpose including, without limitation, any proceedings to recover or retain proceeds of enforcement or any other proceedings following enforcement proceedings until the date all outstanding indebtedness to the Creditor Parties under the Finance Documents and any other Pertinent Document is repaid in full.

There shall be recoverable under paragraph (d) the full amount of all legal expenses, whether or not such as would be allowed under rules of court or any taxation or other procedure carried out under such rules.

#### **20.5 Documentary taxes**

The Borrowers shall promptly pay any tax payable on or by reference to any Finance Document, and shall, on the Agent's demand, fully indemnify each Creditor Party against any claims, expenses, liabilities and losses resulting from any failure or delay by the Borrowers to pay such a tax.

#### **20.6 Certification of amounts**

A notice which is signed by two officers of a Creditor Party, which states that a specified amount, or aggregate amount, is due to that Creditor Party under this Clause 20 and which indicates (without necessarily specifying a detailed breakdown) the matters in respect of which the amount, or aggregate amount, is due shall be *prima facie* evidence that the amount, or aggregate amount, is due.

### **21 INDEMNITIES**

#### **21.1 Indemnities regarding borrowing and repayment of Loan**

The Borrowers shall fully indemnify the Agent, the Security Trustee and each Lender within three Business Days following the Agent's demand or the Security Trustee's demand in respect of all claims, expenses, liabilities and losses which are made or brought against or incurred by that Creditor Party, or which that Creditor Party reasonably and with due diligence estimates that it will incur, as a direct result of, or in connection with:

- (a) an Advance not being borrowed on the date specified in the relevant Drawdown Notice for any reason other than a default by the Lender claiming the indemnity after the relevant Drawdown Notice has been served in accordance with the provisions of this Agreement;
- (b) the receipt or recovery of all or any part of the Loan or an overdue sum otherwise than on the last day of an Interest Period or other relevant period;
- (c) any failure (for whatever reason) by the Borrowers (or any of them) to make payment of any amount due under a Finance Document on the due date or, if so payable, on demand (after giving credit for any default interest paid by the Borrowers on the amount concerned under Clause 7) including but not limited to any costs and expenses of enforcing any Security Interests created by the Finance Documents and any claims, liabilities and losses which may be brought against, or incurred by, a Creditor Party when enforcing any Security Interests created by the Finance Documents; and
- (d) the occurrence and/or continuance of an Event of Default or a Potential Event of Default and/or the acceleration of repayment of the Loan under Clause 19,

and in respect of any tax (other than tax on its overall net income (and a FATCA Deduction)) for which a Creditor Party is liable in connection with any amount paid or payable to that Creditor Party (whether for its own account or otherwise) under any Finance Document.

## 21.2 Break Costs

If a Lender (the “**Notifying Lender**”) notifies the Agent that as a consequence of receipt or recovery of all or any part of the Loan (a “**Payment**”) on a day other than the last day of an Interest Period applicable to the sum received or recovered the Notifying Lender has or will, with effect from a specified date, incur Break Costs:

- (a) the Agent shall promptly notify the Borrowers of a notice it receives from a Notifying Lender under this Clause 21.2;
- (b) the Borrowers shall, within five Business Days of the Agent’s demand, pay to the Agent for the account of the Notifying Lender the amount of such Break Costs; and
- (c) the Notifying Lender shall, as soon as reasonably practicable, following a request by the Borrowers, provide a certificate confirming the amount of the Notifying Lender’s Break Costs for the Interest Period in which they accrue, such certificate to be, in the absence of manifest error, conclusive and binding on the Borrowers.

In this Clause 21.2, “**Break Costs**” means, in relation to a Payment the amount (if any) by which:

- (i) the interest (excluding the Margin) which the Notifying Lender, should have received in accordance with Clause 5 in respect of the sum received or recovered from the date of receipt or recovery of such Payment to the last day of the then current Interest Period applicable to the sum received or recovered had such Payment been made on the last day of such Interest Period;

exceeds

- (ii) the amount which the Notifying Lender, would be able to obtain by placing an amount equal to such Payment on deposit with a leading bank in the Relevant Interbank Market for a period commencing on the Business Day following receipt or recovery of such Payment (as the case may be) and ending on the last day of the then current Interest Period applicable to the sum received or recovered.

## 21.3 Other breakage costs

Without limiting its generality, Clause 21.1 covers any claim, expense, liability or loss, including (without limitation) a loss of a prospective profit, incurred by a Lender in borrowing, liquidating or re-employing deposits from third parties acquired, contracted for or arranged to fund, effect or maintain all or any part of its Contribution and/or any overdue amount (or an aggregate amount which includes its Contribution or any overdue amount) other than claims, expenses, liabilities and losses which are shown to have been directly and mainly caused by the gross negligence or wilful misconduct of the officers or employees of the Creditor Party concerned.

## 21.4 Miscellaneous indemnities

The Borrowers shall fully indemnify each Creditor Party severally within three Business Days following their respective demands, without prejudice to any of their other rights under any of the Finance Documents, in respect of all claims, expenses, liabilities and losses which may be

made or brought against or sustained or incurred by a Creditor Party, in any country, as a result of or in connection with:

- (a) any action taken, or omitted or neglected to be taken, under or in connection with any Finance Document by the Agent, the Security Trustee or any other Creditor Party or by any receiver appointed under a Finance Document;
- (b) investigating any event which the Creditor Party concerned reasonably believes constitutes an Event of Default or Potential Event of Default;
- (c) acting or relying on any notice, request or instruction which the Creditor Party concerned reasonably believes to be genuine, correct and appropriately authorised; or
- (d) any other Pertinent Matter,

other than claims, expenses, liabilities and losses which are shown to have been directly and mainly caused by the dishonesty, gross negligence or wilful misconduct of the officers or employees of the Creditor Party concerned.

#### **21.5 Environmental Indemnity**

Without prejudice to the generality of Clause 21.4, this Clause 21.5 covers any claims, demands, proceedings, liabilities, taxes, losses, liabilities or expenses of every kind which arise, or are asserted, under or in connection with any law relating to safety at sea, the ISM Code or the ISPS Code, any Environmental Law.

#### **21.6 Currency indemnity**

If any sum due from a Borrower or any Security Party to a Creditor Party under a Finance Document or under any order, award or judgment relating to a Finance Document (a “**Sum**”) has to be converted from the currency in which the Finance Document provided for the Sum to be paid (the “**Contractual Currency**”) into another currency (the “**Payment Currency**”) for the purpose of:

- (a) making, filing or lodging any claim or proof against a Borrower or any Security Party, whether in its liquidation, any arrangement involving it or otherwise; or
- (b) obtaining an order, judgment or award from any court or other tribunal in relation to any litigation or arbitration proceedings; or
- (c) enforcing any such order, judgment or award,

the Borrowers shall as an independent obligation, within three Business Days of demand, indemnify the Creditor Party to whom that Sum is due against any cost, loss or liability arising when the payment actually received by that Creditor Party is converted at the available rate of exchange back into the Contractual Currency including any discrepancy between (A) the rate of exchange actually used to convert the Sum from the Payment Currency into the Contractual Currency and (B) the available rate of exchange.

In this Clause 21.6, the “**available rate of exchange**” means the rate at which the Creditor Party concerned is able at the opening of business (London time) on the Business Day after it receives the Sum to purchase the Contractual Currency with the Payment Currency.

Each Borrower waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency other than that in which it is expressed to be payable.

If any Creditor Party receives any Sum in a currency other than the Contractual Currency, the Borrowers shall indemnify in full the Creditor Party concerned against any cost, loss or liability arising directly or indirectly from any conversion of such Sum to the Contractual Currency.

This Clause 21.6 creates a separate liability of that Borrower which is distinct from its other liabilities under the Finance Documents and which shall not be merged in any judgment or order relating to those other liabilities.

**21.7 Certification of amounts**

A notice which is signed by two officers of a Creditor Party, which states that a specified amount, or aggregate amount, is due to that Creditor Party under this Clause 21 and which indicates (without necessarily specifying a detailed breakdown) the matters in respect of which the amount, or aggregate amount, is due shall be *prima facie* evidence that the amount, or aggregate amount, is due.

**21.8 Sums deemed due to a Lender**

For the purposes of this Clause 21, a sum payable by the Borrowers to the Agent or the Security Trustee for distribution to a Lender shall be treated as a sum due to that Lender.

**22 NO SET-OFF OR TAX DEDUCTION**

**22.1 No deductions**

All amounts due from the Borrowers under a Finance Document shall be paid:

- (a) without any form of set-off, counter-claim, cross-claim or condition; and
- (b) free and clear of any tax deduction except a tax deduction which a Borrower is required by law to make.

**22.2 Grossing-up for taxes**

If, at any time, a Borrower is required by law, regulation or regulatory requirement to make a tax deduction from any payment due under a Finance Document:

- (a) that Borrower shall notify the Agent as soon as it becomes aware of the requirement;
- (b) the amount due in respect of the payment shall be increased by the amount necessary to ensure that, after the making of such tax deduction, each Creditor Party receives on the due date for such payment (and retains free from any liability relating to the tax deduction) a net amount which is equal to the full amount which it would have received had no such tax deduction been required to be made; and
- (c) that Borrower shall pay the full amount of the tax required to be deducted to the appropriate taxation authority promptly in accordance with the relevant law, regulation or regulatory requirement, and in any event before any fine or penalty arises.

**22.3 Indemnity and evidence of payment of taxes**

The Borrowers shall fully indemnify each Creditor Party on the Agent's demand in respect of all claims, expenses, liabilities and losses incurred by any Creditor Party by reason of any failure of the Borrowers (or either of them) to make any tax deduction or by reason of any increased payment not being made on the due date for such payment in accordance with Clause 22.2. Within 30 days after making any tax deduction, the Borrowers or, as the case may be, the relevant Borrower shall deliver to the Agent any receipts, certificates or other documentary evidence satisfactory to the Agent that the tax had been paid to the appropriate taxation authority.

**22.4 Exclusion of tax on overall net income**

In this Clause 22 "**tax deduction**" means any deduction or withholding from any payment due under a Finance Document for or on account of any present or future tax except:

- (a) tax on a Creditor Party's overall net income; and
- (b) a FATCA Deduction.

**22.5 FATCA Information**

- (a) Subject to paragraph (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; and
  - (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 sub-paragraph (i) of paragraph (a) 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) Paragraph (a) above shall not oblige any Creditor Party to do anything and sub-paragraph (iii) of paragraph (a) 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 fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with sub-paragraphs (i) or (ii) of paragraph (a) above (including, for the avoidance of doubt, where paragraph (c) above 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.

(e) If a Lender knows or has reason to know that a Borrower is a US Tax Obligor, or where the Agent reasonably believes that its obligations under FATCA require it, each Lender shall, within ten Business Days of:

- (i) where the Lender knows or has reason to know that a Borrower is a US Tax Obligor and the relevant Lender is a Party as at the date of this Agreement, the date of this Agreement;
- (ii) where the Lender knows or has reason to know that a Borrower is a US Tax Obligor and the relevant Lender became a Party after the date of this Agreement, the date on which the relevant Transfer Certificate became effective; or
- (iii) the date of a request from the Agent,

supply to the Agent:

- (iv) a withholding certificate on US Internal Revenue Service Form W-8 or Form W-9 (or any successor form) (as applicable); or
- (v) any withholding statement and other documentation, authorisations and waivers as the Agent may require to certify or establish the status of such Lender under FATCA.

The Agent shall provide any withholding certificate, withholding statement, documentation, authorisations and waivers it receives from a Lender pursuant to this paragraph (e) to the Borrowers, to the extent required for compliance with FATCA or any other law or regulation, and shall be entitled to rely on any such withholding certificate, withholding statement, documentation, authorisations and waivers provided without further verification. The Agent shall not be liable for any action taken by it under or in connection with this paragraph (e).

(f) Each Lender agrees that if any withholding certificate, withholding statement, documentation, authorisations and waivers provided to the Agent pursuant to paragraph (e) above is or becomes materially inaccurate or incomplete, it shall promptly update such withholding certificate, withholding statement, documentation, authorisations and waivers or promptly notify the Agent in writing of its legal inability to do so. The Agent shall provide any such updated withholding certificate, withholding statement, documentation, authorisations and waivers to the Borrowers, to the extent required for compliance with FATCA or any other law or regulation. The Agent shall not be liable for any action taken by it under or in connection with this paragraph (f).

## 22.6 FATCA Deduction

(a) Each Party may make any FATCA Deduction as it reasonably determines 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 each Borrower and the Agent and the Agent shall notify the other Creditor Parties.

## **23 ILLEGALITY, ETC.**

### **23.1 Illegality**

This Clause 23 applies if a Lender (the “**Notifying Lender**”) notifies the Agent that it has become, or will with effect from a specified date, become:

- (a) unlawful or prohibited as a result of the introduction of a new law, an amendment to an existing law or a change in the manner in which an existing law is or will be interpreted or applied; or
- (b) contrary to, or inconsistent with, any regulation,
- for the Notifying Lender to perform, maintain or give effect to any of its obligations under this Agreement in the manner contemplated by this Agreement or to fund or maintain the Loan.

### **23.2 Notification of illegality**

The Agent shall promptly notify the Borrowers, the Security Parties, the Security Trustee and the other Lenders of the notice under Clause 23.1 which the Agent receives from the Notifying Lender.

### **23.3 Prepayment; termination of Commitment**

On the Agent notifying the Borrowers under Clause 23.2, the Notifying Lender’s Commitment shall be immediately cancelled; and thereupon or, if later, on the date specified in the Notifying Lender’s notice under Clause 23.1 as the date on which the notified event would become effective the Borrowers shall prepay the Notifying Lender’s Contribution on the last day of the then current Interest Period in accordance with Clauses 8.12 and 8.13(a).

## **24 INCREASED COSTS**

### **24.1 Increased costs**

This Clause 24 applies if a Lender (the “**Notifying Lender**”) notifies the Agent that the Notifying Lender considers that as a result of:

- (a) the introduction or alteration after the date of this Agreement of a law or an alteration after the date of this Agreement in the manner in which a law is interpreted or applied (disregarding any effect which relates to the application to payments under this Agreement of a tax on the Lender’s overall net income); or
- (b) complying with any regulation (including any which relates to capital adequacy or liquidity controls or which affects the manner in which the Notifying Lender allocates capital resources to its obligations under this Agreement) which is introduced, or altered, or the interpretation or application of which is altered, after the date of this Agreement; or

- (c) the implementation or application of or compliance with the “International Convergence of Capital Measurement and Capital Standards, a Revised Framework” published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of this Agreement (the “**Basel II Accord**”) or any other law or regulation implementing the Basel II Accord or any of the approaches provided for and allowed to be used by banks under or in connection with the Basel II Accord, in each case when compared to the cost of complying with such regulations as determined by the Agent (or parent company of it) on the date of this Agreement (whether such implementation, application or compliance is by a government, regulator, supervisory authority, the Notifying Lender or its holding company); or
- (d) the implementation or application of or compliance with Basel III or any law or regulation which implements or applies Basel III (regardless of the date on which it is enacted, adopted or issued and regardless of whether any such implementation, application or compliance is by a government, regulator, the Notifying Lender or any of its affiliates),  
  
the Notifying Lender (or a parent company of it) has incurred or will incur an “increased cost”.

#### **24.2 Meaning of “increased cost”**

In this Clause 24, “**increased cost**” means, in relation to a Notifying Lender:

- (a) an additional or increased cost incurred as a result of, or in *connection* with, the Notifying Lender having entered into, or being a party to, this Agreement or a Transfer Certificate, of funding or maintaining its Commitment or Contribution or performing its obligations under this Agreement, or of having outstanding all or any part of its Contribution or other unpaid sums;
- (b) a reduction in the amount of any payment to the Notifying Lender under this Agreement or in the effective return which such a payment represents to the Notifying Lender or on its capital;
- (c) an additional or increased cost of funding all or maintaining all or any of the advances comprised in a class of advances formed by or including the Notifying Lender’s Contribution or (as the case may require) the proportion of that cost attributable to the Contribution; or
- (d) a liability to make a payment, or a return foregone, which is calculated by reference to any amounts received or receivable by the Notifying Lender under this Agreement,

but not an item attributable to a change in the rate of tax on the overall net income of the Notifying Lender (or a parent company of it) or an item covered by the indemnity for tax in Clause 21.1 or by Clause 22 or a FATCA Deduction required to be made by a Party.

For the purposes of this Clause 24.2 the Notifying Lender may in good faith allocate or spread costs and/or losses among its assets and liabilities (or any class of its assets and liabilities) on such basis as it considers appropriate.

#### **24.3 Notification to Borrowers of claim for increased costs**

The Agent shall promptly notify the Borrowers and the Security Parties of the notice which the Agent received from the Notifying Lender under Clause 24.1.

**24.4 Payment of increased costs**

The Borrowers shall pay to the Agent, on the Agent's demand, for the account of the Notifying Lender the amounts which the Agent from time to time notifies the Borrowers that the Notifying Lender has specified to be necessary to compensate the Notifying Lender for the increased cost.

**24.5 Notice of prepayment**

If the Borrowers are not willing to continue to compensate the Notifying Lender for the increased cost under Clause 24.4, the Borrowers may give the Agent not less than 14 days' notice of their intention to prepay the Notifying Lender's Contribution at the end of an Interest Period.

**24.6 Prepayment; termination of Commitment**

A notice under Clause 24.5 shall be irrevocable; the Agent shall promptly notify the Notifying Lender of the Borrowers' notice of intended prepayment; and:

- (a) on the date on which the Agent serves that notice, the Commitment of the Notifying Lender shall be cancelled; and
- (b) on the date specified in its notice of intended prepayment, the Borrowers shall prepay (without premium or penalty) the Notifying Lender's Contribution, together with accrued interest thereon at the applicable rate plus the Margin and the Mandatory Cost (if any).

**24.7 Application of prepayment**

Clause 8 shall apply in relation to the prepayment.

**25 SET-OFF**

**25.1 Application of credit balances**

If an Event of Default is continuing, each Creditor Party may without prior notice to the Borrowers but with prior notice to the Agent:

- (a) apply any balance (whether or not then due) which at any time stands to the credit of any account in the name of a Borrower at any office in any country of that Creditor Party in or towards satisfaction of any sum then due from that Borrower to that Creditor Party under any of the Finance Documents; and
- (b) for that purpose:
  - (i) break, or alter the maturity of, all or any part of a deposit of that Borrower;
  - (ii) convert or translate all or any part of a deposit or other credit balance into Dollars; and
  - (iii) enter into any other transaction or make any entry with regard to the credit balance which the Creditor Party concerned considers appropriate.

**25.2 Existing rights unaffected**

No Creditor Party shall be obliged to exercise any of its rights under Clause 25.1; and those rights shall be without prejudice and in addition to any right of set-off, combination of accounts, charge, lien or other right or remedy to which a Creditor Party is entitled (whether under the general law or any document).

**25.3 Sums deemed due to a Lender**

For the purposes of this Clause 25, a sum payable by the Borrowers to the Agent or the Security Trustee for distribution to, or for the account of, a Lender shall be treated as a sum due to that Lender; and each Lender's proportion of a sum so payable for distribution to, or for the account of, the Lenders shall be treated as a sum due to such Lender.

**25.4 No Security Interest**

This Clause 25 gives the Creditor Parties a contractual right of set-off only, and does not create any equitable charge or other Security Interest over any credit balance of any Borrower.

**26 TRANSFERS AND CHANGES IN LENDING OFFICES**

**26.1 Transfer by Borrowers**

No Borrower may assign or transfer any of its rights, liabilities or obligations under any Finance Document.

**26.2 Transfer by a Lender**

Subject to this Clause 26, a Lender (the "**Transferor Lender**") may at any time, without needing the consent or approval of the Borrowers or any Security Party, cause:

- (a) its rights in respect of all or part of its Contribution; or
- (b) its obligations in respect of all or part of its Commitment; or
- (c) a combination of (a) and (b); or
- (d) all or part of its credit risk under this Agreement and the other Finance Documents,

to be syndicated to or (in the case of its rights) assigned, pledged or transferred to, or (in the case of its obligations) pledged or assumed by, any other bank or financial institution or to a trust, fund or other entity, provided such other entity is regularly engaged in, or established for the purpose of, making, purchasing or investing in loans, securities or other financial assets (a "**Transferee Lender**") by delivering to the Agent a completed certificate in the form set out in Schedule 5 with any modifications approved or required by the Agent (a "**Transfer Certificate**") executed by the Transferor Lender and the Transferee Lender.

However, any rights and obligations of the Transferor Lender in its capacity as Agent or Security Trustee will have to be dealt with separately in accordance with the Agency and Trust Agreement.

**26.3 Transfer Certificate, delivery and notification**

As soon as reasonably practicable after a Transfer Certificate is delivered to the Agent, it shall (unless it has reason to believe that the Transfer Certificate may be defective):

- (a) sign the Transfer Certificate on behalf of itself, the Borrowers, the Security Parties, the Security Trustee and each of the other Lenders;
- (b) on behalf of the Transferee Lender, send to each Borrower and each Security Party letters or faxes notifying them of the Transfer Certificate and attaching a copy of it; and
- (c) send to the Transferee Lender copies of the letters or faxes sent under paragraph (b) above.

**26.4 Effective Date of Transfer Certificate**

A Transfer Certificate becomes effective on the date, if any, specified in the Transfer Certificate as its effective date **Provided that** it is signed by the Agent under Clause 26.3 on or before that date.

**26.5 No transfer without Transfer Certificate**

Except as provided in Clause 26.17, no assignment or transfer of any right or obligation of a Lender under any Finance Document is binding on, or effective in relation to, any Borrower, any Security Party, the Agent or the Security Trustee unless it is effected, evidenced or perfected by a Transfer Certificate.

**26.6 Lender re-organisation**

However, if a Lender enters into any merger, de-merger or other reorganisation as a result of which all its rights or obligations vest in another person (the **“successor”**), the successor shall become a Lender with the same Commitment and Contribution as were held by the predecessor Lender only upon receipt by the Agent of a notice to this effect and evidence that all rights and obligations have automatically and by operation of law vested in the successor by virtue of the merger, de-merger or other reorganisation, without the need for the execution and delivery of a Transfer Certificate; the Agent shall in that event inform the Borrowers and the Security Trustee accordingly.

**26.7 Effect of Transfer Certificate**

A Transfer Certificate takes effect in accordance with English law as follows:

- (a) to the extent specified in the Transfer Certificate, all rights and interests (present, future or contingent) which the Transferor Lender has under or by virtue of the Finance Documents are assigned to the Transferee Lender absolutely, free of any defects in the Transferor Lender’s title and of any rights or equities which any Borrower or any Security Party had against the Transferor Lender;
- (b) the Transferor Lender’s Commitment is discharged to the extent specified in the Transfer Certificate;
- (c) the Transferee Lender becomes a Lender with the Contribution previously held by the Transferor Lender and a Commitment of an amount specified in the Transfer Certificate;

- (d) the Transferee Lender becomes bound by all the provisions of the Finance Documents which are applicable to the Lenders generally, including those about pro-rata sharing and the exclusion of liability on the part of, and the indemnification of, the Agent and the Security Trustee and, to the extent that the Transferee Lender becomes bound by those provisions (other than those relating to exclusion of liability), the Transferor Lender ceases to be bound by them;
- (e) any part of the Loan which the Transferee Lender advances after the Transfer Certificate's effective date ranks in point of priority and security in the same way as it would have ranked had it been advanced by the transferor, assuming that any defects in the transferor's title and any rights or equities of any Borrower or any Security Party against the Transferor Lender had not existed;
- (f) the Transferee Lender becomes entitled to all the rights under the Finance Documents which are applicable to the Lenders generally, including but not limited to those relating to the Majority Lenders and those under Clause 5.7 and Clause 20, and to the extent that the Transferee Lender becomes entitled to such rights, the Transferor Lender ceases to be entitled to them; and
- (g) in respect of any breach of a warranty, undertaking, condition or other provision of a Finance Document or any misrepresentation made in or in connection with a Finance Document, the Transferee Lender shall be entitled to recover damages by reference to the loss incurred by it as a result of the breach or misrepresentation, irrespective of whether the original Lender would have incurred a loss of that kind or amount.

The rights and equities of any Borrower or any Security Party referred to above include, but are not limited to, any right of set off and any other kind of cross-claim.

#### **26.8 Maintenance of register of Lenders**

During the Security Period the Agent shall maintain a register in which it shall record the name, Commitment, Contribution and administrative details (including the lending office) from time to time of each Lender holding a Transfer Certificate and the effective date (in accordance with Clause 26.4) of the Transfer Certificate; and the Agent shall make the register available for inspection by any Lender, the Security Trustee and the Borrowers during normal banking hours, subject to receiving at least three Business Days' prior notice.

#### **26.9 Reliance on register of Lenders**

The entries on that register shall, in the absence of manifest error, be conclusive in determining the identities of the Lenders and the amounts of their Commitments and Contributions and the effective dates of Transfer Certificates and may be relied upon by the Agent and the other parties to the Finance Documents for all purposes relating to the Finance Documents.

#### **26.10 Authorisation of Agent to sign Transfer Certificates**

The Borrowers, the Security Trustee, each Lender irrevocably authorises the Agent to sign Transfer Certificates on its behalf. The Borrower and each Security Party irrevocably agree to the transfer procedures set out in this Clause 26 and to the extent the cooperation of the Borrowers and/or any Security Party shall be required to effect any such transfer, the Borrowers and such Security Party shall take all necessary steps to afford such cooperation **Provided that** this shall not result in any additional costs to the Borrowers or such Security Party.

**26.11 Registration fee**

In respect of any Transfer Certificate, the Agent shall be entitled to recover a registration fee of \$2,500 from the Transferor Lender or (at the Agent's option) the Transferee Lender.

**26.12 Sub-participation; subrogation assignment**

A Lender may sub-participate or include in a securitisation or similar transaction all or any part of its rights and/or obligations under or in connection with the Finance Documents without the Borrowers' prior consent and without serving a notice thereon; the Lenders may assign without the Borrowers' prior consent and without serving a notice thereon all or any part of the rights referred to in the preceding sentence to an insurer or surety who has become subrogated to them.

**26.13 Sub-division, split, modification or re-tranching**

Any Lender may, in its sole discretion, sub-divide, split, sever, modify or re-tranche its Contribution into one or more parts subject to the overall cost of its Contribution to the Borrowers remaining unchanged, if such changes are necessary in order to achieve a successful execution of a securitisation, syndication or any other capital market exit in respect of its Contribution (or any applicable part thereof).

**26.14 Disclosure of information**

- (a) A Lender may, without the prior consent of the Borrowers, the Corporate Guarantor or any other Security Party, disclose to a potential Transferee Lender or sub participant as well as, where relevant, to rating agencies, trustees and accountants, any financial or other information which that Lender has received in relation to the Loan, the Borrowers (or either of them), the Corporate Guarantor and any other Security Party or their affairs and collateral or security provided under or in connection with any Finance Document, their financial circumstances and any other information whatsoever, as that Lender may deem reasonably necessary or appropriate in connection with the potential syndication, the assessment of the credit risk and the ongoing monitoring of the Loan by any potential Transferee Lender and that Lender shall be released from its obligation of secrecy and from banking confidentiality.
- (b) In the event any such potential Transferee Lender, sub-participant, rating agency, trustee or accountant is not already bound by any legal obligation of secrecy or banking confidentiality, the Lender concerned shall require such other party to sign a confidentiality agreement. The Borrowers shall, and shall procure that the Corporate Guarantor and any other Security Party shall:
- (i) provide the Creditor Parties (or any of them) with all information deemed reasonably necessary by the Creditor Parties (or any of them) for the purposes of any transfer, syndication or sub-participation to be effected pursuant to this Clause 26; and
  - (ii) procure that the directors and officers of each Borrower, the Corporate Guarantor or any other Security Party, are available to participate in any meeting with any Transferee Lender, sub-participant, rating agency, trustee or accountant at such times and places as the Creditor Parties may reasonably request following prior notice (to be served on the Borrowers reasonably in advance) to that Borrower, the Corporate Guarantor or that Security Party.

- (c) The Borrowers shall not, and shall ensure that no Security Party will, publish any details regarding the Loan or any of the Finance Documents without the Agent's prior written consent.
- (d) The permission of disclosure set out in this Clause 26.14 is granted for the purposes of providing relief from banking secrecy and confidentiality requirements. It is not intended as, and is no declaration of, consent in accordance with the DS GVO (EU Regulation 2016/679, General Data Protection Regulation).

**26.15 Change of lending office**

A Lender may change its lending office by giving notice to the Agent and the change shall become effective on the later of:

- (a) the date on which the Agent receives the notice; and
- (b) the date, if any, specified in the notice as the date on which the change will come into effect.

**26.16 Notification**

On receiving such a notice, the Agent shall notify the Borrowers and the Security Trustee; and, until the Agent receives such a notice, it shall be entitled to assume that a Lender is acting through the lending office of which the Agent last had notice.

**26.17 Security over Lenders' rights**

In addition to the other rights provided to Lenders under this Clause 26, each Lender may without consulting with or obtaining consent from, a Borrower or any Security Party, 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:

- (a) any charge, assignment or other Security Interest to secure obligations to a federal reserve or central bank; and
- (b) in the case of any Lender which is a fund, any charge, assignment or other Security Interest granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities;

except that no such charge, assignment or Security Interest shall:

- (i) release a Lender from any of its 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
- (ii) require any payments to be made by a Borrower or any Security Party 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.

**26.18 Replacement of a Reference Bank**

If any Reference Bank ceases to be a Lender or is unable on a continuing basis to supply quotations for the purposes of Clause 5 then, unless the Borrowers, the Agent and the Majority Lenders otherwise agree, the Agent, acting on the instructions of the Majority Lenders, and

after consulting the Borrowers, shall appoint another bank (whether or not a Lender) to be a replacement Reference Bank; and, when that appointment comes into effect, the first-mentioned Reference Bank's appointment shall cease to be effective.

**26.19 Securitisation**

Each Borrower shall, and the Borrowers shall procure that each Security Party will, assist the Agent and/or any Lender in achieving a successful securitisation (or similar transaction) in respect of the Loan and the Finance Documents and such Security Party's reasonable costs for providing such assistance shall be met by the relevant Lender. The Borrowers, if requested by the Agent, shall provide documentation evidencing the purchase price of each Ship when acquired by the relevant Borrower.

**26.20 No additional costs**

If a Transferor Lender assigns or transfers any of its rights or obligations under the Finance Documents and as a result of circumstances existing at the date the assignment or transfer occurs, a Borrower or a Security Party would be obliged to make a payment to the Transferee Lender under Clause 26.2 or under that clause as incorporated by reference or in full in any other Finance Document, then the Transferee Lender is only entitled to receive payment under that clause to the same extent as the Transferor Lender would have been if the assignment or transfer had not occurred.

**27 VARIATIONS AND WAIVERS**

**27.1 Required consents**

- (a) Subject to Clause 27.2 and Clause 27.4, any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and the Borrowers and any such amendment or waiver will be binding on all Creditor Parties and the Borrowers.
- (b) Any instructions given by the Majority Lenders will be binding on all the Creditor Parties.
- (c) The Agent may effect:
  - (i) on behalf of the Borrowers and any Creditor Party, any amendment or waiver permitted by Clause 27.4; and
  - (ii) on behalf of any Creditor Party, any amendment or waiver permitted by any other provision of this Clause 27.

**27.2 Exceptions**

- (a) An amendment or waiver that has the effect of changing or which relates to:
  - (i) the definition of "Majority Lenders" or "Finance Documents" or "Screen Rate Replacement Event" or "Replacement Benchmark" in Clause 1.1 (*Definitions*);
  - (ii) an extension to the date of payment of any amount under the Finance Documents;
  - (iii) a reduction in the Margin or a reduction in the amount of any payment of principal, interest fees, commission or other amount payable under any of the Finance Documents;

- (iv) an increase in or an extension of any Lender's Commitment;
- (v) any provision which expressly requires the consent of all the Lenders;
- (vi) Clause 3 (*Position of the Lenders*), Clause 11.5 (*Information provided to be accurate*), Clause 11.6 (*Provision of financial statements*), Clause 11.7 (*Form of financial statements*), Clause 11.16 (*Provision of Further Information*), Clause 26 (*Transfers and Changes in Lending Offices*), this Clause 27.2 (*Exceptions*) or Clause 27.4 (*Replacement of Screen Rate*);
- (vii) any release of any Security Interest, guarantee, indemnities or subordination arrangement created by any Finance Document;
- (viii) any change of the currency in which the Loan is provided or any amount is payable under any of the Finance Documents;
- (ix) any change to the Screen Rate pursuant to Clause 27.4 (*Replacement of Screen Rate*);
- (x) an extension of the Availability Period; or
- (xi) a change in Clauses 16.4 (*Distribution of payment to Creditor Parties*) or 22.2 (*Grossing-up*),

may not be effected without the prior written consent of all Lenders.

- (b) An amendment or waiver which relates to the rights or obligations of the Agent, the Mandated Lead Arranger or the Security Trustee may not be effected without the consent of the Agent, the Mandated Lead Arranger or the Security Trustee, as the case may be.
- (c) The Borrowers and the Agent, the Mandated Lead Arranger or the Security Trustee, as applicable, may amend or waive a term of a Fee Letter to which they are party.

### **27.3 Exclusion of other or implied variations**

Except for a document which satisfies the requirements of any of Clauses 27.1, 27.2 and 0, no document, no act, course of conduct, failure or neglect to act, delay or acquiescence on the part of the Creditor Parties or any of them (or any person acting on behalf of any of them) shall result in the Creditor Parties or any of them (or any person acting on behalf of any of them) being taken to have varied, waived, suspended or limited, or being precluded (permanently or temporarily) from enforcing, relying on or exercising:

- (a) a provision of this Agreement or another Finance Document; or
- (b) an Event of Default; or
- (c) a breach by a Borrower or a Security Party of an obligation under a Finance Document or the general law; or
- (d) any right or remedy conferred by any Finance Document or by the general law,

and there shall not be implied into any Finance Document any term or condition requiring any such provision to be enforced, or such right or remedy to be exercised, within a certain or reasonable time.

#### 27.4 Replacement of Screen Rate

- (a) If a Screen Rate Replacement Event has occurred in relation to the Screen Rate the Agent (acting on the instructions of the Majority Lenders) shall be entitled to:
- (i) replace the Screen Rate with a Replacement Benchmark;
  - (ii) adjust the pricing on the Replacement Benchmark by the amendment of the Margin or otherwise, in each case at its discretion, 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); and
  - (iii) amend this Agreement for the purpose of any of:
    - (A) providing for the use of a Replacement Benchmark;
    - (B) aligning any provision to the use of that Replacement Benchmark;
    - (C) 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);
    - (D) implementing market conventions applicable to that Replacement Benchmark;
    - (E) providing for appropriate fallback (and market disruption) provisions for that Replacement Benchmark; and ,
    - (F) adjusting the pricing in accordance with paragraph (ii) above.
- (b) The Agent shall promptly notify the Borrowers and each Creditor Party of any replacement of the Screen Rate, any adjustment of pricing and any amendment of this Agreement made pursuant to paragraph (a) above, which shall take effect immediately as from (and including) the date specified in such notification.
- (c) If required by the Agent (acting on the instructions of the Majority Lenders), the Borrowers shall (and shall procure that each other Security Party shall) enter into such supplemental, replacement or other agreement in relation to any Finance Document as the Agent may specify to extend the effect of any of the amendments referred to in paragraph (a) above to such Finance Document.

#### 27.5 Deemed consent

With respect to:

- (a) the replacement of the Screen Rate with a Replacement Benchmark in accordance with subparagraph (a)(i) of Clause 27.4 (and the designation of such benchmark as permitted under sub-paragraphs (b) and (c) of the definition of "Replacement Benchmark");

- (b) the adjustment of pricing in accordance with sub-paragraph (a)(ii) of Clause 27.4;
- (c) any amendment of any Finance Document as contemplated in sub-paragraph (a)(iii) of Clause 27.4; and
- (d) any other amendment, variation, waiver, suspension or limit requested by a Borrower or any Security Party which requires the approval of all Lenders or the Majority Lenders (as the case may be),

the Agent shall provide each Lender with written notice of such request accompanied by such detailed background information as may be reasonably necessary (in the opinion of the Agent) to determine whether to approve such action. A Lender shall be deemed to have approved such action if such Lender fails to object to such action by written notice to the Agent within 10 days of that Lender's receipt of the Agent's notice or such other time as the Agent may state in the relevant notice as being the time available for approval of such action.

## **28 NOTICES**

### **28.1 General**

Unless otherwise specifically provided, any notice under or in connection with any Finance Document shall be given by letter or fax; and references in the Finance Documents to written notices, notices in writing and notices signed by particular persons shall be construed accordingly.

### **28.2 Addresses for communications**

A notice by letter or fax shall be sent:

to the Borrowers: c/o Technomar Shipping Inc.  
3-5 Menandrou Street  
145 61 Kifissia  
Greece  
  
Facsimile No: +30 210 8081370

- (a) to a Lender: At the address next to its name in Schedule 1 or (as the case may require) in the relevant Transfer Certificate.

- (b) to the Agent and Security Trustee:

for general matters: Hamburg Commercial Bank AG  
BU Asset Based Finance / Shipping  
Gerhart-Hauptmann-Platz 50  
20095 Hamburg  
Germany  
  
Fax No: +30 210 429 5323  
  
Attn: Mr. Gregory Kondilis / Mrs. Irene Pavlidis

for credit administrative matters: Hamburg Commercial Bank AG  
BU Business Operations

Loan & Collateral Operations  
Gerhart-Hauptmann-Platz 50  
20095 Hamburg  
Germany

Fax No: +49 40 3333 34306

or to such other address as the relevant Party may notify the Agent or, if the relevant Party is the Agent or the Security Trustee, the Borrowers, the Lenders and the Security Parties.

**28.3 Effective date of notices**

Subject to Clauses 28.4 and 28.5:

- (a) a notice which is delivered personally or posted shall be deemed to be served, and shall take effect, at the time when it is delivered; and
- (b) a notice which is sent by fax shall be deemed to be served, and shall take effect, two hours after its transmission is completed.

**28.4 Service outside business hours**

However, if under Clause 28.3 a notice would be deemed to be served:

- (a) on a day which is not a business day in the place of receipt; or
- (b) on such a business day, but after 5 p.m. local time,

the notice shall (subject to Clause 28.5) be deemed to be served, and shall take effect, at 9 a.m. on the next day which is such a business day.

**28.5 Illegible notices`**

Clauses 28.3 and 28.4 do not apply if the recipient of a notice notifies the sender within one hour after the time at which the notice would otherwise be deemed to be served that the notice has been received in a form which is illegible in a material respect.

**28.6 Valid notices**

A notice under or in connection with a Finance Document shall not be invalid by reason that its contents or the manner of serving it do not comply with the requirements of this Agreement or, where appropriate, any other Finance Document under which it is served if:

- (a) the failure to serve it in accordance with the requirements of this Agreement or other Finance Document, as the case may be, has not caused any party to suffer any significant loss or prejudice; or
- (b) in the case of incorrect and/or incomplete contents, it should have been reasonably clear to the party on which the notice was served what the correct or missing particulars should have been.

## 28.7 **Electronic communication**

- (a) Any communication from the Agent or the other Creditor Parties made by electronic means will be sent unsecured and without electronic signature, however, the Borrowers may request the Agent and the other Creditor Parties at any time in writing to change the method of electronic communication from unsecured to secured electronic mail communication.
- (b) The Borrowers hereby acknowledge and accept the risks associated with the use of unsecured electronic mail communication including, without limitation, risk of delay, loss of data, confidentiality breach, forgery, falsification and malicious software. The Agent and the other Creditor Parties shall not be liable in any way for any loss or damage or any other disadvantage suffered by the Borrowers resulting from such unsecured electronic mail communication.
- (c) If the Borrowers (or any of them) or any other Security Party wish to cease all electronic communication, they shall give written notice to the Agent and the other Creditor Parties accordingly after receipt of which notice the Parties shall cease all electronic communication.
- (d) For as long as electronic communication is an accepted form of communication, the Parties shall:
- (i) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
  - (ii) notify each other of any change to their respective addresses or any other such information supplied to them; and
- in case electronic communication is sent to recipients with the domain <domain with ending>, the parties shall without undue delay inform each other if there are changes to the said domain or if electronic communication shall thereafter be sent to individual e-mail addresses.
- (e) Each Borrower undertakes and declares that any documents to fulfil the disclosure of the financial circumstances according to Sec. 18 of the German Banking Act (**KWG**) that were or are hereinafter submitted to the Hamburg Commercial Bank AG electronically or on data carriers through the Borrowers or any other Security Party or any of them or a third party are complete and correct. It further agrees and declares that:
- (i) it is irrelevant whether such documents were submitted with or without signature;
  - (ii) documents submitted to Hamburg Commercial Bank AG electronically or on data carriers according to Sec. 18 of the German Banking Act (KWG) have the same legal significance as documents with signature in **paper** form; and
  - (i`ii) until written revocation, the declaration under this Clause 28.7 shall remain valid.

## 28.8 **English language**

Any notice under or in connection with a Finance Document shall be in English.

## 28.9 **Meaning of “notice”**

In this Clause 28, “**notice**” includes any demand, consent, authorisation, approval, instruction, waiver or other communication.

**29 JOINT AND SEVERAL LIABILITY**

**29.1 General**

All liabilities and obligations of the Borrowers under this Agreement shall, whether expressed to be so or not, be several and, if and to the extent consistent with Clause 29.2, joint.

**29.2 No impairment of Borrower's obligations**

The liabilities and obligations of a Borrower shall not be impaired by:

- (a) this Agreement being or later becoming void, unenforceable or illegal as regards the other Borrower;
- (b) any Lender or the Security Trustee entering into any rescheduling, refinancing or other arrangement of any kind with the other Borrower;
- (c) any Lender or the Security Trustee releasing the other Borrower or any Security Interest created by a Finance Document; or
- (d) any combination of the foregoing.

**29.3 Principal debtors**

Each Borrower declares that it is and will, throughout the Security Period, remain a principal debtor for all amounts owing under this Agreement and the Finance Documents and no Borrower shall in any circumstances be construed to be a surety for the obligations of the other Borrower under this Agreement.

**29.4 Subordination**

Subject to Clause 29.5, during the Security Period, no Borrower shall:

- (a) claim any amount which may be due to it from the other Borrower whether in respect of a payment made, or matter arising out of, this Agreement or any Finance Document, or any matter unconnected with this Agreement or any Finance Document; or
- (b) take or enforce any form of security from the other Borrower for such an amount, or in any other way seek to have recourse in respect of such an amount against any asset of the other Borrower; or
- (c) set off such an amount against any sum due from it to the other Borrower; or
- (d) prove or claim for such an amount in any liquidation, administration, arrangement or similar procedure involving the other Borrower or other Security Party; or
- (e) exercise or assert any combination of the foregoing.

**29.5 Borrowers' required action**

If during the Security Period, the Agent, by notice to a Borrower, requires it to take any action referred to in paragraphs (a) to (d) of Clause 29.4, in relation to the other Borrower, that Borrower shall take that action as soon as practicable after receiving the Agent's notice.

**30 SUPPLEMENTAL**

**30.1 Rights cumulative, non-exclusive**

The rights and remedies which the Finance Documents give to each Creditor Party are:

- (a) cumulative;
- (b) may be exercised as often as appears expedient; and
- (c) shall not, unless a Finance Document explicitly and specifically states so, be taken to exclude or limit any right or remedy conferred by any law.

**30.2 Severability of provisions**

If any provision of a Finance Document is or subsequently becomes void, unenforceable or illegal, that shall not affect the validity, enforceability or legality of the other provisions of that Finance Document or of the provisions of any other Finance Document.

**30.3 Counterparts**

A Finance Document may be executed in any number of counterparts.

**30.4 Third party rights**

A person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Agreement.

**30.5 Benefit and binding effect**

The terms of this Agreement shall be binding upon, and shall enure to the benefit of, the Parties and their respective (including subsequent) successors and permitted assigns and transferees.

**31 BAIL-IN**

Notwithstanding any other term of any Finance Document or any other agreement, arrangement or understanding between the parties to a Finance Document, each Party acknowledges and accepts that any liability of any party to a Finance Document 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.

**32 LAW AND JURISDICTION**

**32.1 English law**

This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, English law.

**32.2 Exclusive English jurisdiction**

Subject to Clause 32.3, the courts of England shall have exclusive jurisdiction to settle any Dispute.

**32.3 Choice of forum for the exclusive benefit of the Creditor Parties**

Clause 32.2 is for the exclusive benefit of the Creditor Parties, each of which reserves the right:

- (a) to commence proceedings in relation to any Dispute in the courts of any country other than England and which have or claim jurisdiction to that Dispute; and
- (b) to commence such proceedings in the courts of any such country or countries concurrently with or in addition to proceedings in England or without commencing proceedings in England.

No Borrower shall commence any proceedings in any country other than England in relation to a Dispute.

**32.4 Process agent**

Each Borrower irrevocably appoints Saville & Co. at its office for the time being, presently at One Carey Lane, London, EC2V 8AE England, to act as its agent to receive and accept on its behalf any process or other document relating to any proceedings in the English courts which are connected with a Dispute.

**32.5 Creditor Party rights unaffected**

Nothing in this Clause 32 shall exclude or limit any right which any Creditor Party may have (whether under the law of any country, an international convention or otherwise) with regard to the bringing of proceedings, the service of process, the recognition or enforcement of judgment or any similar or related matter in any jurisdiction.

**32.6 Meaning of “proceedings” and “Dispute”**

In this Clause 32, “proceedings” means proceedings of any kind, including an application for a provisional or protective measure and a “Dispute” means any dispute arising out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement) or any non-contractual obligation arising out of or in connection with this Agreement.

**THIS AGREEMENT** has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1

LENDERS AND COMMITMENTS

<b>Lender</b>	<b>Lending Office</b>	<b>Commitment (US Dollars)</b>
Hamburg Commercial Bank AG	Gerhart-Hauptmann-Platz 50 20095 Hamburg Germany	\$64,200,000

**SCHEDULE 2**

**DRAWDOWN NOTICE**

To: Hamburg Commercial Bank AG  
Gerhart-Hauptmann-Platz 50  
Hamburg  
Germany  
Attention: Loans Administration

[•] 2021

**DRAWDOWN NOTICE**

- 1 We refer to the loan agreement (the “**Loan Agreement**”) dated [•] and made between ourselves, as joint and several Borrowers, the Lenders referred to therein, and yourselves as Agent, Mandated Lead Arranger, Security Trustee in connection with a facility of up to US\$64,200,000. Terms defined in the Loan Agreement have their defined meanings when used in this Drawdown Notice.
- 2 We request to borrow as follows:
- (a) Amount of Advance in relation to Ship [A] [B] [C] [D] [E] [F]: US\$[•];
  - (b) Drawdown Date: [•];
  - (c) Duration of the first Interest Period shall be [•] months; and
  - (d) Payment instructions: account in our name and numbered [■] with [■] of [•].
- 3 We represent and warrant that:
- (a) the representations and warranties in Clause 10 of the Loan Agreement would remain true and not misleading if repeated on the date of this Drawdown Notice with reference to the circumstances now existing; and
  - (b) no Event of Default or Potential Event of Default has occurred or will result from the borrowing of that Advance.
  - (c) This Drawdown Notice cannot be revoked without the prior consent of the Majority Lenders.
  - (d) We authorise you to deduct the structuring and commitment fees payable pursuant to Clause 20.1(a) (i) and (ii).

[Name of Signatory]

for and on behalf of  
**GSL ARCADIA LLC, GSL TEGEA LLC, GSL MYNY LLC, GSL MELITA LLC, GSL MARIA LLC and GSL DOROTHEA LLC**

### SCHEDULE 3

#### CONDITIONS PRECEDENT DOCUMENTS

##### PART A

The following are the documents referred to in Clause 9.1(a) required before service of the first Drawdown Notice.

- 1 A duly executed original of:
  - (a) this Agreement;
  - (b) any Fee Letter;
  - (c) the Corporate Guarantee;
  - (d) the Agency and Trust Agreement;
  - (e) any Subordination Agreement;
  - (f) any Subordinated Debt Security; and
  - (g) the Account Pledges.
- 2 Copies of the certificate of incorporation and constitutional documents of each Borrower, the Corporate Guarantor and the resolutions of the directors of any Approved Manager and any company registration documents in respect of a Borrower, the Corporate Guarantor and the Approved Managers (including, without limitation, any corporate register excerpts and the group structure chart) required by the Agent and a list of all members of the Group.
- 3 Copies of resolutions of the shareholders and directors of each Borrower, the Corporate Guarantor and the Approved Managers authorising the execution of each of the Finance Documents to which that Borrower, the Corporate Guarantor and any Approved Manager is a party and, in the case of each Borrower, authorising named officers to give the Drawdown Notice(s) and other notices under this Agreement.
- 4 The original of any power of attorney under which any Finance Document is executed on behalf of a Borrower, the Corporate Guarantor and the Approved Managers.
- 5 Copies of all consents which a Borrower the Corporate Guarantor or any other Security Party requires to enter into, or make any payment under, any Finance Document.
- 6 Evidence satisfactory to the Agent that the Accounts have been opened.
- 7 The originals of any mandates or other documents required in connection with the opening or operation of the Accounts.
- 8 Documentary evidence that the agent for service of process named in Clause 32 has accepted its appointment.
- 9 Copies of each Underlying Document and of all documents signed or issued by the Borrowers or any party thereto (or any of them) under or in connection with such documents together,

with such documentary evidence as the Agent and its legal advisers may require in relation to the due authorisation and execution of all such documents by the parties thereto.

- 10 Any documents required by the Agent in respect of each Borrower, the Corporate Guarantor and any other Security Party to satisfy the Lenders' "know your customer" requirements.
- 11 Favourable legal opinions from lawyers appointed by the Agent on such matters concerning the laws of the Republic of the Marshall Islands, Liberia, England and such other relevant jurisdictions as the Agent may require.

## PART B

The following are the documents referred to in Clause 9.1(b) required before each Drawdown Date. In Part B of this Schedule 3, the following definitions have the following meanings:

- (a) **“Relevant Borrower”** means the Borrower which is or is to become the owner of the Relevant Ship; and
  - (b) **“Relevant Ship”** means the Ship which is relevant to the Advance being borrowed on the relevant Drawdown Date.
- 1 A duly executed original of the Mortgage, the General Assignment and any Charterparty Assignment relating to any Assignable Charter (and of each document to be delivered by each of them) each in respect of the Relevant Ship.
- 2 Documentary evidence that:
- (a) the Relevant Ship has been unconditionally delivered by the Seller to, and accepted by, the Relevant Borrower under the MOA and that the full Contract Price payable and all other sums due to the Seller under the MOA, other than the sums to be financed by the relevant Advance, have been paid or will be paid simultaneously with Advance to the Seller;
  - (b) the Relevant Ship is definitively and permanently registered in the name of the Relevant Borrower under an Approved Flag in accordance with the laws of the applicable Approved Flag State;
  - (c) the Relevant Ship is in the absolute and unencumbered ownership of the Relevant Borrower save as contemplated by the Finance Documents;
  - (d) the Relevant Ship maintains the class specified in Clause 14.3(b) with a first class classification society which is a member of IACS (other than the China Classification Society, the Russian Maritime Registry of Shipping and *the* Indian Register of Shipping) as the Agent may approve free of all overdue recommendations and conditions of such classification society;
  - (e) the Mortgage relating to the Relevant Ship has been duly registered or recorded against the Relevant Ship as a valid first preferred or, as the case may be, priority mortgage in accordance with the laws of the applicable Approved Flag State;
  - (f) the Relevant Ship is insured in accordance with the provisions of this Agreement and all requirements therein in respect of insurances have been complied with; and
  - (g) the Relevant Ship has been delivered or will be delivered to the relevant charterer in accordance with the terms of its Approved Charter after the registration or recordation of the Relevant Ship’s Mortgage and subject to Clause 14.12 (a) (ii) (B) that any charterer has acknowledged such prior registration or recordation or has subordinated in writing all its claims against the Relevant Ship and the Relevant Borrower to the rights of the Creditor Parties.
- 3 A certified copy of the management agreement in respect of the Relevant Ship made between the relevant Borrower and the Approved Manager on terms acceptable to the Lenders, together with:

- (a) the Approved Manager's Undertaking relative thereto; and
  - (b) copies of the Approved Manager's Document of Compliance and of that Ship's Safety Management Certificate (together with any other details of the applicable safety management system which the Agent requires).
- 4 The Initial Market Value of each Relevant Ship prepared pursuant to Clause 15.3, stated to be for the purposes of this Agreement, which shows a value of the Relevant Ship in an amount which satisfies the condition set out in Clause 9.1(d).
  - 5 A favourable opinion from an independent insurance consultant acceptable to the Agent on such matters relating to the insurances for the Relevant Ship as the Agent may require.
  - 6 A recent survey report (or comparable inspection report satisfactory to the Agent) in respect of each Relevant Ship.
  - 7 Evidence satisfactory to the Agent that the Minimum Liquidity and the Additional Minimum Liquidity is standing to the credit of the Liquidity Account pursuant to Clause 11.19.
  - 8 Favourable legal opinions from lawyers appointed by the Agent on such matters concerning the laws of the relevant Approved Flag State and such other relevant jurisdictions as the Agent may require.
  - 9 Evidence satisfactory to the Agent of payment of all fees due and payable in accordance with Clause 9 of this Agreement.

Each of the documents specified in paragraphs 3 and 4 of Part A shall be notarised or legalised by a competent authority acceptable to the Agent and every other copy document delivered under this Schedule shall be certified as a true and up to date copy by the secretary (or equivalent officer) of the relevant Borrower.

## SCHEDULE 4

### MANDATORY COST FORMULA

- 1 The Mandatory Cost is an addition to the interest rate to compensate Lenders for the cost of compliance with (a) the requirements of the Financial Services Authority (or any other authority which replaces all or any of its functions) or (b) the requirements of the European Central Bank.
- 2 On the first day of each Interest Period (or as soon as possible thereafter) the Agent shall calculate, as a percentage rate, a rate (the “**Additional Cost Rate**”) for each Lender, in accordance with the paragraphs set out below. The Mandatory Cost will be calculated by the Agent as a weighted average of the Lenders’ Additional Cost Rates (weighted in proportion to the percentage participation of each Lender in the relevant Advance) and will be expressed as a percentage rate per annum.
- 3 The Additional Cost Rate for any Lender lending from a lending office in a Participating Member State will be the percentage notified by that Lender to the Agent. This percentage will be certified by that Lender in its notice to the Agent to be its reasonable determination of the cost (expressed as a percentage of that Lender’s participation in all Advances made from that lending office) of complying with the minimum reserve requirements of the European Central Bank in respect of loans made from that lending office.
- 4 The Additional Cost Rate for any Lender lending from a lending office in the United Kingdom will be calculated by the Agent as follows:

$$\frac{E \times 0.01}{300} \text{ per cent. per annum}$$

Where:

E is designed to compensate Lenders for amounts payable under the Fees Rules and is calculated by the Agent as being the average of the most recent rates of charge supplied by the Reference Banks to the Agent pursuant to paragraph 6 below and expressed in pounds per £1,000,000.

- 5 For the purposes of this Schedule:
- (a) “**Eligible Liabilities**” and “**Special Deposits**” have the meanings given to them from time to time under or pursuant to the Bank of England Act 1998 or (as may be appropriate) by the Bank of England;
- (b) “**Fee Tariffs**” means the fee tariffs specified in the Fees Rules under the activity group A.1 Deposit acceptors (ignoring any minimum fee or zero rated fee required pursuant to the Fees Rules but taking into account any applicable discount rate);
- (c) “**Fees Rules**” means the rules on periodic fees contained in the FSA Supervision Manual or such other law or regulation as may be in force from time to time in respect of the payment of fees for the acceptance of deposits;

- (d) **“Participating Member State”** means any member state of the European Union that adopts or has adopted the euro as its lawful currency in accordance with legislation of the European Union relating to European Monetary Union; and
- (e) **“Tariff Base”** has the meaning given to it in, and will be calculated in accordance with, the Fees Rules.
- 6 If requested by the Agent, the Reference Banks shall, as soon as practicable after publication by the Financial Services Authority, supply to the Agent, the rate of charge payable by the Reference Banks to the Financial Services Authority pursuant to the Fees Rules in respect of the relevant financial year of the Financial Services Authority (calculated for this purpose by the Reference Banks as being the average of the Fee Tariffs applicable to the Reference Banks for that financial year) and expressed in pounds per £1,000,000 of the Tariff Base of the Reference Banks.
- 7 Each Lender shall supply any information required by the Agent for the purpose of calculating its Additional Cost Rate. In particular, but without limitation, each Lender shall supply the following information in writing on or prior to the date on which it becomes a **Lender**:
- (a) the jurisdiction of its lending office; and
- (b) any other information that the Agent may reasonably require for such purpose.
- Each Lender shall promptly notify the Agent in writing of any change to the information provided by it pursuant to this paragraph.
- 8 The rates of charge of the Reference Banks for the purpose of E above shall be determined by the Agent based upon the information supplied to it pursuant to paragraph 6 above and on the assumption that, unless a Lender notifies the Agent to the contrary, each Lender’s obligations in relation to cash ratio deposits and special Deposits are the same as those of a typical bank from its jurisdiction of incorporation with a lending office in the same jurisdiction as its lending office.
- 9 The Agent shall have no liability to any person if such determination results in an Additional Cost Rate which over or under compensates any Lender and shall be entitled to assume that the information provided by any Lender or the Reference Banks pursuant to paragraphs 3, 6 and 7 above is true and correct in all respects.
- 10 The Agent shall distribute the additional amounts received as a result of the Mandatory Cost to the Lenders on the basis of the Additional Cost Rate for each Lender based on the information provided by each Lender and the Reference Banks pursuant to paragraphs 3, 6 and 7 above.
- 11 Any determination by the Agent pursuant to this Schedule in relation to a formula, the Mandatory Cost, an Additional Cost Rate or any amount payable to a Lender shall, in the absence of manifest error, be conclusive and binding on all parties.
- 12 The Agent may from time to time, after consultation with the Borrowers and the Lenders, determine and notify to all parties any amendments which are required to be made to this Schedule in order to comply with any change in law, regulation or any requirements from time to time **imposed by the Financial Services Authority or the European Central Bank (or, in any case, any other authority which replaces all or any of its functions)** and any such determination shall, in the absence of manifest error, be conclusive and binding on all parties.

**SCHEDULE 5**

**TRANSFER CERTIFICATE**

The Transferor and the Transferee accept exclusive responsibility for ensuring that this Certificate and the transaction to which it relates comply with all legal and regulatory requirements applicable to them respectively.

To: Hamburg Commercial Bank AG for itself and for and on behalf of each Borrower, each Security Party, the Security Trustee, each Lender, as defined in the Loan Agreement referred to below.

[•1

1 This Certificate relates to a Loan Agreement (the **“Loan Agreement”**) dated [•] and made between (1) GSL Arcadia LLC, GSL Tegea LLC, GSL MYNY LLC, GSL Melita LLC, GSL Maria LLC and GSL Dorothea LLC (together, the **“Borrowers”**) as joint and several Borrowers, (2) the banks and financial institutions named therein as Lenders, (3) Hamburg Commercial Bank AG as Agent, (4) Hamburg Commercial Bank AG as Mandated Lead Arranger and (5) Hamburg Commercial Bank AG as Security Trustee for a loan facility of up to US\$64,200,000.

2 In this Certificate, terms defined in the Loan Agreement shall, unless the contrary intention appears, have the same meanings and:

**“Relevant Parties”** means the Agent, each Borrower, each Security Party, the Security Trustee, each Lender;

**“Transferor”** means [full name] of [lending office]; and

**“Transferee”** means [full name] of [lending office].

3 The effective date of this Certificate is [•] **Provided that** this Certificate shall not come into effect unless it is signed by the Agent on or before that date.

4 [The Transferor assigns to the Transferee absolutely all rights and interests (present, future or contingent) which the Transferor has as Lender under or by virtue of the Loan Agreement and every other Finance Document in relation to [•1 per cent. of its Contribution, which percentage represents \$[•].

5 [By virtue of this Certificate and Clause 26 of the Loan Agreement, the Transferor is discharged [entirely from its Commitment which amounts to \$[•]] [from [•] per cent. of its Commitment, which percentage represents \$[•]] and, subject to Clause 26.7 of the Loan Agreement, from all obligations connected therewith, the Transferee acquires a Commitment of \$[•].]

6 The Transferee undertakes with the Transferor and each of the Relevant Parties that the Transferee will observe and perform all the obligations under the Finance Documents which Clause 26 of the Loan Agreement provides will become binding on it upon this Certificate taking effect.

7 The Agent, at the request of the Transferee (which request is hereby made) accepts, for the Agent itself and for and on behalf of every other Relevant Party, this Certificate as a Transfer Certificate taking effect in accordance with Clause 26 of the Loan Agreement.

8 The Transferor:

- (a) warrants to the Transferee and each Relevant Party that:
  - (i) the Transferor has full capacity to enter into this transaction and has taken all corporate action and obtained all consents which are in connection with this transaction; and
  - (ii) this Certificate is valid and binding as regards the Transferor;
- (b) warrants to the Transferee that the Transferor is absolutely entitled, free of encumbrances, to all the rights and interests covered by the assignment in paragraph 4 above; and
- (c) undertakes with the Transferee that the Transferor will, at its own expense, execute any documents which the Transferee reasonably requests for perfecting in any relevant jurisdiction the Transferee's title under this Certificate or for a similar purpose.

9 The Transferee:

- (a) confirms that it has received a copy of the Loan Agreement and each of the other Finance Documents;
  - (b) agrees that it will have no rights of recourse on any ground against either the Transferor, the Agent, the Mandated Lead Arranger, the Security Trustee, any Lender in the event that:
    - (i) any of the Finance Documents prove to be invalid or ineffective;
    - (ii) a Borrower or any Security Party fails to observe or perform its obligations, or to discharge its liabilities, under any of the Finance Documents;
    - (iii) it proves impossible to realise any asset covered by a Security Interest created by a Finance Document, or the proceeds of such assets are insufficient to discharge the liabilities of the Borrowers or any Security Party under the Finance Documents;
  - (c) agrees that it will have no rights of recourse on any ground against the Agent, the Mandated Lead Arranger, the Security Trustee, any Lender in the event that this Certificate proves to be invalid or ineffective;
  - (d) warrants to the Transferor and each Relevant Party that:
    - (i) it has full capacity to enter into this transaction and has taken all corporate action and obtained all consents which it needs to take or obtain in connection with this transaction; and
    - (ii) this Certificate is valid and binding as regards the Transferee; and
  - (e) confirms the accuracy of the administrative details set out below regarding the Transferee.
- 10 The Transferor and the Transferee each undertake with the Agent, the Mandated Lead Arranger and the Security Trustee severally, on demand, fully to indemnify the Agent and/or the Security Trustee and/or the Mandated Lead Arranger in respect of any claim, proceeding, liability or expense (including all legal expenses) which they or either of them may incur in connection with this Certificate or any matter arising out of it, except such as are shown to

have been mainly and directly caused by the gross and culpable negligence or dishonesty of the Agent's, the Mandated Lead Arranger's or the Security Trustee's own officers or employees.

- 11 The Transferee shall repay to the Transferor on demand so much of any sum paid by the Transferor under paragraph 10 as exceeds one-half of the amount demanded by the Agent, the Mandated Lead Arranger or the Security Trustee in respect of a claim, proceeding, liability or expense which was not reasonably foreseeable at the date of this Certificate; but nothing in this paragraph shall affect the liability of each of the Transferor and the Transferee to the Agent, the Mandated Lead Arranger or the Security Trustee for the full amount demanded by it.

[Name of Transferor]

[Name of Transferee]

By:

By:

Date:

Date:

Agent

Signed for itself and for and on behalf of itself  
as Agent and for every other Relevant Party

Hamburg Commercial Bank AG

By:

Date:

**Administrative Details of Transferee**

Name of Transferee:

Lending Office:

Contact Person

(Loan Administration Department):

Telephone:

Fax:

Contact Person

(Credit Administration Department):

Telephone:

Fax:

Account for payments:

**SCHEDULE 6**

**POWER OF ATTORNEY**

Know all men by these presents that [GSL Arcadia LLC] [GSL Tegea LLC] [GSL MYNY LLC] [GSL Melita LLC] [GSL Maria LLC] and [GSL Dorothea LLC] (the “**Company**”), a limited liability company formed in the Republic of Liberia and having its registered address at 80 Broad Street, Monrovia, Republic of Liberia irrevocably and by way of security appoints Hamburg Commercial Bank AG (the “**Attorney**”) of Gerhart-Hauptmann-Platz 50, D-20095 Hamburg, Germany its attorney, to act in the name of the Company and to exercise any right, entitlement or power of the Company in relation to [name of classification society] (the “**Classification Society**”) and/or to the classification records of any vessel owned, controlled or operated by the Company including, without limitation, such powers or entitlement as the Company may have to inspect the class records and any files held by the Classification Society in relation to any such vessel and to require the Classification Society to provide to the Attorney or to any of its nominees any information, document or file which the Attorney may request

**Ratification of actions of attorney.** For the avoidance of doubt and without limiting the generality of the above, it is confirmed that the Company hereby ratifies any action which the Attorney takes or purports to take under this Power of Attorney and the Classification Society shall be entitled to rely hereon without further enquiry.

**Delegation.** The Attorney may exercise its powers hereunder through any officer or through any nominee and/or may sub-delegate to any person or persons (including a receiver and persons designated by him) all or any of the powers (including the discretions) conferred on the Attorney hereunder, and may do so on terms authorising successive sub-delegations.

**This Power of Attorney** was executed by the Company as a Deed on *[date]*.

**EXECUTED** as a **DEED** by )  
[GSL Arcadia] [GSL Tegea] [GSL MYNY]  
[GSL Melita] [GSL Maria] )  
[GSL Dorothea] LLC )  
acting by President or Secretary )

In the presence of:

SCHEDULE 7

FORM OF COMPLIANCE CERTIFICATE

To: Hamburg Commercial Bank AG  
Gerhart-Hauptmann-Platz 50  
D-20095 Hamburg  
Germany

[•] 2021

Dear Sirs

We refer to a loan agreement dated [•] (the “**Loan Agreement**”) made between (amongst others) yourselves and ourselves in relation to a term loan facility of up to \$64,200,000.

Words and expressions defined in the Loan Agreement shall have the same meaning when used in this compliance certificate.

Each Borrower and the Corporate Guarantor represent that no Event of Default or Potential Event of Default has occurred as at the date of this certificate [except for the following matter or event [set out all material details of matter or event]]. In addition as of [•], each Borrower and the Corporate Guarantor confirms compliance with the minimum liquidity and the additional minimum liquidity requirements set out in Clause 11.19, 11.20 [and] the minimum security cover requirement set out in Clause 15.1 [and][list here any other financial covenants which are applicable to the relevant transaction], of the Loan Agreement for the [6-month] period ending on the date of this certificate.

We now certify that, as at [•]:

- (a) the aggregate of the Minimum Liquidity Amount standing to the credit of the Liquidity Account is \$[•];
- (b) the aggregate of the Additional Minimum Liquidity amount standing to the credit of the Liquidity Account is \$[•]; and
- (c) the Security Cover Ratio is [•] per cent..

This certificate shall be governed by, and construed in accordance with, English law.

[Director]  
for and on behalf of

[Director]  
for and on behalf of

**BORROWERS**

**SIGNED by** Filauthi Katsafactou ) /s/ Filauthi Katsafactou  
its attorney-in-fact )  
for and on behalf of )  
**GSL ARCADIA LLC** ) /s/ Eliza-Elisavet Makri  
in the presence of: Eliza-Elisavet Makri

**SIGNED by** Filauthi Katsafactou ) /s/ Filauthi Katsafactou  
its attorney-in-fact )  
for and on behalf of )  
**GSL TEGEA LLC** ) /s/ Eliza-Elisavet Makri  
in the presence of: Eliza-Elisavet Makri

**SIGNED by** Filauthi Katsafactou ) /s/ Filauthi Katsafactou  
its attorney-in-fact )  
for and on behalf of )  
**GSL MYNY LLC** ) /s/ Eliza-Elisavet Makri  
in the presence of: Eliza-Elisavet Makri

**SIGNED by** Filauthi Katsafactou ) /s/ Filauthi Katsafactou  
its attorney-in-fact )  
for and on behalf of )  
**GSL MELITA LLC** ) /s/ Eliza-Elisavet Makri  
In the presence of: Eliza-Elisavet Makri

**SIGNED by** Filauthi Katsafactou ) /s/ Filauthi Katsafactou  
its attorney-in-fact )  
for and on behalf of )  
**GSL MARIA LLC** ) /s/ Eliza-Elisavet Makri  
In the presence of: Eliza Elisavet-Makri

**SIGNED by** Filauthi Katsafactou ) /s/ Filauthi Katsafactou  
its attorney-in-fact )  
for and on behalf of )  
**GSL DOROTHEA LLC** )  
in the presence of: Eliza-Elisavet Makri /s/ Eliza-Elisavet Makri

**LENDERS**

**SIGNED by** Kelina Kantzou ) /s/ Kelina Kantzou  
for and on behalf of )  
**HAMBURG COMMERCIAL BANK AG** )  
in the presence of: Eliza-Elisavet Makri /s/ Eliza-Elisavet Makri

**AGENT**

**SIGNED by** Kelina Kantzou ) /s/ Kelina Kantzou  
for and on behalf of )  
**HAMBURG COMMERCIAL BANK AG** )  
in the presence of: Eliza-Elisavet Makri /s/ Eliza-Elisavet Makri

**MANDATED LEAD ARRANGER** ) /s/ Kelina Kantzou  
**SIGNED by** Kelina Kantzou )  
for and on behalf of )  
**HAMBURG COMMERCIAL BANK AG** )  
in the presence of: Eliza-Elisavet Makri /s/ Eliza-Elisavet Makri

**SECURITY TRUSTEE**

**SIGNED by** Kelina Kantzou ) /s/ Kelina Kantzou  
for and on behalf of )  
**HAMBURG COMMERCIAL BANK AG** )  
in the presence of: Eliza-Elisavet Makri Eliza-Elisavet Makri



Dated 6 May 2021

US\$51,670,000

TERM LOAN FACILITY

LAERTIS MARINE LLC  
as Borrower

and

POSEIDON CONTAINERS HOLDINGS LLC  
ODYSSIA CONTAINERS HOLDINGS LLC  
K&T MARINE LLC  
GLOBAL SHIP LEASE, INC.  
as Guarantors

and

DEUTSCHE BANK AG FILIALE DEUTSCHLANDGESCHAFT  
as Arranger

and

DEUTSCHE BANK AG FILIALE DEUTSCHLANDGESCHAFT  
as Facility Agent

and

DEUTSCHE BANK AG FILIALE DEUTSCHLANDGESCHAFT  
as Security Agent

#### FACILITY AGREEMENT

relating to  
the refinancing of certain existing indebtedness  
secured on m.v. "UASC AL KHOR"

WATSON FARLEY  
&  
WILLIAMS

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**THIS AGREEMENT** is made on 6 May 2021

## **PARTIES**

- (1) **LAERTIS MARINE LLC**, a limited liability company formed in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, MH96960, Majuro, Marshall Islands as borrower (the **"Borrower"**)
- (2) **POSEIDON CONTAINERS HOLDINGS LLC**, a limited liability company formed in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Islands, Majuro, Marshall Islands, MH96960 each a guarantor (the **"Guarantor A"**)
- (3) **ODYSSIA CONTAINERS HOLDINGS LLC**, a limited liability company formed in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Islands, Majuro, Marshall Islands, MH96960 (the **"Guarantor B"**)
- (4) **K&T MARINE LLC**, a limited liability company formed in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Islands, Majuro, Marshall Islands, MH96960 (the **"Guarantor C"**)
- (5) **GLOBAL SHIP LEASE, INC.**, a corporation incorporated in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, MH96960, Majuro, Marshall Islands (the **"Guarantor D"** and together with Guarantor A, Guarantor B and Guarantor C, the **"Guarantors"** and each a **"Guarantor"**)
- (6) **DEUTSCHE BANK AG, FILIALE DEUTSCHLANDGESCHAFT** as arranger (the **"Arranger"**)
- (7) **THE FINANCIAL INSTITUTIONS** listed in Part B of Schedule 1 (*The Parties*) as lenders (the **"Original Lenders"**)
- (8) **DEUTSCHE BANK AG FILIALE DEUTSCHLANDGESCHAFT** as agent of the other Finance Parties (the **"Facility Agent"**)
- (9) **DEUTSCHE BANK AG FILIALE DEUTSCHLANDGESCHAFT** as security agent for the Secured Parties (the **"Security Agent"**)

## **BACKGROUND**

- (A) The Lenders have agreed to make available to the Borrower a secured term loan facility in the amount of up to the lesser of (i) \$51,670,000 and (ii) 65 per cent. of the Initial Market Value of the Ship, in a single Advance, for the purpose of refinancing part of the Existing Indebtedness secured on the Ship and for general working capital purposes.

## **OPERATIVE PROVISIONS**

## SECTION 1

### INTERPRETATION

#### 1 DEFINITIONS AND INTERPRETATION

##### 1.1 Definitions

In this Agreement:

“**Account Bank**” means Deutsche Bank Aktiengesellschaft Filiale Deutschlandgesellschaft acting through its office at Adolphsplatz 7, 20457 Hamburg, Germany or any replacement bank or other financial institution as may be approved by the Facility Agent acting with the authorisation of the Lenders.

“**Account Security**” means a document creating Security required under this Agreement to be granted over any Account in agreed form.

“**Accounts**” means the Earnings Account, the Dry-Docking Reserve Account, the Retention Account and the Liquidity Account.

“**Advance**” means a borrowing of all or part of the Facility under this Agreement.

“**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.

“**AIF**” has the meaning given to the term under AIFMD Law.

“**AIFM**” has the meaning given to the term under AIFMD Law.

“**AIFMD**” means Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010, as the same may be amended, supplemented, superseded or re-adopted from time to time (whether with or without qualifications).

“**AIFMD Law**” means (a) the AIFMD, and (b) any applicable law of a member state of the European Union implementing the AIFMD.

“**Anti-Bribery and Corruption Laws**” means: (i) the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, 1997, (ii) the Foreign Corrupt Practices Act of 1977 of the United States of America, as amended by the Foreign Corrupt Practices Act Amendments of 1988 and 1998; and as may be further amended and supplemented from time to time, (iii) UKBA 2010 or (iv) any similar applicable law or regulation.

“**Anti-Money Laundering Laws**” means any applicable financial record keeping and reporting requirements and any law, guideline, official requirement or other regulatory measure or procedure implemented to combat money laundering (as defined in Article 1 of the Directive 2015/849/EC of the European Parliament and of the Council of the European Communities).

“**Approved Brokers**” means any firm or firms of insurance brokers approved in writing by the Facility Agent, acting with the authorisation of the Majority Lenders.

**“Approved Classification”** means, as at the date of this Agreement, the classification in relation to the Ship specified in Schedule 7 (*Details of the Ship*) or the equivalent classification available for vessels of the same age, type and specifications as the Ship with another Approved Classification Society which is a member of the International Association of Classification Societies.

**“Approved Classification Society”** means, as at the date of this Agreement, the classification society in relation to the Ship specified in Schedule 7 (*Details of the Ship*) or any other classification society approved in writing by the Facility Agent acting with the authorisation of the Majority Lenders (such approval not to be unreasonably withheld).

**“Approved Commercial Manager”** means, as at the date of this Agreement, the manager specified as the approved commercial manager in relation to the Ship in Schedule 7 (*Details of the Ship*) or any other person approved in writing by the Facility Agent acting with the authorisation of the Majority Lenders as the commercial manager of the Ship.

**“Approved Flag”** means, as at the date of this Agreement, the flag in relation to the Ship specified in Schedule 7 (*Details of the Ship*) or such other flag approved in writing by the Facility Agent acting with the authorisation of the Lenders.

**“Approved Manager”** means, the Approved Commercial Manager or the Approved Technical Manager of the Ship.

**“Approved Technical Manager”** means, as at the date of this Agreement, the manager specified as the approved technical manager in relation to the Ship in Schedule 7 (*Details of the Ship*) or any other person approved in writing by the Facility Agent acting with the authorisation of the Majority Lenders as the technical manager of the Ship.

**“Approved Valuer”** means Barry Rogliano Salles, Howe Robinson, Maersk Brokers, Maritime Strategies International (or any Affiliate of such person through which valuations are commonly issued) and any other firm or firms of independent sale and purchase shipbrokers to be mutually agreed between the Borrower and the Facility Agent, acting with the authorisation of the Majority Lenders.

**“Article 55 BRRD”** means Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms.

**“Assignable Charter”** means, a Charter (other than the Initial Charter relative thereto) in respect of the Ship, the duration of which exceeds (or which is capable of exceeding, by virtue of any optional extensions or renewal) 12 months and which is entered into with a charterer acceptable to the Facility Agent.

**“Assignment Agreement”** means an agreement substantially in the form set out in Schedule 5 (*Form of Assignment Agreement*) or any other form agreed between the relevant assignor, the assignee and the Facility Agent (acting with the authorisation of the Majority Lenders).

**“Authorisation”** means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation, legalisation or registration.

**“Availability Period”** means the period commencing from and including the date of this Agreement to and including 14 May 2021.

**“Available Commitment”** means a Lender's Commitment minus:

- (a) the amount of its participation in the outstanding Loan; and
- (b) in relation to any proposed Utilisation, the amount of its participation in the Loan that is due to be made on or before the proposed Utilisation Date.

“**Available Facility**” means the aggregate for the time being of each Lender’s Available Commitment.

“**Bail-In Action**” means the exercise of any Write-down and Conversion Powers.

“**Bail-In Legislation**” means:

- (a) in relation to an EEA Member Country which has implemented, or which at any time implements, Article 55 BRRD, the relevant implementing law or regulation as described in the EU Bail-In Legislation Schedule from time to time;
- (b) in relation to any state other than such an EEA Member Country and the United Kingdom, any analogous law or regulation from time to time which requires contractual recognition of any Write-down and Conversion Powers contained in that law or regulation; and
- (c) in relation to the United Kingdom, the UK Bail-In Legislation.

“**Balloon Instalment**” has the meaning given to it in Clause 6.1 (*Repayment of Loan*).

“**Break Costs**” means the amount (if any) by which:

- (a) the interest which a Lender should have received for the period from the date of receipt of all or any part of its participation in the Loan or an **Unpaid Sum** to the last day of the current Interest Period in relation to the Loan, the relevant part of the Loan or that 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 Relevant 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, New York, Athens, Frankfurt-Main, Rotterdam, Paris, Hamburg, Berlin and Luxembourg.

“**Charter**” means, any charter relating to the Ship, or other contract for its employment, whether or not already in existence.

“**Charter Guarantee**” means any guarantee, bond, letter of credit or other instrument (whether or not already issued) supporting a Charter.

“**Charterparty Assignment**” means, in respect of the Initial Charter and any other Assignable Charter, an assignment of the Borrower’s rights, title and interests under that Initial Charter

and/or Assignable Charter (and any Charter Guarantee thereto) in favour of the Security Agent in agreed form.

“**Code**” means the US Internal Revenue Code of 1986.

“**Commercial Management Agreement**” means the agreement entered into between the Guarantor A and the Approved Commercial Manager regarding the commercial management of the Ship (as amended from time to time).

“**Commitment**” means:

- (a) in relation to an Original Lender, the amount set opposite its name under the heading “Commitment” in Part B of Schedule 1 (*The Parties*) and the amount of any other Commitment transferred to it under this Agreement; and
- (b) in relation to any other Lender, the amount of any Commitment transferred to it under this Agreement,

to the extent not cancelled, reduced or transferred by it under this Agreement.

“**Compliance Certificate**” means a certificate in the form set out in Schedule 6 (*Form of Compliance Certificate*) or in any other form agreed between the relevant Obligor providing the certificate and the Facility Agent (acting on the instructions of the Majority Lenders).

“**Confidential Information**” means all information relating to any Transaction 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 directly or indirectly 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:

- (i) information that:
  - (A) is or becomes public information other than as a direct or indirect result of any breach by that Finance Party of Clause 43 (*Confidential Information*); or
  - (B) is identified in writing at the time of delivery as non-confidential by any member of the Group or any of its advisers; or
  - (C) is known by that Finance Party before the date the information is disclosed to it in accordance with paragraphs (a) or (b) 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; and

- (ii) any Funding Rate or Reference Bank Quotation.

**“Confidentiality Undertaking”** means a confidentiality undertaking in substantially the appropriate form recommended by the LMA from time to time or in any other form agreed between the Borrower and the Facility Agent (acting on the instructions of the Majority Lenders).

**“Corresponding Debt”** means any amount, other than any Parallel Debt, which an Obligor owes to a Secured Party under or in connection with the Finance Documents.

**“Deed of Release”** means, in relation to each Existing Facility Agreement, a deed releasing any Existing Security under that Existing Facility Agreement in a form acceptable to the Facility Agent (acting on the instructions of the Majority Lenders).

**“Default”** means an Event of Default or a Potential Event of Default.

**“Delegate”** means any delegate, agent, attorney or co-trustee appointed by the Security Agent.

**“Debt Service”** means, at any given time, the aggregate payment obligations of the Borrower pursuant to Clause 6.1 (*Repayment of Loan*) together with interest.

**“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, if applicable, any Transaction Obligor; 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 or, if applicable, any Transaction Obligor preventing that, or any other, Party or, if applicable, any Transaction Obligor:
  - (i) from performing its payment obligations under the Finance Documents; or
  - (ii) from communicating with other Parties or, if applicable, any Transaction Obligor 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 or, if applicable, any Transaction Obligor whose operations are disrupted.

**“Dry-Docking Reserve Account”** means:

- (a) an account in the name of the Borrower with the Account Bank designated “Dry-Docking Reserve Account” with IBAN DE96 2007 0000 0130 7115 02;

- (b) any other account in the name of the Borrower with the Account Bank which may, with the prior written consent of the Facility Agent, be opened in the place of the account referred to in paragraph (a) above, irrespective of the number or designation of such replacement account; or
- (c) any sub-account of any account referred to in paragraphs (a) or (b) above. **“Dry-Docking Reserve Accrual”** has the meaning given to it in 21.26 (*Dry-Docking Reserves*). **“Document of Compliance”** has the meaning given to it in the ISM Code.

**“dollars”** and **“\$”** mean the lawful currency, for the time being, of the United States of America.

**“Earnings”** means, all moneys whatsoever which are now, or later become, payable (actually or contingently) to the Borrower or the Security Agent and which arise out of or in connection with or relate to the use or operation of the Ship, including (but not limited to):

- (a) the following, save to the extent that any of them is, with the prior written consent of the Facility Agent (acting on the instructions of the Majority Lenders), pooled or shared with any other person:
  - (i) all freight, hire and passage moneys including, without limitation, all moneys payable under, arising out of or in connection with a Charter or a Charter Guarantee;
  - (ii) the proceeds of the exercise of any lien on sub-freights;
  - (iii) compensation payable to the Borrower or the Security Agent in the event of requisition of the Ship for hire or use;
  - (iv) remuneration for salvage and towage services;
  - (v) demurrage and detention moneys;
  - (vi) without prejudice to the generality of sub-paragraph (i) above, damages for breach (or payments for variation or termination) of any charterparty or other contract for the employment of the Ship;
  - (vii) all moneys which are at any time payable under any Insurances in relation to loss of hire;
  - (viii) all monies which are at any time payable to the Borrower in relation to general average contribution; and
- (b) if and whenever the Ship is employed on terms whereby any moneys falling within sub-paragraphs (i) to (viii) of paragraph (a) above are pooled or shared with any other person, that proportion of the net receipts of the relevant pooling or sharing arrangement which is attributable to the Ship.

**“Earnings Account”** means:

- (a) an account in the name of the Borrower with the Account Bank designated *“Earnings Account”* with IBAN DE53 2007 0000 0130 7115 00;

- (b) any other account in the name of the Borrower with the Account Bank which may, with the prior written consent of the Facility Agent, be opened in the place of the account referred to in paragraph (a) above, irrespective of the number or designation of such replacement account; or
- (c) any sub-account of any account referred to in paragraphs (a) or (b) above.

**“EEA Member Country”** means any member state of the European Union, Iceland, Liechtenstein and Norway.

**“Environmental Approval”** means any present or future permit, ruling, variance or other Authorisation required under Environmental Law.

**“Environmental Claim”** means any claim by any governmental, judicial or regulatory authority or any other person which arises out of an Environmental Incident or which relates to any Environmental Law and, for this purpose, **“claim”** includes a claim for damages, compensation, contribution, injury, fines, losses and penalties or any other payment of any kind, including in relation to clean-up and removal, whether or not similar to the foregoing; an order or direction to take, or not to take, certain action or to desist from or suspend certain action; and any form of enforcement or regulatory action, including the arrest or attachment of any asset.

**“Environmental Incident”** means:

- (a) any release, emission, spill or discharge of Environmentally Sensitive Material whether within the Ship or from the Ship into any other vessel or into or upon the air, water, land or soils (including the seabed) or surface water; or
- (b) any incident in which Environmentally Sensitive Material is released, emitted, spilled or discharged into or upon the air, water, land or soils (including the seabed) or surface water from a vessel other than the Ship and which involves a collision between the Ship and such other vessel or some other incident of navigation or operation, in either case, in connection with which the Ship is actually or potentially liable to be arrested, attached, detained or injuncted and/or the Ship and/or any Transaction Obligor and/or any operator or manager of the Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action; or
- (c) any other incident in which Environmentally Sensitive Material is released, emitted, spilled or discharged into or upon the air, water, land or soils (including the seabed) or surface water otherwise than from the Ship and in connection with which the Ship is actually or potentially liable to be arrested and/or where any Transaction Obligor and/or any operator or manager of the Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action.

**“Environmental Law”** means any present or future law relating to pollution or protection of human health or the environment, to conditions in the workplace, to the carriage, generation, handling, storage, use, release or spillage of Environmentally Sensitive Material or to actual or threatened releases of Environmentally Sensitive Material.

**“Environmentally Sensitive Material”** means and includes all contaminants, oil, oil products, toxic substances and any other substance (including any chemical, gas or other hazardous or noxious substance) which is (or is capable of being or becoming) polluting, toxic or hazardous.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended, and any successor thereto.

“**ERISA Affiliate**” means each person (and defined in Section 3(9) of ERISA) which together with the Borrower would be deemed to be a “single employer” within the meaning of Section 414(b), (c), (m) or (o) of the Code.

“**EU Bail-In Legislation Schedule**” means the document described as such and published by the LMA from time to time.

“**Event of Default**” means any event or circumstance specified as such in Clause 26 (*Events of Default*).

“**Existing Facility Agent**” means the “Facility Agent” as such term is defined in the Existing Facility Agreement.

“**Existing Facility Agreements**” means (i) the senior facility agreement dated 9 November 2018 (as amended, supplemented and/or restated from time to time) and made between, among others, (i) the Borrower, Telemachus Marine LLC and Penelope Marine LLC as joint and several borrowers, (ii) the banks and financial institutions listed in Schedule 1 therein as original lenders, (iii) Wilmington Trust (London) Limited as facility agent and security agent in connection with a loan facility of originally up to US\$180,500,000; and (ii) the junior facility agreement dated 31 December 2018 (as amended, supplemented and/or restated from time to time) and made between, among others, (i) the Borrower, Telemachus Marine LLC and Penelope Marine LLC as joint and several borrowers, (ii) the banks and financial institutions listed in Schedule 1 therein as original lenders, (iii) Wilmington Trust (London) Limited as facility agent and security agent in connection with a loan facility of up to US\$38,600,000.

“**Existing Indebtedness**” means, in relation to the Existing Facility Agreements, at any date, the outstanding Financial Indebtedness of the borrowers under the Existing Facility Agreements on that date under the Existing Facility Agreements.

“**Existing Security**” means any Security created to secure the Existing Indebtedness in respect of the Ship.

“**Facility**” means the term loan facility made available under this Agreement as described in Clause 2 (*The Facility*).

“**Facility Office**” means, in respect of a Lender, the office or offices notified by that Lender to the Facility Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than 5 Business Days’ written notice) as the office or offices through which it will perform its obligations under this Agreement.

“**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 FATCA.

**“FATCA Deduction”** means a deduction or withholding from a payment under a Finance Document required by FATCA.

**“FATCA Exempt Party”** means a Party that is entitled to receive payments free from any FATCA Deduction.

**“Fee Letter”** means any letter or letters dated on or about the date of this Agreement between any of the Arranger, the Facility Agent and the Security Agent and any Obligor setting out any of the fees referred to in Clause 11 (*Fees*).

**“Finance Document”** means:

- (a) this Agreement;
- (b) any Fee Letter;
- (c) the Utilisation Request;
- (d) any Security Document;
- (e) any Subordination Agreement;
- (f) any other document which is executed for the purpose of establishing any priority or subordination arrangement in relation to the Secured Liabilities; or
- (g) any other document designated as such by the Facility Agent (acting on the instructions of the Majority Lenders) and the Borrower.

**“Finance Party”** means the Facility Agent, the Security Agent, the Arranger or a Lender.

**“Financial Indebtedness”** means any indebtedness for or in relation to:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit 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;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) of a type not referred to in any other paragraph of this definition having the commercial effect of a borrowing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative 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 derivative transaction, that amount) shall be taken into account);
- (h) any counter-indemnity obligation in relation to a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (l) the amount of any liability in relation to any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

**"Financial Statements"** has the meaning given to it in Clause 20.4 (*Definitions*).

**"Fleet Vessel"** has the meaning given to it in Clause 20.4 (*Definitions*).

**"Funding Rate"** means any individual rate notified in writing by a Lender to the Facility Agent pursuant to sub-paragraph (ii) of paragraph (a) of Clause 10.4 (*Cost of funds*).

**"GAAP"** means generally accepted accounting principles in the United States of America, including IFRS.

**"General Assignment"** means, the general assignment creating Security over:

- (a) the Ship's Earnings, its Insurances and any Requisition Compensation in relation to the Ship; and
- (b) any Charter (other than an Assignable Charter) and any Charter Guarantee in relation to the Ship,

in agreed form.

**"Group"** means Guarantor D and its Subsidiaries at any given time.

**"Holding Company"** means, in relation to a person, any other person in relation to which it is a Subsidiary.

**"IFRS"** means International Financial Reporting Standards promulgated by the International Accounting Standards Board, as amended from time to time, together with its pronouncements thereon from time to time.

**"IHM"** means, an inventory of hazardous materials (**"IHM"**) classification in respect of the Ship from the applicable Approved Classification Society.

**"Indemnified Person"** means:

- (a) for the purpose of Clause 14.2 (Other Indemnities) each Finance Party, each Affiliate of a Finance Party and each officer or employee of a Finance Party or its Affiliate;
- (b) for the purpose of Clause 14.4 (Indemnity to the Facility Agent), the Facility Agent, each Affiliate of the Facility Agent and each director, officer, employee, agent, trustee, representative, attorney, accountant and each insurance, environmental, legal, financial and other advisor of the Facility Agent or its Affiliate; and
- (c) for the purpose of Clause 14.5 (Indemnity to the Security Agent), the Security Agent and every Receiver and Delegate, each Affiliate of the Security Agent, Receiver and Delegate and each director, officer, employee, agent, trustee, representative, attorney, accountant and each insurance, environmental, legal, financial and other advisor of the Security Agent, Receiver and Delegate or any of their Affiliate.

**"Initial Market Value"** means, the Market Value of the Ship determined pursuant to paragraph 2.5 of Part B of Schedule 2 (Conditions Precedent).

**"Initial Charter"** means the time charter dated 15 December 2014 (as amended and supplemented from time to time) and currently between the Borrower and Hapag Lloyd A.G., Hamburg in relation to the employment of the Ship until at least 1 March 2022, for a gross charter rate of \$34,000 per day, a brokerage commission of 2.50% and a total commission of 2.50%.

**"Insurances"** means:

- (a) all policies and contracts of insurance, including entries of the Ship in any protection and indemnity or war risks association, effected in relation to the Ship, the Ship's Earnings or otherwise in relation to the Ship whether before, on or after the date of this Agreement; and
- (b) all rights and other assets relating to, or derived from, any of such policies, contracts or entries, including any rights to a return of premium and any rights in relation to any claim whether or not the relevant policy, contract of insurance or entry has expired on or before the date of this Agreement.

**"Interest Payment Date"** has the meaning given to it in paragraph (a) of Clause 8.2 (*Payment of interest*).

**"Interest Period"** means, in relation to the Loan or any part of the 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 8.3 (*Default interest*).

**"Interpolated Screen Rate"** means, in relation to the Loan or any part of the Loan, the rate (rounded to the same number of decimal places as the two relevant Screen Rates) 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 the Loan or that part of the Loan; and
- (b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the Interest Period of the Loan or that part of the Loan,

each as of the Specified Time for dollars.

**“Inventory of Hazardous Material”** means an inventory certificate or statement of compliance (as applicable) issued by the relevant classification society or shipyard authority which is supplemented by a list of any and all materials known to be potentially hazardous utilised in the construction of, or otherwise installed on, the Ship, pursuant to the requirements of the EU Ship Recycling Regulation.

**“ISM Code”** means the International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention (including the guidelines on its implementation), adopted by the International Maritime Organisation, as the same may be amended or supplemented from time to time.

**“ISPS Code”** means the International Ship and Port Facility Security (ISPS) Code as adopted by the International Maritime Organization’s (IMO) Diplomatic Conference of December 2002, as the same may be amended or supplemented from time to time.

**“ISSC”** means an International Ship Security Certificate issued under the ISPS Code.

**“Legal Reservations”** means any matters which are set out as qualifications or reservations as to matters of law of general application in any legal opinion delivered pursuant to Clause 4 of Part A of Schedule 2.

**“Lender”** means:

- (a) any Original Lender; and
- (b) any bank, financial institution, trust, fund or other entity which has become a Party as a Lender in accordance with Clause 27 (Changes to the Lenders),

which in each case has not ceased to be a Party as such in accordance with this Agreement.

**“LLC Shares”** shall have the meaning ascribed thereto in the Borrower’s limited liability company agreement.

**“LIBOR”** means, in relation to the Loan or any part of the Loan:

- (a) the applicable Screen Rate as of the Specified Time for dollars and for a period equal in length to the Interest Period of the Loan or that part of the Loan; 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. “Limitation Acts” means the Limitation Act 1980 and the Foreign Limitation Periods Act 1984.

**“Liquidity Account”** means:

- (a) an account in the name of the Borrower with the Account Bank designated "Liquidity Account" with IBAN DE26 2007 0000 0130 7115 01;
- (b) any other account in the name of the Borrower with the Account Bank which may, with the prior written consent of the Facility Agent, be opened in the place of the account referred to in paragraph (a) above, irrespective of the number or designation of such replacement account; or
- (c) any sub-account of any account referred to in paragraphs (a) or (b) above.

"**LMA**" means the Loan Market Association or any successor organisation.

"**Loan**" means the loan to be made available under the Facility or the aggregate principal amount outstanding for the time being of the borrowings under the Facility and a "**part of the Loan**" means the Advance, or any other part of the Loan as the context may require.

"**Major Casualty**" means any casualty to the Ship in relation to which the claim or the aggregate of the claims against all insurers, before adjustment for any relevant franchise or deductible, exceeds 5 per cent. of the Market Value of the Ship (or the equivalent in any other currency).

"**Majority Lenders**" means:

- (a) if the Loan has not yet been made, a Lender or Lenders whose Commitments aggregate more than 66% per cent. of the Total Commitments; or
- (b) at any other time, a Lender or Lenders whose participations in the Loan aggregate more than 66% per cent. of the amount of the Loan then outstanding or, if the Loan has been repaid or prepaid in full, a Lender or Lenders whose participations in the Loan immediately before repayment or prepayment in full aggregate more than 66% per cent. of the Loan immediately before such repayment.

"**Management Agreement**" means a Technical Management Agreement or a Commercial Management Agreement.

"**Manager's Undertaking**" means the letter of undertaking from its Approved Technical Manager and the letter of undertaking from its Approved Commercial Manager subordinating the rights of such Approved Technical Manager and such Approved Commercial Manager respectively against the Ship and the Borrower to the rights of the Finance Parties in agreed form.

"**Mandatory Cost**" has the meaning given to it in Clause 14.3 (*Mandatory Cost*).

"**Margin**" means 3.25 per cent. per annum.

"**Market Value**" means:

- (a) in relation to the Ship or any other vessel (and subject to paragraph (b) below, including a Fleet Vessel), at any date, an amount equal to:
  - (i) the market value of the Ship or vessel shown by the arithmetic average of two valuations, addressed to the Facility Agent and prepared:

- (A) as at a date not more than 20 days previously;
- (B) by two Approved Valuers, one selected and appointed by the Facility Agent (acting on the instructions of the Majority Lenders) and one selected and appointed by the Borrower **Provided that** if (1) the Borrower fails to select an Approved Valuer within 10 days' notice of the Facility Agent, the Facility Agent will select and appoint the second one and (2) any of such valuations sets the market value as ranging between a lower and a higher figure, the value to be used for such valuation will be the average of the higher and the lower figures;
- (C) with or without physical inspection of the Ship or vessel (as the Facility Agent may require (acting on the instructions of the Majority Lenders)); and
- (D) on the basis of a sale for prompt delivery for cash on normal arm's length commercial terms as between a willing seller and a willing buyer, free of any Charter.

**provided that** if (1) one such valuation in respect of the Ship obtained pursuant to subparagraph (ii) above differs by at least 10 per cent. from the lower valuation, then a third valuation for the Ship shall be obtained from an Approved Valuer, selected and appointed by the Facility Agent (acting on the instructions of the Majority Lenders) and such valuation shall be addressed to the Facility Agent and the Market Value of the Ship shall be the arithmetic average of all three such valuations and (2) any of such valuations sets the market value as ranging between a lower and a higher figure, the value to be used for such valuation will be the average of the higher and the lower figures.

- (b) in relation to any other Fleet Vessel (excluding, for the avoidance of doubt the Ship and any other vessel whose market value is determined under paragraph (a) above), the market value of that Fleet Vessel as determined by the valuation(s) provided under the relevant facility agreement financing that Fleet Vessel only if the market value under that credit facility agreement is determined (amongst others) free of any charter. In all other cases and if a Fleet Vessel is not subject to a facility agreement, the market value of that Fleet Vessel as determined under paragraph (a).

**"Material Adverse Effect"** means, in the opinion of the Lenders, a material adverse effect on:

- (a) the business, operations, property, condition (financial or otherwise) of any Obligor or the Group as a whole; or
- (b) the ability of any Obligor to perform its obligations under any Finance Document; or
- (c) the validity or enforceability of, or the effectiveness or ranking of any Security granted or intended 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 Liquidity Amount"** has the meaning given to it in Clause 20.1 (*Borrower's Minimum Liquidity Amount*).

**"Month"** means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

- (a) (subject to paragraph (c) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;
- (b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and
- (c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end.

The above rules will only apply to the last Month of any period.

**“Mortgage”** means, in relation to the Ship, a first preferred or, as the case may be, priority ship mortgage on the Ship in agreed form and, if required pursuant to the laws of the relevant Approved Flag, a deed of covenant collateral thereto in agreed form.

**“Obligor”** means the Borrower or a Guarantor.

**“Odyssea NB”** means Odyssea NB LLC, a limited liability company formed in the Marshall Islands whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, MH96960, Majuro, Marshall Islands.

**“OFAC”** means the Office of Foreign Assets Control of the US Department of Treasury.

**“Original Financial Statements”** means in relation to:

- (a) Guarantor D, its audited financial statements for the financial year ended 31 December 2020; and
- (b) the Borrower, its unaudited financial statements for the financial year ended 31 December 2020.

**“Original Jurisdiction”** means, in relation to an Obligor, the jurisdiction under whose laws that Obligor is incorporated or formed as at the date of this Agreement.

**“Overseas Regulations”** means the Overseas Companies Regulations 2009 (SI 2009/1801).

**“Parallel Debt”** means any amount which an Obligor owes to the Security Agent under Clause 30.2 (*Parallel Debt (Covenant to pay the Security Agent)*) or under that clause as incorporated by reference or in full in any other Finance Document.

**“Participating Member State”** means any member state of the European Union that has the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

**“Party”** means a party to this Agreement.

**“Perfection Requirements”** means the making or procuring of filings, stampings, registrations, notarisations, endorsements, translations and/or notifications of any Finance Document (and/or any Security created under it) necessary for the validity, enforceability (as against the relevant Obligor or any relevant third party) and/or perfection of that Finance Document.

**“Permitted Charter”** means:

- (a) the Initial Charter;
- (b) any Charter:
  - (i) which is a time, voyage or consecutive voyage charter;
  - (ii) the duration of which does not exceed and is not capable of exceeding, by virtue of any optional extensions, 12 months;
  - (iii) which is entered into on bona fide arm’s length terms at the time at which the Ship is fixed; and
  - (iv) in relation to which not more than two months’ hire is payable in advance; or
- (c) and any other Charter which is approved in writing by the Facility Agent acting with the authorisation of the Majority Lenders.

**“Permitted Financial Indebtedness”** means:

- (a) until (and including) the Utilisation Date, the Existing Indebtedness;
- (b) any Financial Indebtedness incurred under the Finance Documents; and
- (c) any Financial Indebtedness that is subordinated to all Financial Indebtedness incurred under the Finance Documents pursuant to a Subordination Agreement or otherwise and which is, in the case of any such Financial Indebtedness of the Borrower, the subject of Subordinated Debt Security.

**“Permitted Security”** means:

- (a) until the Utilisation Date, any Existing Security;
- (b) Security created by the Finance Documents;
- (c) liens for unpaid master’s and crew’s wages in accordance with first class ship ownership and management practice and not being enforced through arrest;
- (d) liens for salvage;
- (e) liens for master’s disbursements incurred in the ordinary course of trading in accordance with first class ship ownership and management practice and not being enforced through arrest; and
- (f) any other lien arising by operation of law or otherwise in the ordinary course of the operation, repair or maintenance of any Ship in accordance with usual reputable maritime practice:
  - (i) not as a result of any default or omission by any Borrower;
  - (ii) not being enforced through arrest; and

- (iii) subject, in the case of liens for repair or maintenance, to Clause 23.16 (*Restrictions on use, chartering, appointment of managers etc.*),

and provided such lien does not secure amounts more than 30 days overdue (unless the overdue amount is being contested in good faith by appropriate steps and for the payment of which adequate reserves are held and provided further that such proceedings do not give rise to a material risk of the relevant Ship or any interest in it being seized, sold, forfeited or lost).

**“Plan”** means any “employee benefit plan” as defined in Section 3(3) of ERISA that is subject to Title IV of ERISA which is or was sponsored, maintained or contributed to by, or required to be contributed to by any Obligor or any of their respective ERISA Affiliates.

**“Poseidon Principles”** means the financial industry framework for assessing and disclosing the climate alignment of ship finance portfolios published in 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.

**“Potential Event of Default”** means any event or circumstance specified in Clause 26 (*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 any of the foregoing) be an Event of Default.

**“Prohibited Person”** means any person (whether designated by name or by reason of being included in a class of persons) against whom Sanctions are directed.

**“Protected Party”** has the meaning given to it in Clause 12.1 (*Definitions*).

**“Quotation Day”** means, in relation to any period for which an interest rate is to be determined, two Business Days before the first day of that period unless market practice differs in the Relevant Interbank Market in which case the Quotation Day will be determined by the Facility Agent (acting on the instructions of the Majority Lenders which will act in accordance with market practice in the Relevant Interbank Market) (and if quotations would normally be given by leading banks in the Relevant Interbank Market on more than one day, the Quotation Day will be the last of those days).

**“Receiver”** means a receiver or receiver and manager or administrative receiver of the whole or any part of the Security Assets.

**“Recognised Organisation”** means an organisation representing the state of that Ship's Approved Flag and, for the purposes of Clause 23.23 (*Poseidon Principles*), duly authorised to determine whether a Borrower has complied with regulation 22A of Annex VI.

**“Reference Bank Quotation”** means any quotation supplied to the Facility Agent (acting on the instructions of the Majority Lenders) by a Reference Bank.

**“Reference Bank Rate”** means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Facility Agent (acting on the instructions of the Majority Lenders) at its request by the Reference Banks:

- (a) if:

(i) the Reference Bank is a contributor to the Screen Rate; and

(ii) it consists of a single figure,

as the rate (applied to the relevant Reference Bank

and the relevant currency and period) which contributors to the Screen Rate are asked to submit to the relevant administrator;  
or

(b) in any other case, as the rate at which the relevant Reference Bank could fund itself in dollars for the relevant period with reference to the unsecured wholesale funding market.

**“Reference Banks”** means the principal London offices of Barclays Bank, Lloyds Bank, HSBC Bank plc or of such entities as may be appointed by the Facility Agent in consultation with the Borrower.

**“Related Fund”** in relation to a fund (the “first fund”), means a fund which is managed or advised by the same investment manager or investment adviser as the first fund or, if it is managed by a different investment manager or investment adviser, a fund whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the first fund.

**“Relevant Interbank Market”** means the London interbank market.

**“Relevant Jurisdiction”** means, in relation to a Transaction Obligor:

(a) its Original Jurisdiction;

(b) any jurisdiction where any asset subject to, or intended to be subject to, any of the Transaction Security created, or intended to be created, by it is situated;

(c) any jurisdiction where it conducts its business; and

(d) the 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.

**“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 Lenders, 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 Lenders, an appropriate successor to a Screen Rate.

**"Repayment Date"** means each date on which a Repayment Instalment is required to be paid under Clause 6.1 (Repayment of Loan).

**"Repayment Instalment"** has the meaning given to it in Clause 6.1 (Repayment of Loan).

**"Repeating Representation"** means each of the representations set out in Clause 18 (Representations) except Clause 18.10 (Insolvency), Clause 18.11 (No filing or stamp taxes) and Clause 18.12 (Deduction of Tax) and any representation of any Transaction Obligor made in any other Finance Document that is expressed to be a "Repeating Representation" or is otherwise expressed to be repeated.

**"Representative"** means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.

**"Requisition"** means:

- (a) any expropriation, confiscation, requisition (excluding a requisition for hire or use which does not involve a requisition for title) or acquisition of the Ship, whether for full consideration, a consideration less than its proper value, a nominal consideration or without any consideration, which is effected (whether *de jure* or *de facto*) by any government or official authority or by any person or persons claiming to be or to represent a government or official authority, unless it is within 30 days (or such other longer period as the Facility Agent may agree) redelivered to the full control of the Borrower; and
- (b) any capture or seizure of the Ship (including any hijacking or theft) by any person whatsoever unless it is within 60 days (or such other longer period as the Facility Agent may agree) redelivered to the full control of the Borrower.

**"Requisition Compensation"** includes all compensation or other moneys payable to the Borrower by reason of any Requisition or any arrest or detention of the Ship in the exercise or purported exercise of any lien or claim.

**"Resolution Authority"** means any body which has authority to exercise any Write-down and Conversion Powers.

**"Retention Account"** means:

- (a) an account in the name of the Borrower with the Account Bank designated "*Laertis Marine LLC - Retention Account*" with IBAN DE69 2007 0000 0130 7115 03;
- (b) any other account in the name of the Borrower with the Account Bank which may, with the prior written consent of the Facility Agent, be opened in the place of the

account referred to in paragraph (a) above, irrespective of the number or designation of such replacement account; or any sub-account of any account referred to in paragraphs (a) or (b) above.

“**Safety Management Certificate**” has the meaning given to it in the ISM Code.

“**Safety Management System**” has the meaning given to it in the ISM Code.

“**Sanctions**”<sup>1</sup> means any sanctions, embargoes, freezing provisions, prohibitions or other restrictions relating to trading, doing business, investment, exporting, financing or making assets available (or other activities similar to or connected with any of the foregoing):

- (a) imposed by law or regulation of OFAC, the US Department of State, the US Department of Commerce, the United Nations Security Council, the European Union, or Her Majesty’s Treasury, regardless of whether the same is or is not binding on any Transaction Obligor; or
- (b) otherwise imposed by any law or regulation binding on a Transaction Obligor or to which a Transaction Obligor is subject (which shall include without limitation, any extra-territorial sanctions imposed by law or regulation of the United States of America).

“**Sanctioned Country**” means a country which is the subject or the target of Sanctions (currently, Cuba, Iran, North Korea, Sudan, the Crimea region and Syria).

“**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 for the relevant period displayed (before any correction, recalculation or republication by the administrator) on page LIBOR01 or LIBOR02 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on 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 Facility Agent may (acting on the instructions of the Majority Lenders) specify another page or service displaying the relevant rate after consultation with the Borrower.

“**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 materially changed;
- (b)
  - (i) the administrator of that Screen Rate or its supervisor publicly announces that such administrator is insolvent; or
  - (ii) information is published in any order, decree, notice, petition or filing, however described, or filed with a court, tribunal, exchange, regulatory

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<sup>1</sup> Note to Borrower: The entire facility agreement remains subject to review and comments from DB’s Sanctions, Anti-Financial Crime, Anti-Money Laundering and Anti-Bribery and Corruption teams.

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;

- (c) 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;
- (d) 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
- (e) the administrator of that Screen Rate or its supervisor announces that that Screen Rate may no longer be used; or
- (f) in the opinion of the Majority Lenders, that Screen Rate is otherwise no longer appropriate for the purposes of calculating interest under this Agreement.

**“Scheduled Dry-Docking”** means, the dry-docking which will take place on the Scheduled Dry-Docking Date.

**“Scheduled Dry-Docking Date”** means 22 December 2022.

**“Secured Liabilities”** means all present and future obligations and liabilities, (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Transaction Obligor to any Secured Party under or in connection with each Finance Document.

**“Secured Party”** means each Finance Party from time to time party to this Agreement, a Receiver or any Delegate.

**“Security”** means a mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having the effect of conferring security.

**“Security Assets”** means all of the assets of the Transaction Obligors which from time to time are, or are expressed to be, the subject of the Transaction Security.

**“Security Document”** means:

- (a) any Shares Security;
- (b) any Mortgage;
- (c) any General Assignment;
- (d) any Account Security;
- (e) any Manager’s Undertaking;
- (f) any Charterparty Assignment;
- (g) any Subordinated Debt Security;

- (h) any other document (whether or not it creates Security) which is executed as security for the Secured Liabilities; or
- (i) any other document designated as such by the Facility Agent (acting on the instructions of the Majority Lenders) and the Borrower.

**“Security Period”** means the period starting on the date of this Agreement and ending on the date on which the Facility Agent (acting on the instructions of the Lenders) is satisfied that there is no outstanding Commitment in force and that the Secured Liabilities have been irrevocably and unconditionally paid and discharged in full.

**“Security Property”** means:

- (a) the Transaction Security expressed to be granted in favour of the Security Agent as trustee for the Secured Parties and all proceeds of that Transaction Security;
- (b) all obligations expressed to be undertaken by a Transaction Obligor to pay amounts in relation to the Secured Liabilities to the Security Agent as trustee for the Secured Parties and secured by the Transaction Security together with all representations and warranties expressed to be given by a Transaction Obligor or any other person in favour of the Security Agent as trustee for the Secured Parties;
- (c) the Security Agent’s interest in any turnover trust created under the Finance Documents;
- (d) any other amounts or property, whether rights, entitlements, choses in action or otherwise, actual or contingent, which the Security Agent is required by the terms of the Finance Documents to hold as trustee on trust for the Secured Parties,

except:

- (i) rights intended for the sole benefit of the Security Agent; and
- (ii) any moneys or other assets which the Security Agent has transferred to the Facility Agent or (being entitled to do so) has retained in accordance with the provisions of this Agreement or any other Finance Document.

**“Selection Notice”** means a notice substantially in the form set out in Part B of Schedule 3 (*Requests*) given in accordance with Clause 9 (*Interest Periods*).

**“Servicing Party”** means the Facility Agent or the Security Agent.

**“Shares Security”** means, a document creating Security over the LLC Shares in the Borrower in agreed form.

**“Ship”** means m.v. “UASC AL KHOR” and registered in the ownership of the Borrower, details of which are set out opposite its name in Schedule 7 (*Details of the Ship*).

**“Specified Time”** means a day or time determined in accordance with Schedule 8 (*Timetables*).

**“Subordinated Creditor”** means:

- (a) a Transaction Obligor; or

(b) any other person who becomes a Subordinated Creditor in accordance with this Agreement.

**“Subordinated Debt Security”** means a Security over Subordinated Liabilities entered into or to be entered into by a Subordinated Creditor in favour of the Security Agent in an agreed form.

“Subordinated Finance Document” means:

- (a) a Subordinated Loan Agreement; and
- (b) any other document relating to or evidencing Subordinated Liabilities.

**“Subordinated Liabilities”** means all indebtedness owed or expressed to be owed by the Borrower to a Subordinated Creditor whether under the Subordinated Finance Documents or otherwise.

**“Subordinated Loan Agreement”** means any loan agreement made between (i) the Borrower and (ii) a Subordinated Creditor.

**“Subordination Agreement”** means a subordination agreement entered into or to be entered into by a Subordinated Creditor and the Security Agent in agreed form.

**“Subsidiary”** means a subsidiary within the meaning of section 1159 of the Companies Act 2006.

**“Substitute Initial Charter”** has the meaning given to it in Clause 20.1 (*Borrower’s minimum liquidity*).

**“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”** has the meaning given to it in Clause 12.1 (*Definitions*). **“Tax Deduction”** has the meaning given to it in Clause 12.1 (*Definitions*). **“Tax Payment”** has the meaning given to it in Clause 12.1 (*Definitions*).

**“Technical Management Agreement”** means the agreement entered or to be entered into between the Borrower and the Approved Technical Manager regarding the technical management of the Ship (as amended from time to time).

**“Termination Date”** means 30 April 2026.

**“Third Parties Act”** has the meaning given to it in Clause 1.5 (*Third party rights*).

**“Total Commitments”** means the aggregate of the Commitments, being \$51,670,000 at the date of this Agreement.

**“Total Loss”** means:

- (a) actual, constructive, compromised, agreed or arranged total loss of the Ship; or

(b) any Requisition of the Ship.

**“Total Loss Date”** means:

- (a) in the case of an actual loss of the Ship, the date on which it occurred or, if that is unknown, the date when the Ship was last heard of;
- (b) in the case of a constructive, compromised, agreed or arranged total loss of the Ship, the earlier of:
  - (i) the date on which a notice of abandonment is given (or deemed or agreed to be given) to the insurers; and
  - (ii) the date of any compromise, arrangement or agreement made by or on behalf of the Borrower with the Ship's insurers in which the insurers agree to treat the Ship as a total loss; and
- (c) in the case of any other type of total loss, the date (or the most likely date) on which it appears to the Facility Agent (acting on the instructions of the Majority Lenders) that the event constituting the total loss occurred.

**“Transaction Document”** means:

- (a) a Finance Document;
- (b) a Subordinated Finance Document;
- (c) any Charter (including, without limitation, any Assignable Charter); or
- (d) any other document designated as such by the Facility Agent (acting on the instructions of the Majority Lenders) and the Borrower.

**“Transaction Obligor”** means an Obligor, Odyssea NB, any Approved Manager or any other member of the Group who executes a Finance Document.

**“Transaction Security”** means the Security created or evidenced or expressed to be created or evidenced under the Security Documents.

**“Transfer Certificate”** means a certificate substantially in the form set out in Schedule 4 (*Form of Transfer Certificate*) or any other form agreed between the Facility Agent (acting on the instructions of the Majority Lenders) and the Borrower.

**“Transfer Date”** means, in relation to an assignment or a transfer, the later of:

- (a) the proposed Transfer Date specified in the relevant Assignment Agreement or Transfer Certificate; and
- (b) the date on which the Facility Agent executes the relevant Assignment Agreement or Transfer Certificate.

**“UK Bail-In Legislation”** means Part 1 of the United Kingdom Banking Act 2009 and any other law or regulation applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutes or their affiliates (otherwise than through liquidation, administration or other insolvency proceedings).

**“UK Establishment”** means a UK establishment as defined in the Overseas Regulations.

**“Unpaid Sum”** means any sum due and payable but unpaid by an Obligor under the Finance Documents.

**“US”** means the United States of America.

**“US Tax Obligor”** means:

- (a) a person which is resident for tax purposes in the US; or
- (b) a person some or all of whose payments under the Finance Documents are from sources within the US for US federal income tax purposes.

**“Utilisation”** means a utilisation of the Facility.

**“Utilisation Date”** means the date of the Utilisation, being the date on which the Loan is to be advanced.

**“Utilisation Request”** means a notice substantially in the form set out in Part A of Schedule 3 (*Requests*).

**“VAT”** means:

- (a) any value added tax imposed by the Value Added Tax Act 1994 of the United Kingdom;
- (b) 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
- (c) 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 other than the UK Bail-in Legislation:
  - (i) any powers under that Bail-In Legislation to cancel, transfer or dilute shares or membership interests 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, membership interests, 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

- (ii) any similar or analogous powers under that Bail-In Legislation; and
- (c) in relation to the UK Bail-In Legislation, any powers under that UK Bail-In Legislation to cancel, transfer or dilute shares or membership interests 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, membership interests, 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 UK Bail-In Legislation that are related to or ancillary to any of those powers.

## 1.2 Construction

- (a) Unless a contrary indication appears, a reference in this Agreement to:
  - (ii) the “Account Bank”, the “Arranger”, the “Facility Agent”, any “Finance Party”, any “Lender”, any “Obligor”, any “Party”, any “Secured Party”, the “Security Agent”, any “Transaction Obligor” or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees to, or of, its rights and/or obligations under the Finance Documents;
  - (iii) “assets” includes present and future properties, revenues and rights of every description;
  - (iv) a liability which is “contingent” means a liability which is not certain to arise and/or the amount of which remains unascertained;
  - (v) “document” includes a deed and also a letter, fax, email or telex;
  - (vi) “expense” means any kind of cost, charge or expense (including all legal costs, charges and expenses) and any applicable Tax including VAT;
  - (vii) a “Finance Document”, a “Security Document”, “Transaction Document” or any other agreement or instrument is a reference to that Finance Document, Security Document or Transaction Document or other agreement or instrument as amended, replaced, novated, supplemented, extended or restated;
  - (viii) a “group of Lenders” includes all the Lenders;
  - (ix) “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;
  - (x) “law” includes any order or decree, any form of delegated legislation, any treaty or international convention and any regulation or resolution of the Council of the European Union, the European Commission, the United Nations or its Security Council;
  - (xi) “proceedings” means, in relation to any enforcement provision of a Finance Document, proceedings of any kind, including an application for a provisional or protective measure;

- (xii) 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;
  - (xiii) a **“person”** includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium, partnership or other entity (whether or not having separate legal personality);
  - (xiv) a provision of law is a reference to that provision as amended or re-enacted from time to time;
  - (xv) a time of day is a reference to London time;
  - (xvi) any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall, in respect of a jurisdiction other than England, be deemed to include that which most nearly approximates in that jurisdiction to the English legal term;
  - (xvii) words denoting the singular number shall include the plural and vice versa; and
  - (xviii) **“including”** and **“in particular”** (and other similar expressions) shall be construed as not limiting any general words or expressions in connection with which they are used.
- (b) The determination of the extent to which a rate is **“for a period equal in length”** to an Interest Period shall disregard any inconsistency arising from the last day of that Interest Period being determined pursuant to the terms of this Agreement.
  - (c) Section, Clause and Schedule headings are for ease of reference only and are not to be used for the purposes of construction or interpretation of the Finance Documents.
  - (d) 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.
  - (e) A Potential 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.

### 1.3

#### Construction of insurance terms

In this Agreement:

**“approved”** means, for the purposes of Clause 22 (*Insurance Undertakings*), approved in writing by the Facility Agent (acting on the instructions of the Majority Lenders).

**“excess risks”** means, the proportion of claims for general average, salvage and salvage charges not recoverable under the hull and machinery policies in respect of the Ship in consequence of its insured value being less than the value at which the Ship is assessed for the purpose of such claims.

**“obligatory insurances”** means all insurances effected, or which the Borrower is obliged to effect, under Clause 22 (*Insurance Undertakings*) or any other provision of this Agreement or of another Finance Document.

“**policy**” includes a slip, cover note, certificate of entry or other document evidencing the contract of insurance or its terms.

“**protection and indemnity risks**” means the usual risks covered by a protection and indemnity association managed in London, including pollution risks and the proportion (if any) of any sums payable to any other person or persons in case of collision which are not recoverable under the hull and machinery policies by reason of the incorporation in them of clause 6 of the International Hull Clauses (1/11/02) (1/11/03), clause 8 of the Institute Time Clauses (Hulls) (1/10/83) (1/11/95) or the Institute Amended Running Down Clause (1/10/71) or any equivalent provision.

“**war risks**” includes the risk of mines and all risks excluded by clause 29 of the International Hull Clauses (1/11/02 or 1/11/03), clause 24 of the Institute Time Clauses (Hulls) (1/11/95) or clause 23 of the Institute Time Clauses (Hulls) (1/10/83) or any equivalent provision.

#### 1.4 **Agreed forms of Finance Documents**

References in Clause 1.1 (*Definitions*) to any Finance Document being in “agreed form” are to that Finance Document:

- (a) in a form attached to a certificate dated the same date as this Agreement (and signed by the Borrower and the Facility Agent); or
- (b) in any other form agreed in writing between the Borrower and the Facility Agent acting with the authorisation of the Majority Lenders or, where Clause 42.2 (*All Lender matters*) applies, all the Lenders.

#### 1.5 **Third party rights**

- (a) Unless expressly provided to the contrary in a Finance Document, a person who is not a Party 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 this Agreement.
- (b) Subject to Clause 42.3 (*Other exceptions*) but otherwise notwithstanding any term of any Finance Document, the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.
- (c) Any Affiliate, Receiver, Delegate or for the purposes of Clause 14.2 (*Other indemnities*), Clause 14.4 (*Indemnity to the Facility Agent*), Clause 14.5 (*Indemnity to the Security Agent*), any Indemnified Person, or any other person described in paragraph (b) of Clause 29.11 (*Exclusion of liability*), Clause 29.21 (*Role of Reference Banks*), Clause 29.22 (*Third Party Reference Banks*) or paragraph (b) of Clause 30.11 (*Exclusion of liability*) may, subject to this Clause 1.5 (*Third party rights*) and the Third Parties Act, rely on any Clause of this Agreement which expressly confers rights on it.

## SECTION 2

### THE FACILITY

#### 2 THE FACILITY

##### 2.1 The Facility

Subject to the terms of this Agreement, the Lenders make available to the Borrower a dollar term loan facility in a single Advance in an aggregate amount not exceeding the Total Commitments.

##### 2.2 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 a Transaction Obligor is a separate and independent debt in respect of which a Finance Party shall be entitled to enforce its rights 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 the Loan or any other amount owed by a Transaction 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 Facility Agent on its behalf) is a debt owing to that Finance Party by that Transaction Obligor.
- (c) A Finance Party may, except as specifically provided in the Finance Documents, separately enforce its rights under or in connection with the Finance Documents.

#### 3 PURPOSE

##### 3.1 Purpose

The Borrower shall apply all amounts borrowed by it under the Facility only for the purpose of refinancing the Existing Indebtedness and for general 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 Borrower may not deliver the Utilisation Request unless the Facility Agent has received all of the documents and other evidence listed in Part A of Schedule 2 (*Conditions Precedent*) in form and substance satisfactory to the Facility Agent (acting on the instructions of the Lenders).

#### **4.2 Further conditions precedent**

The Lenders will only be obliged to comply with Clause 5.4 (*Lenders' participation*) if:

- (a) on the date of the Utilisation Request and on the proposed Utilisation Date and before the Loan is made available:
  - (i) no Default is continuing or would result from the proposed Loan;
  - (ii) the Repeating Representations to be made by each Obligor are true;
  - (iii) no event described in paragraph 0 of Clause 7.2 (*Change of control*) has occurred; and
  - (iv) the provisions of paragraph (b) of Clause 10.3 (*Market disruption*) do not apply.
- (b) the Facility Agent has received on or before the Utilisation Date or the Lenders are satisfied that the Facility Agent will receive when the Loan is made available, all of the documents and other evidence listed in Part B of Schedule 2 (*Conditions Precedent*) in form and substance satisfactory to the Facility Agent (acting on the instructions of the Lenders).

#### **4.3 Notification of satisfaction of conditions precedent**

- (a) The Facility Agent shall promptly send to the Lenders all of the conditions precedent referred to in Clause 4.1 (*Initial conditions precedent*) and Clause 4.2 (*Further conditions precedent*) which it has received.
- (b) Each Lender shall promptly confirm to the Facility Agent in writing that it is satisfied as to the satisfaction of the conditions precedent referred to in Clause 4.1 (*Initial conditions precedent*) and Clause 4.2 (*Further conditions precedent*).
- (c) The Facility Agent shall notify the Borrower and the Lenders promptly upon receipt of those confirmations referred to in sub-paragraph (b) above from all of the Lenders.
- (d) Other than to the extent that the Majority Lenders notify the Facility Agent in writing to the contrary before the Facility Agent gives the notification described in paragraph (a) above, the Lenders authorise (but do not require) the Facility Agent to give that notification. The Facility Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving any such notification.

#### **4.4 Waiver of conditions precedent**

If the Lenders, at their discretion, permit the Loan to be borrowed before any of the conditions precedent referred to in Clause 4.1 (*Initial conditions precedent*) or Clause 4.2 (*Further conditions precedent*) has been satisfied, the Borrower shall ensure that that condition is satisfied within five Business Days after the Utilisation Date or such later date as the Facility Agent, acting with the authorisation of the Majority Lenders, may agree in writing with the Borrower.

#### **4.5 Conditions subsequent**

As soon as possible but in no event later than 3 calendar months after the Utilisation Date, satisfactory inspection report in respect of the Ship by an independent external surveyor acceptable to the Facility Agent, at the cost of the Borrower.

## SECTION 3

### UTILISATION

#### 5 UTILISATION

##### 5.1 Delivery of Utilisation Request

- (a) The Borrower may utilise the Facility by delivery to the Facility Agent of a duly completed Utilisation Request not later than the Specified Time.
- (b) The Borrower may only deliver one Utilisation Request in respect of the Loan.

##### 5.2 Completion of Utilisation Request

The Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:

- (i) the proposed Utilisation Date is a Business Day within the Availability Period; and
- (ii) the currency and amount of the Utilisation comply with Clause 5.3 (*Currency and amount*).

##### 5.3 Currency and amount

- (a) The currency specified in the Utilisation Request must be dollars.
- (b) The amount of the proposed Advance must be an amount which is not more than the lower of (i) \$51,670,000 and (ii) 65 per cent. of the Initial Market Value of the Ship.
- (c) Subject to paragraph (d) below, the amount of the proposed Advance must be an amount which is not more than the Available Facility.

##### 5.4 Lenders' participation

- (a) If the conditions set out in this Agreement have been met, each Lender shall make its participation in the Advance available by the Utilisation Date through its Facility Office.
- (b) The amount of each Lender's participation in the Advance will be equal to the proportion borne by its Available Commitment to the Available Facility immediately before making the Advance.
- (c) Subject to receiving the Utilisation Request, the Facility Agent shall notify each Lender of the amount of the Advance and the amount of its participation in the Advance by the Specified Time.

##### 5.5 Cancellation of Commitments

The Commitments which are unutilised at the end of the Availability Period shall then be cancelled.

## **5.6 Retentions and payment to third parties**

The Borrower irrevocably authorises the Facility Agent on the Utilisation Date, to pay to, or for the account of, the Borrower the amounts which the Facility Agent receives from the Lenders in respect of the Advance. That payment shall be made in like funds as the Facility Agent received from the Lenders in respect of the Advance to the account which the Borrower specifies in the Utilisation Request.

## **5.7 Disbursement of Advance to third party**

Payment by the Facility Agent under Clause 5.6 (*Retentions and payment to third parties*) to a person other than the Borrower shall constitute the making of the Advance and the Borrower shall at that time become indebted, as principal and direct obligors, to each Lender in an amount equal to that Lender's participation in the Advance.

## **5.8 Prepositioning of funds**

If, in respect of the proposed Advance, the Lenders, at the request of the Borrower and on terms acceptable to all the Lenders and in their absolute discretion, preposition funds with any bank, the Borrower and Guarantors:

- (a) agree to pay interest on the amount of the funds so prepositioned at the rate described in Clause 8.1 (*Calculation of interest*) on the basis of successive interest periods of one day and so that interest shall be paid together with the first payment of interest on the Advance after the Utilisation Date or, if such Utilisation Date does not occur, within three Business Days of demand by the Facility Agent (acting on the instructions of the Majority Lenders); and
- (b) shall, without duplication, indemnify each Finance Party against any costs, loss or liability it may incur in connection with such arrangement.

## SECTION 4

### REPAYMENT, PREPAYMENT AND CANCELLATION

#### 6 REPAYMENT

##### 6.1 Repayment of Loan

The Borrower shall repay the Loan by twenty (20) equal consecutive quarterly instalments (each a “**Repayment Instalment**” and together the “**Repayment Instalments**”), each in the amount of \$1,162,448 and a balloon amount of up to \$28,421,040 (the “**Balloon Instalment**”). The first Repayment Instalment shall be repaid on 30 July 2021 and the last such Repayment Instalment together with the Balloon Instalment shall be repaid on the Termination Date.

##### 6.2 Effect of cancellation and prepayment on scheduled repayments

- (a) If the Borrower cancels the whole or any part of any Available Commitment in accordance with Clause 7.6 (*Right of repayment and cancellation in relation to a single Lender*) or if the Available Commitment of any Lender is cancelled under Clause 7.1 (*Illegality*) then the Repayment Instalments and the Balloon Instalment falling after that cancellation will be reduced in inverse chronological order of maturity by the amount of the Available Commitments so cancelled.
- (b) If the Borrower cancels the whole or any part of any Available Commitment in accordance with Clause 7.3 (*Voluntary and automatic cancellation*) or if the whole or part of any Commitment is cancelled pursuant to Clause 5.5 (*Cancellation of Commitments*), the Repayment Instalments and the Balloon Instalment falling after that cancellation will be reduced in inverse chronological order of maturity by the amount of the Commitments so cancelled.
- (c) If any part of the Loan is repaid or prepaid in accordance with Clause 7.6 (*Right of repayment and cancellation in relation to a single Lender*) or Clause 7.1 (*Illegality*), such partial prepayment shall be applied against the then outstanding Repayment Instalments in inverse chronological order of maturity (commencing, for the avoidance of doubt, with the Balloon Instalment).
- (d) If any part of the Loan is prepaid in accordance with Clause 7.4 (*Voluntary prepayment of Loan*), such partial prepayment shall be applied against the then outstanding Repayment Instalments in inverse chronological order of maturity (commencing, for the avoidance of doubt, with the Balloon Instalment).

##### 6.3 Termination Date

On the Termination Date, the Borrower shall additionally pay to the Facility Agent for the account of the Finance Parties all other sums then accrued and owing under the Finance Documents.

##### 6.4 Reborrowing

The Borrower may not reborrow any part of the Facility which is repaid.

## 7 PREPAYMENT AND CANCELLATION

### 7.1 Illegality

If it is or becomes unlawful in any applicable jurisdiction for a Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in the Loan or it becomes unlawful for any Affiliate of a Lender for that Lender to do so:

- (a) that Lender shall promptly notify the Facility Agent upon becoming aware of that event;
- (b) upon the Facility Agent notifying the Borrower, the Available Commitment of that Lender will be immediately cancelled; and
- (c) the Borrower shall prepay that Lender's participation in the Loan on the last day of the Interest Period for the Loan occurring after the Facility Agent has notified the Borrower or, if earlier, the date specified by the Lender in the notice delivered to the Facility Agent (being no earlier than the last day of any applicable grace period permitted by law) and that Lender's corresponding Commitment shall be cancelled in the amount of the participation prepaid.

### 7.2 Change of control

If a Change of Control occurs, the Obligors shall promptly notify the Facility Agent upon becoming aware of that event and if the Lenders so require, the Facility Agent shall (acting on the instructions of the Lenders), by not less than 30 days' notice to the Borrower, cancel the Facility and declare the Loan, together with accrued interest, and all other amounts accrued under the Finance Documents immediately due and payable, whereupon the Facility will be cancelled and the Loan and interest and other amounts will become immediately due and payable.

For the purpose of this Clause, a "Change of Control" occurs if during the Security Period:

- (a) a change occurs in the power (whether by way of ownership of shares, membership interests, proxy, contract, agency or otherwise) to:
  - (i) cast, or control the casting of, all of the votes that might be cast at a general meeting of any Guarantor (other than Guarantor D); or
  - (ii) appoint or remove all, or the majority, of the directors or other equivalent officers of any Guarantor (other than Guarantor D); or
  - (iii) give directions with respect to the operating and financial policies of any Guarantor (other than Guarantor D) with which the directors or other equivalent officers of that Guarantor are obliged to comply; and/or
- (b) a change occurs in the beneficial holding of any part of the issued equity interests of any Guarantor (other than Guarantor D) (excluding any part of those issued equity interests that carries no right to participate beyond a specified amount in a distribution of either profits or capital) from that disclosed to the Facility Agent prior to the execution of this Agreement; and/or,
- (c) any change occurs in the direct or indirect ownership or the control of the Borrower, it being understood and agreed that any change in the direct or indirect ownership or

control of Guarantor D (other than those set out in paragraphs (d) to (f) of this Clause 7.2) shall not constitute a Change of Control for the purposes of this Clause 7.2; and/or

- (d) Mr George Giouroukos ceases to own at least fifty per cent. of the number of shares of Guarantor D (either directly or through one or more affiliates) held by him on the date of the completion of the merger between Guarantor D and Guarantor A (the **"Poseidon/GSL Merger"**) (excluding any share split or reverse split) other than by reason of death or other incapacity in managing his affairs; and/or
- (e) Mr George Giouroukos ceases to be the Executive Chairman (or to maintain an equivalent executive officer position) of Guarantor D other than by reason of death or other incapacity in managing his affairs; and/or
- (f) any person(s) own(s) more than thirty five per cent. of the shares or voting rights in Guarantor D, unless such person(s) owned such shares on the date of the completion of the Poseidon/GSL Merger.

### 7.3 Voluntary and automatic cancellation

- (a) The Borrower may, if it gives the Facility Agent not less than ten Business Days' (or such shorter period as the Majority Lenders and the Facility Agent may agree) prior written notice, cancel the whole or any part (being a minimum amount of \$1,000,000 or a multiple of that amount (or such other amount as the Majority Lenders may agree in their sole discretion)) of the Available Facility. Any cancellation under this Clause 7.3 (*Voluntary and automatic cancellation*) shall reduce the Commitments of the Lenders rateably.
- (b) The unutilised Commitment (if any) of each Lender shall be automatically cancelled at close of business on the Utilisation Date.

### 7.4 Voluntary prepayment of Loan

The Borrower may, if it gives the Facility Agent not less than ten Business Days' (or such shorter period as the Majority Lenders may agree) prior notice, prepay the whole or any part of the Loan (but, if in part, being an amount that reduces the amount of the Loan by a minimum amount equal to \$1,000,000 or a multiple of that amount (or such other amount as the Majority Lenders may agree in their sole discretion)).

### 7.5 Mandatory prepayment on sale or Total Loss

- (a) If the Ship is sold (without prejudice to paragraph (a) of Clause 21.13 (*Disposals*)) or becomes a Total Loss, the Borrower shall on the Relevant Date prepay the Loan together with accrued interest, and all other amounts accrued under the Finance Documents.
- (b) In this Clause 7.5 (*Mandatory prepayment on sale or Total Loss*):

**"Relevant Date"** means:

- (A) in the case of a sale of the Ship, on the earlier of:
  - (A) the date on which the sale is completed by delivery of the Ship to the buyer of the Ship; and
  - (B) the date of receipt by the Security Agent of the proceeds of the sale;

- (B) in the case of a Total Loss of the Ship, on the earlier of:
  - (A) the date falling 120 days after the Total Loss Date; and
  - (B) the date of receipt by the Security Agent of the proceeds of insurance relating to such Total Loss.

#### **7.6 Right of repayment and cancellation in relation to a single Lender**

- (a) If:
  - (i) any sum payable to any Lender by a Transaction Obligor is required to be increased under paragraph (c) of Clause 12.2 (*Tax gross-up*) or under that clause as incorporated by reference or in full in any other Finance Document; or
  - (ii) any Lender claims indemnification from the Borrower under Clause 12.3 (*Tax indemnity*) or Clause 13.1 (*Increased costs*),the Borrower may, whilst the circumstance giving rise to the requirement for that increase or indemnification continues, give the Facility Agent notice of cancellation of the Commitment of that Lender and its intention to procure the repayment of that Lender's participation in the Loan.
- (b) On receipt of a notice of cancellation referred to in paragraph (a) above, the Commitment of that Lender shall immediately be reduced to zero.
- (c) On the last day of each Interest Period which ends after the Borrower has given notice of cancellation under paragraph (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 Loan.

#### **7.7 Restrictions**

- (a) Any notice of cancellation or prepayment given by any Party under this Clause 7 (*Prepayment and Cancellation*) 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, the amount of that cancellation or prepayment and, if relevant, the part of the Loan to be prepaid or cancelled.
- (b) Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to the fee provided for in Clause 11.2 (*Prepayment fee*) and any Break Costs, without premium or penalty.
- (c) The Borrower may not reborrow any part of the Facility which is prepaid.
- (d) The Borrower shall not repay or prepay all or any part of the 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) No amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.

- (f) If the Facility Agent receives a notice under this Clause 7 (*Prepayment and Cancellation*) it shall promptly forward a copy of that notice to either the Borrower or the affected Lenders, as appropriate.
- (g) If all or part of any Lender's participation in the Loan is repaid or prepaid, an amount of that Lender's Commitment (equal to the amount of the participation which is repaid or prepaid) will be deemed to be cancelled on the date of repayment or prepayment.

## 7.8

### **Application of prepayments**

Any prepayment of any part of the Loan (other than a prepayment pursuant to Clause 7.1 (*Illegality*), Clause 7.4 (*Voluntary prepayment of Loan*) or Clause 7.6 (*Right of repayment and cancellation in relation to a single Lender*)) shall be applied pro rata to each Lender's participation in that part of the Loan.

**SECTION 5**  
**COSTS OF UTILISATION**

**8 INTEREST**

**8.1 Calculation of interest**

The rate of interest on the Loan or any part of the Loan for each Interest Period is the percentage rate per annum which is the aggregate of:

- (a) the Margin; and
- (b) LIBOR.

**8.2 Payment of interest**

- (a) The Borrower shall pay accrued interest on the Loan or any part of the Loan on the last day of each Interest Period (each an **"Interest Payment Date"**).
- (b) If an Interest Period is longer than three Months, the Borrower shall also pay interest then accrued on the Loan or the relevant part of the Loan on the dates falling at three Monthly intervals after the first day of the Interest Period.

**8.3 Default interest**

- (a) If an Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the Unpaid Sum from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to paragraph (b) below, is 2 per cent. per annum higher than the rate which would have been payable if the Unpaid Sum had, during the period of non-payment, constituted part of the Loan in the currency of the Unpaid Sum for successive Interest Periods, each of a duration selected by the Facility Agent (acting on the instructions of the Majority Lenders). Any interest accruing under this Clause 8.3 (*Default interest*) shall be immediately payable by the Obligor on demand by the Facility Agent (acting on the instructions of the Majority Lenders).
- (b) If an Unpaid Sum consists of all or part of the Loan which became due on a day which was not the last day of an Interest Period relating to the Loan or that part of the Loan:
  - (i) the first Interest Period for that Unpaid Sum shall have a duration equal to the unexpired portion of the current Interest Period relating to the Loan or that part of the Loan; and
  - (ii) the rate of interest applying to that Unpaid Sum during that first Interest Period shall be 2 per cent. per annum higher than the rate which would have applied if that Unpaid Sum had not become due.
- (c) Default interest (if unpaid) arising on an Unpaid Sum will be compounded with the Unpaid Sum at the end of each Interest Period applicable to that Unpaid Sum but will remain immediately due and payable.

#### **8.4 Notification of rates of interest**

- (a) The Facility Agent shall promptly notify the Lenders and the Borrower of the determination of a rate of interest under this Agreement.
- (b) The Facility Agent shall promptly notify the Borrower of each Funding Rate relating to the Loan, any part of the Loan or any Unpaid Sum.

### **9 INTEREST PERIODS**

#### **9.1 Selection of Interest Periods**

- (a) The Borrower may select the Interest Period for the Loan in the Utilisation Request. Subject to paragraphs (f) and (h) below and Clause 9.2 (*Changes to Interest Periods*), the Borrower may select each subsequent Interest Period in respect of the Loan in a Selection Notice.
- (b) Each Selection Notice is irrevocable and must be delivered to the Facility Agent by the Borrower not later than the Specified Time.
- (c) If the Borrower fails to select an Interest Period in the Utilisation Request or fails to deliver a Selection Notice to the Facility Agent in accordance with paragraphs (a) and (b) above, the relevant Interest Period will, subject to paragraphs (f) and (h) below and Clause 9.2 (*Changes to Interest Periods*), be three Months.
- (d) Subject to this Clause 9 (*Interest Periods*), the Borrower may select an Interest Period of three Months or any other period agreed between the Borrower and the Facility Agent (acting on the instructions of all the Lenders).
- (e) An Interest Period in respect of the Loan or any part of the Loan shall not extend beyond the Termination Date.
- (f) In respect of a Repayment Instalment, the Borrower may request in the relevant Selection Notice that an Interest Period for a part of the Loan equal to such Repayment Instalment shall end on the Repayment Date relating to it and, subject to paragraph (d) above, select a longer Interest Period for the remaining part of the Loan.
- (g) The first Interest Period for the Loan shall start on the Utilisation Date and, subject to paragraph (h) below, each subsequent Interest Period shall start on the last day of its preceding Interest Period.
- (h) Except for the purposes of paragraph (f) above and Clause 9.2 (*Changes to Interest Periods*), the Loan shall have one Interest Period only at any time.

#### **9.2 Changes to Interest Periods**

- (a) In respect of a Repayment Instalment, prior to determining the interest rate for the Loan, the Facility Agent may establish an Interest Period for a part of the Loan equal to such Repayment Instalment to end on the Repayment Date relating to it and the remaining part of the Loan shall have the Interest Period selected in the relevant Selection Notice, subject to paragraph (d) of Clause 9.1 (*Selection of Interest Periods*).

- (b) If the Facility Agent makes any change to an Interest Period referred to in this Clause 9.2 (*Changes to Interest Periods*), it shall promptly notify the Borrower and the Lenders.

### 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) *Interpolated Screen Rate*: If no Screen Rate is available for LIBOR for the Interest Period of the Loan or any part of the Loan, the applicable LIBOR shall be the Interpolated Screen Rate for a period equal in length to the Interest Period of the Loan or that part of the Loan.
- (b) *Reference Bank Rate*: If no Screen Rate is available for LIBOR for:
- (i) dollars; or
  - (ii) the Interest Period of the Loan or any part of the Loan and it is not possible to calculate the Interpolated Screen Rate,
  - (iii) 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 Loan or that part of the Loan.
- (c) *Cost of funds*: If paragraph (b) above applies but no Reference Bank Rate is available for dollars or the relevant Interest Period there shall be no LIBOR for the Loan or that part of the Loan (as applicable) and Clause 10.4 (*Cost of funds*) shall apply to the Loan or that part of the Loan for that Interest Period.

### 10.2 Calculation of Reference Bank Rate

- (a) Subject to paragraph (b) below, if LIBOR is to be determined on the basis of a Reference Bank Rate but a Reference Bank does not supply a quotation by the Specified Time, the Reference Bank Rate shall be calculated on the basis of the quotations of the remaining Reference Banks.
- (b) If at or about noon on the Quotation Day none or only one of the Reference Banks supplies a quotation, there shall be no Reference Bank Rate for the relevant Interest Period.

### 10.3 Market disruption

- (a) If before close of business in London on the Quotation Day for the relevant Interest Period the Facility Agent receives notification from a Lender or Lenders (whose participations in the Loan or the relevant part of the Loan exceed 66 per cent. of the Loan or the relevant part of the Loan as appropriate) that the cost to it of funding its participation in the Loan or that part of the Loan from whatever source it may reasonably select for dollars would be in excess of LIBOR then Clause 10.4 (*Cost of funds*) shall apply to the Loan or that part of the Loan (as applicable) for the relevant Interest Period.

- (b) If, at least one Business Day before the Utilisation Date, the Facility Agent receives notification from a Lender (the "Affected Lender") that for any reason it is unable to obtain dollars in the Relevant Interbank Market in order to fund its participation in the Advance, the Affected Lender's obligation to participate in the Advance shall be suspended while that situation continues, provided however that the Affected Lender and/or the Facility Agent shall use reasonable endeavours to find an alternative method to fund the Loan.

#### 10.4

##### Cost of funds

- (a) If this Clause 10.4 (*Cost of funds*) applies, the rate of interest on each Lender's share of the Loan or the relevant part of the Loan for the relevant Interest Period shall be the percentage rate per annum which is the sum of:
- (i) the Margin;
  - (ii) the rate notified to the Facility 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 the relevant Lender of funding its participation in the Loan or that part of the Loan from whatever source it may reasonably select; and
  - (iii) the Mandatory Cost, if any, applicable to that Lender's participation in the Loan or that part of the Loan.
- (b) If this Clause 10.4 (*Cost of funds*) applies and the Facility Agent (acting on the instructions of the Lenders) or the Borrower so require, the Facility 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 or (as the case may be) an alternative basis for funding.
- (c) Subject to Clause 42.4 (*Replacement of Screen Rate*), any substitute or alternative basis agreed pursuant to paragraph (b) above shall, with the prior consent of all the Lenders, the Facility Agent and the Borrower, be binding on all Parties.
- (d) If paragraph (e) below does not apply and any rate notified to the Facility Agent under sub-paragraph (ii) of paragraph (a) above is less than zero, the relevant rate shall be deemed to be zero.
- (e) If this Clause 10.4 (*Cost of funds*) applies pursuant to Clause 10.3 (*Market disruption*) and:
- (i) a Lender's Funding Rate is less than LIBOR; or
  - (ii) a Lender does not supply a quotation by the time specified in sub-paragraph (ii) of paragraph (a) above,
- the cost to that Lender of funding its participation in the Loan or the relevant part of the Loan for that Interest Period shall be deemed, for the purposes of paragraph (a) above, to be LIBOR.

#### 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 the Loan or Unpaid Sum

being paid by the Borrower on a day other than the last day of an Interest Period for the Loan, the relevant part of the Loan or that Unpaid Sum.

- (b) Each Lender shall, as soon as reasonably practicable after a demand by the Facility Agent (acting on the instructions of the Lenders), provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue.

## **11 FEES**

### **11.1 Commitment fee**

- (a) The Borrower shall pay to the Facility Agent (for the account of each Lender) a nonrefundable commitment fee computed at 40 per cent. of the Margin on that Lender's Available Commitment from time to time commencing on the date of this Agreement and ending on the earlier of (i) last day of the Availability Period, (ii) the Utilisation Date and (iii) the date on which the Available Commitments are cancelled in full or no longer available for drawing for any other reason whatsoever.
- (b) The accrued commitment fee is payable on the earlier of (i) the Utilisation Date and (ii) the last day of the Availability Period (and on the last day of such period), or, in relation to any Available Commitment which is cancelled, on the cancelled amount of the relevant Lender's Commitment at the time the cancellation is effective.

### **11.2 Prepayment fee**

- (a) Subject to paragraph (c) below, the Borrower must pay to the Facility Agent for each Lender a prepayment fee on the date of prepayment of all or any part of the Loan.
- (b) The amount of the prepayment fee is:
  - (i) if the prepayment occurs on or before the date falling on the first anniversary of the Utilisation Date, 2 per cent. of the amount prepaid;
  - (ii) if the prepayment occurs after the date falling on the first but on or before the date falling on the second anniversary of the Utilisation Date, 1 per cent. of the amount prepaid; and
  - (iii) if the prepayment occurs after the date falling on the second anniversary of the Utilisation Date, no prepayment fee shall be payable.
- (c) No prepayment fee shall be payable under this Clause if the prepayment is made under Clause 7.1 (*Illegality*), Clause 7.6 (*Right of replacement or repayment and cancellation in relation to a single Lender*) or, only in the event of a Total Loss of the Ship, Clause 7.5 (*Mandatory prepayment on sale or Total loss*).

### **11.3 Upfront Fee**

The Borrower shall pay to the Arranger a non-refundable upfront fee in the amount and at the times agreed in the 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 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 Credit”** means a credit against, relief or remission for, or repayment of any Tax.

**“Tax Deduction”** means a deduction or withholding for or on account of Tax from a payment under a Finance Document, 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 (*Tax Gross Up and Indemnities*) 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 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 Facility Agent accordingly. Similarly, a Lender shall notify the Facility Agent on becoming so aware in respect of a payment payable to that Lender. If the Facility 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 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 Facility 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.

**12.3****Tax indemnity**

- (a) The Obligors shall (within three Business Days of demand by the Facility Agent (acting on the instructions of a Protected Party or claiming on its own behalf)) 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) Paragraph (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 formed 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; or
  - (ii) to the extent a loss, liability or cost:
    - (A) is compensated for by an increased payment under Clause 12.2 (Tax gross-up); or
    - (B) relates to a FATCA Deduction required to be made by a Party.
- (c) A Protected Party making, or intending to make, a claim under paragraph (a) above shall promptly notify the Facility Agent of the event which will give, or has given, rise to the claim, following which the Facility Agent shall notify the Obligors.
- (d) A Protected Party shall, on receiving a payment from an Obligor under this Clause 12.3 (*Tax indemnity*), notify the Facility 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 to an increased payment of which that Tax Payment forms part, to that Tax Payment or to a Tax Deduction in consequence of which that Tax Payment was received; 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 Stamp taxes

The Obligors shall pay and, within three Business Days of demand, indemnify each Secured Party against any cost, loss or liability which that Secured Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

## 12.6 VAT

- (a) All amounts expressed to be payable under a Finance Document 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 paragraph (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 other than the Recipient (the “**Relevant Party**”) is required by the terms of any Finance Document to pay an amount equal to the consideration for that 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 Relevant 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 sub-paragraph (i) applies) promptly pay to the Relevant 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 Relevant 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 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 of it as represents VAT, save to the extent that such Finance Party reasonably determines that it is entitled to credit or repayment in respect of such VAT from the relevant tax authority.
- (d) Any reference in this Clause 12.6 (VAT) to any Party shall, at any time when that Party is treated as a member of a group or unity (or fiscal unity) for VAT purposes, include (where appropriate and unless the context otherwise requires) a reference to the person who is treated at that time as making the supply, or (as appropriate) receiving the supply, under the grouping rules (provided for in Article 11 of Council Directive 2006/112/EC (or as implemented by the relevant member state of the European Union or equivalent provisions imposed elsewhere)) so that a reference to a Party shall be construed as a

reference to that Party or the relevant group or unity (or fiscal unity) of which that Party is a member for VAT purposes at the relevant time or the relevant representative member (or representative or head) of that group or unity at the relevant time (as the case may be).

- (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.

## 12.7

### FATCA Information

- (a) Subject to paragraph (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; and
  - (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 sub-paragraph (i) of paragraph (a) 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) Paragraph (a) above shall not oblige any Finance Party to do anything and sub-paragraph (iii) of paragraph (a) 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 fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with sub-paragraphs (i) or (ii) of paragraph (a) above (including, for the avoidance of doubt, where paragraph (c) above 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.

- (e) If the Borrower is a US Tax Obligor, or the Facility Agent reasonably believes that its obligations under FATCA or any other applicable law or regulation require it, each Lender shall, within ten Business Days of:
  - (i) where the Borrower is a US Tax Obligor and the relevant Lender is an Original Lender, the date of this Agreement;
  - (ii) where the Borrower is a US Tax Obligor on a Transfer Date and the relevant Lender is a New Lender, the relevant Transfer Date; or
  - (iii) where the Borrower is not a US Tax Obligor, the date of a request from the Facility Agent,
 supply to the Facility Agent:
  - (i) a withholding certificate on Form W-8, Form W-9 or any other relevant form; or
  - (ii) any withholding statement or other document, authorisation or waiver as the Facility Agent may require to certify or establish the status of such Lender under FATCA or that other law or regulation.
- (f) The Facility Agent shall provide any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to paragraph (d) above to the Borrower.
- (g) If any withholding certificate, withholding statement, document, authorisation or waiver provided to the Facility Agent by a Lender pursuant to paragraph (d) above is or becomes materially inaccurate or incomplete, that Lender shall promptly update it and provide such updated withholding certificate, withholding statement, document, authorisation or waiver to the Facility Agent unless it is unlawful for the Lender to do so (in which case the Lender shall promptly notify the Facility Agent). The Facility Agent shall provide any such updated withholding certificate, withholding statement, document, authorisation or waiver to the Borrower.
- (h) The Facility Agent may rely on any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to paragraph (d) or (f) above without further verification. The Facility Agent shall not be liable for any action taken by it under or in connection with paragraphs (d), (f) or (f) above.

## 12.8

### 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 each Obligor and the Facility Agent and the Facility Agent shall notify the other Finance Parties.

**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 Facility Agent (acting on the instructions of a Lender or claiming on its own behalf), pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates 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, in each case after the date of this Agreement; or
  - (iii) the implementation, application of or compliance with Basel III or CRD IV or any law or regulation that implements or applies Basel III or CRD IV.
- (b) In this Agreement:
- (i) “**Basel III**” means:
    - (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”.
  - (ii) “**CRD IV**” means:
    - (A) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending regulation (EU) No. 648/2012, as amended by Regulation (EU) 2019/876;
    - (B) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended by Regulation (EU) 2019/878; and

(C) any other law or regulation which implements Basel III.

(iii) **"Increased Costs"** means:

(A) a reduction in the rate of return from the Facility or on a Finance Party's (or its Affiliate's) overall capital;

(B) an additional or increased cost; or

(C) 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 Facility Agent of the event giving rise to the claim together with the amount of such claim, following which the Facility Agent shall promptly notify the Borrower.

(b) Each Finance Party shall, as soon as practicable after a demand by the Facility Agent (acting on the instructions of the Majority Lenders), provide a certificate confirming the amount of its Increased Costs.

### 13.3 Exceptions

Clause 13.1 (*Increased costs*) does not apply to the extent any Increased Cost is:

(a) attributable to a Tax Deduction required by law to be made by an Obligor;

(b) attributable to a FATCA Deduction required to be made by a Party;

(c) 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 paragraph (b) of Clause 12.3 (*Tax indemnity*) applied);

(d) compensated for by any payment made pursuant to Clause 14.3 (*Mandatory Cost*); or

(e) attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation.

## 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; 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, on demand, indemnify each Secured Party to which that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) 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

- (a) Each Obligor shall, on demand, indemnify each Secured Party against any cost, loss or liability incurred by it (acting reasonably) as a result of:
  - (i) the occurrence of any Event of Default;
  - (ii) a failure by a Transaction Obligor to pay any amount due under a Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of Clause 32 (*Sharing among the Finance Parties*);
  - (iii) funding, or making arrangements to fund, its participation in the Advance requested by the Borrower in the 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 Secured Party alone); or
  - (iv) the Loan (or part of the Loan) not being prepaid in accordance with a notice of prepayment given by the Borrower.
- (b) Each Obligor shall, on demand, indemnify each Finance Party, each Indemnified Person, against any cost, loss or liability (including, without limitation, for negligence) incurred by that Indemnified Person pursuant to or in connection with any litigation, arbitration or administrative proceedings or regulatory enquiry, in connection with or arising out of the entry into and the transactions contemplated by the Finance Documents, having the benefit of any Security constituted by the Finance Documents or which relates to the condition or operation of, or any incident occurring in relation to, the Ship unless such cost, loss or liability is caused by the gross negligence or wilful misconduct of that Indemnified Person.
- (c) Without limiting, but subject to any limitations set out in paragraph (b) above, the indemnity in paragraph (b) above shall cover any cost, loss or liability incurred by each Indemnified Person in any jurisdiction:
  - (i) arising or asserted under or in connection with any law relating to safety at sea, the ISM Code, any Environmental Law or any Sanctions; or
  - (ii) in connection with any Environmental Claim.

- (d) Any Affiliate or any officer or employee of a Finance Party or of any of its Affiliates may rely on this Clause 14.2 (*Other indemnities*) subject to Clause 1.5 (*Third party rights*) and the provisions of the Third Parties Act.

#### **14.3 Mandatory Cost**

The Borrower shall, on demand by the Facility Agent (acting on the instructions of the Majority Lenders), pay to the Facility Agent for the account of the relevant Lender, such amount which any Lender certifies in a notice to the Facility Agent to be its good faith determination of the amount necessary to compensate it for complying with:

- (a) in the case of a Lender lending from a Facility Office in a Participating Member State, the minimum reserve requirements (or other requirements having the same or similar purpose) of the European Central Bank or any other authority or agency which replaces all or any of its functions in respect of loans made from that Facility Office; and
- (b) in the case of any Lender lending from a Facility Office in the United Kingdom, any reserve asset, special deposit or liquidity requirements (or other requirements having the same or similar purpose) of the Bank of England (or any other governmental authority or agency) and/or paying any fees to the Financial Conduct Authority and/or the Prudential Regulation Authority (or any other governmental authority or agency which replaces all or any of their functions),

which, in each case, is referable to that Lender's participation in the Loan.

#### **14.4 Indemnity to the Facility Agent**

Each Obligor shall, on demand, indemnify each Indemnified Person against:

- (a) any cost, loss or liability incurred by the Facility Agent (acting reasonably) as a result of:
- (i) investigating (acting on the instructions of the Majority Lenders) any event which the Majority Lenders reasonably believe is a Default; or
  - (ii) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised; or
  - (iii) instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted under the Finance Documents or as may be required by the Majority Lenders; and
- (b) any cost, loss or liability (including, without limitation, for negligence) incurred by the Indemnified Person (otherwise than by reason of the Indemnified Person's gross negligence or wilful misconduct) or, in the case of any cost, loss or liability pursuant to Clause 33.11 (*Disruption to Payment Systems etc.*) notwithstanding the Indemnified Person's negligence, gross negligence but not including any claim based on the fraud or wilful misconduct of the Facility Agent in acting as Facility Agent under the Finance Documents.

#### **14.5 Indemnity to the Security Agent**

- (a) Each Obligor shall, on demand, indemnify each Indemnified Person against any cost, loss or liability (including, without limitation, for negligence) incurred by any of them:

- (b) in relation to or as a result of:
- (A) any failure by the Borrower to comply with its obligations under Clause 16 (*Costs and Expenses*);
  - (B) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised;
  - (C) the taking, holding, protection or enforcement of the Finance Documents and the Transaction Security;
  - (D) the exercise of any of the rights, powers, discretions, authorities and remedies vested in that Indemnified Person by the Finance Documents or by law;
  - (E) any default by any Transaction Obligor in the performance of any of the obligations expressed to be assumed by it in the Finance Documents;
  - (F) any action by any Transaction Obligor which vitiates, reduces the value of, or is otherwise prejudicial to, the Transaction Security; and
  - (G) instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted under the Finance Documents.
- (ii) acting as Security Agent, Receiver or Delegate under the Finance Documents or which otherwise relates to any of the Security Property or the performance of the terms of this Agreement or the other Finance Documents (otherwise, in each case, than by reason of the relevant Indemnified Person's gross negligence or wilful misconduct).
- (b) The Security Agent and every Receiver and Delegate may, in priority to any payment to the Secured Parties, indemnify itself out of the Security Assets in respect of, and pay and retain, all sums necessary to give effect to the indemnity in this Clause 14.5 (*Indemnity to the Security Agent*) and shall have a lien on the Transaction Security and the proceeds of the enforcement of the Transaction Security for all monies payable to it.

## **15 MITIGATION BY THE FINANCE PARTIES**

### **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*), Clause 13 (*Increased Costs*) or paragraph (a) of Clause 14.3 (*Mandatory Cost*) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.
- (b) Paragraph (a) above does not in any way limit the obligations of any Transaction Obligor under the Finance Documents.

### **15.2 Limitation of liability**

- (a) Each Obligor shall, on demand, 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 either:
  - (i) a Default has occurred and is continuing; or
  - (ii) 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 Obligors shall, promptly on demand, pay the Facility Agent, the Security Agent and the Arranger the amount of all costs and expenses (including legal fees) reasonably incurred and documented by any Secured Party in connection with the negotiation, preparation, printing, execution, syndication and perfection of:

- (a) this Agreement and any other documents referred to in this Agreement or in a Security Document; and
- (b) any other Finance Documents executed after the date of this Agreement.

### **16.2 Amendment costs**

If:

- (a) a Transaction Obligor requests an amendment, waiver or consent; or
- (b) an amendment is required either pursuant to Clause 33.9 (*Change of currency*) or as contemplated in Clause 42.4 (*Replacement of Screen Rate*); or
- (c) a Transaction Obligor requests, and the Security Agent (acting on the instructions of the Majority Lenders) agrees to, the release of all or any part of the Security Assets from the Transaction Security,

the Obligors shall, on demand, reimburse each of the Facility Agent and the Security Agent for the amount of all costs and expenses (including legal fees) reasonably incurred and documented by each Secured Party in responding to, evaluating, negotiating or complying with that request or requirement.

### **16.3 Enforcement and preservation costs**

The Obligors shall, on demand, pay to each Secured Party the amount of all costs and expenses (including legal fees) incurred by that Secured Party in connection with the enforcement of, or the preservation of any rights under, any Finance Document and/or the Transaction Security and with any proceedings instituted by or against that Secured Party as a consequence of it entering into a Finance Document, taking or holding the Transaction Security, or enforcing those rights.

**SECTION 7**  
**GUARANTEES**

**17 GUARANTEE AND INDEMNITY**

**17.1 Guarantee and indemnity**

Each Guarantor irrevocably and unconditionally:

- (a) guarantees to each Finance Party punctual performance by each other Transaction Obligor of all such other Transaction Obligor's obligations under the Finance Documents;
- (b) undertakes with each Finance Party that whenever another Transaction Obligor does not pay any amount when due under or in connection with any Finance Document, that Guarantor shall immediately on demand pay that amount as if it were the principal obligor; and
- (c) agrees with each Finance Party 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 another Transaction Obligor not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due. The amount payable by a Guarantor under this indemnity will not exceed the amount it would have had to pay under this Clause 17 (*Guarantee and Indemnity*) 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 Transaction 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 Transaction Obligor or any security for those obligations or otherwise) is made by a Secured 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 a Guarantor under this Clause 17 (*Guarantee and Indemnity*) will continue or be reinstated as if the discharge, release or arrangement had not occurred.

**17.4 Waiver of defences**

The obligations of the Guarantors under this Clause 17 (*Guarantee and Indemnity*) and in respect of any Transaction Security will not be affected or discharged by an act, omission, matter or thing which, but for this Clause 17.4 (*Waiver of defences*), would reduce, release or prejudice any of its obligations under this Clause 17 (*Guarantee and Indemnity*) or in respect of any Transaction Security (without limitation and whether or not known to it or any Secured Party) including:

- (a) any time, waiver or consent granted to, or composition with, any Transaction Obligor or other person;
- (b) the release of any other Transaction Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect or delay in perfecting, or refusal or neglect to take up or enforce, or delay in taking or enforcing any rights against, or security over assets of, any Transaction 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 a Transaction 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**

- (a) Each of the Guarantors waives any right they may have of first requiring any Secured 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 (including without limitation to commence any proceedings under any Finance Document or to enforce any Transaction Security) before claiming or commencing proceedings under this Clause 17 (*Guarantee and Indemnity*). This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.
- (b) Each of the Guarantors acknowledges the right of the Security Agent pursuant to Clause 26.19 (*Acceleration*) to enforce or exercise any or all of its rights, remedies powers or discretions under any guarantee or indemnity contained in this Agreement.

**17.6 Appropriations**

Until all amounts which may be or become payable by the Transaction Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Secured 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 Secured 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 Guarantors shall not be entitled to the benefit of the same; and

- (b) hold in an interest-bearing suspense account any moneys received from the Guarantors or on account of any Guarantor's liability under this Clause 17 (*Guarantee and Indemnity*).

#### **17.7 Deferral of Guarantors' rights**

All rights which the Guarantors at any time have (whether in respect of this guarantee, a mortgage or any other transaction) against the Borrower, any other Transaction Obligor or their respective assets shall be fully subordinated to the rights of the Secured Parties under the Finance Documents and until the end of the Security Period and unless the Facility Agent (acting on the instructions of the Lenders) otherwise directs, the Guarantors will not exercise any rights which they may have (whether in respect of any Finance Document to which they are a Party or any other transaction) by reason of performance by the Guarantors of their obligations under the Finance Documents or by reason of any amount being payable, or liability arising, under this Clause 17 (*Guarantee and Indemnity*):

- (a) to be indemnified by a Transaction Obligor;
- (b) to claim any contribution from any third party providing security for, or any other guarantor of, any Transaction 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 Secured Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Secured Party;
- (d) to bring legal or other proceedings for an order requiring any Transaction Obligor to make any payment, or perform any obligation, in respect of which the Guarantors have given a guarantee, undertaking or indemnity under Clause 17.1 (*Guarantee and indemnity*);
- (e) to exercise any right of set-off against any Transaction Obligor; and/or
- (f) to claim or prove as a creditor of any Transaction Obligor in competition with any Secured Party.

If the Guarantors receive any benefit, payment or distribution in relation to such rights they shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Secured Parties by the Transaction Obligors under or in connection with the Finance Documents to be repaid in full on trust for the Secured Parties and shall promptly pay or transfer the same to the Facility Agent or as the Facility Agent (acting on the instructions of the Lenders) may direct for application in accordance with Clause 33 (*Payment Mechanics*).

#### **17.8 Additional security**

This guarantee and any other Security given by the Guarantors is in addition to and is not in any way prejudiced by, and shall not prejudice, any other guarantee or Security or any other right of recourse now or subsequently held by any Secured Party or any right of set-off or netting or right to combine accounts in connection with the Finance Documents.

#### **17.9 Applicability of provisions of Guarantee to other Security**

Clauses 17.2 (Continuing guarantee), 17.3 (Reinstatement), 17.4 (Waiver of defences), 17.5 (Immediate recourse), 17.6 (Appropriations), 17.7 (Deferral of Guarantors' rights) and 17.8

(*Additional security*) shall apply, with any necessary modifications, to any Security which a Guarantor creates (whether at the time at which it signs this Agreement or at any later time) to secure the Secured Liabilities or any part of them.

## SECTION 8

### REPRESENTATIONS, UNDERTAKINGS AND EVENTS OF DEFAULT

#### 18 REPRESENTATIONS

##### 18.1 General

Each Obligor makes the representations and warranties set out in this Clause 18 (*Representations*) to each Finance Party on the date of this Agreement.

##### 18.2 Status

- (a) It is a limited liability company, duly formed and validly existing in good standing under the law of its Original Jurisdiction.
- (b) It and each Transaction Obligor has the power to own its assets and carry on its business as it is being conducted.

##### 18.3 LLC Shares and ownership

- (a) In the case of the Borrower, the aggregate number of limited liability company interests that it is authorised to issue is 500 LLC Shares, all of which (being 100 per cent. of its limited liability company interests) have been issued to Odysia NB.
- (b) In the case of Odysia NB, the aggregate number of limited liability company interests that it is authorised to issue is 500 LLC Shares, all of which have been issued to Guarantor B.
- (c) In the case of the Guarantor A, the aggregate number of limited liability company interests that it is authorised to issue is 100 LLC Shares, all of which (being 100 per cent. of its issued and outstanding limited liability company interests) have been issued to GSL Rome LLC.
- (d) In the case of the Guarantor B, the aggregate number of limited liability company interests that it is authorised to issue is 100 LLC Shares, consisting of 75 Class A common limited liability company interests and 25 Class B preferential limited liability company interests all of which (being 100 per cent. of its issued and outstanding limited liability company interests) issued and (a) 75 Class A common limited liability company interests have been issued to Guarantor C and (b) 25 Class B common limited liability company interests have been issued to Guarantor C.
- (e) In the case of the Guarantor C, the aggregate number of limited liability company interests that it is authorised to issue is 100 LLC Shares, all of which (being 100 per cent. of its issued and outstanding limited liability company interests) have been issued to Guarantor A.
- (f) In the case of Guarantor D, the aggregate number of common stock shares that it is authorised to issue is 249,000,000 common stock shares with par value of US\$0.01 consisting of (i) 214,000,000 Class A common stock shares, 36,283,468 of which are issued and outstanding, (ii) 20,000,000 Class B common stock shares, none of which are issued and outstanding and (iii) 15,000,000 Class C common stock shares, none of which are issued and outstanding.
- (g) None of the LLC Shares in any Borrower are subject to any option to purchase, preemption rights or similar rights and none of the LLC shares are or will be bearer shares.

#### **18.4 Binding obligations**

Subject to the Legal Reservations, the obligations expressed to be assumed by it in each Transaction Document to which it is a party are legal, valid, binding and enforceable obligations.

#### **18.5 Validity, effectiveness and ranking of Security**

- (a) Each Finance Document to which it is a party does now or, as the case may be, will upon execution and delivery create, subject to the Legal Reservations and the Perfection Requirements, the Security it purports to create over any assets to which such Security, by its terms, relates, and such Security will, when created or intended to be created, be valid and effective.
- (b) No third party has or will have any Security (except for Permitted Security) over any assets that are the subject of any Transaction Security granted by it.
- (c) Subject to the Legal Reservations and the Perfection Requirements, the Transaction Security granted by it to the Security Agent or any other Secured Party has or will when created or intended to be created have first ranking priority or such other priority it is expressed to have in the Finance Documents and is not subject to any prior ranking or *pari passu* ranking security.
- (d) No concurrence, consent or authorisation of any person is required for the creation of or otherwise in connection with any Transaction Security.

#### **18.6 Non-conflict with other obligations**

The entry into and performance by it of, and the transactions contemplated by, each Transaction Document to which it is a party do not and will not conflict with:

- (a) any law or regulation applicable to it;
- (b) its constitutional documents; or
- (c) any agreement or instrument binding upon it or any of its assets or constitute a default or termination event (however described) under any such agreement or instrument.

#### **18.7 Power and authority**

- (a) It has the power to enter into, perform and deliver, and has taken all necessary action to authorise:
  - (i) its entry into, performance and delivery of, each Transaction Document to which it is or will be a party and the transactions contemplated by those Transaction Documents; and
  - (ii) in the case of the Borrower, its registration of the Ship under an Approved Flag;
  - (iii) in the case of Guarantor A, its entry into, performance and delivery of the Commercial Management Agreement on behalf of the Borrower;

- (b) No limit on its powers will be exceeded as a result of the borrowing, granting of security or giving of guarantees or indemnities contemplated by the Transaction Documents to which it is a party.

**18.8 Validity and admissibility in evidence**

All Authorisations required or desirable:

- (a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party; and
- (b) to make the Transaction Documents to which it is a party admissible in evidence in its Relevant Jurisdictions, have been obtained or effected and are in full force and effect.

**18.9 Governing law and enforcement**

- (a) Subject to the Legal Reservations, the choice of governing law of each Transaction Document to which it is a party will be recognised and enforced in its Relevant Jurisdictions.
- (b) Subject to the Legal Reservations, any judgment obtained in relation to a Transaction Document to which it is a party in the jurisdiction of the governing law of that Transaction Document will be recognised and enforced in its Relevant Jurisdictions.

**18.10 Insolvency**

No:

- (a) corporate action, legal proceeding or other procedure or step described in paragraph (a) of Clause 26.8 (*Insolvency proceedings*); or
- (b) creditors' process described in Clause 26.9 (*Creditors' process*),

has been taken or, to its knowledge, threatened in relation to a member of the Group or an Approved Manager; and none of the circumstances described in Clause 26.7 (*Insolvency*) applies to a member of the Group or an Approved Manager.

**18.11 No filing or stamp taxes**

Under the laws of its Relevant Jurisdictions it is not necessary that the Finance Documents to which it is a party be registered, filed, recorded, notarised 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 the Finance Documents to which it is a party or the transactions contemplated by those Finance Documents.

**18.12 Deduction of Tax**

It is not required to make any Tax Deduction from any payment it may make under any Finance Document to which it is a party.

**18.13 No default**

- (a) No Event of Default and, on the date of this Agreement and on the Utilisation Date, no Default is continuing or might reasonably be expected to result from the making of the Utilisation or the entry into, the performance of, or any transaction contemplated by, any Transaction Document.
- (b) No other event or circumstance is outstanding which constitutes a default or a termination event (however described) under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or any of its Subsidiaries') assets are subject.

**18.14 No misleading information**

- (a) Any factual information provided by any Transaction Obligor for the purposes of this Agreement was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.
- (b) The financial projections contained in any such information have been prepared on the basis of recent historical information and on the basis of reasonable assumptions.
- (c) Nothing has occurred or been omitted from any such information and no information has been given or withheld that results in any such information being untrue or misleading in any material respect.

**18.15 Financial Statements**

- (a) The Original Financial Statements were prepared in accordance with GAAP consistently applied.
- (b) The Original Financial Statements fairly present the financial condition of the Borrower and Guarantor D as at the end of the relevant financial year and results of operations during the relevant financial year (consolidated in the case of the Guarantor D).
- (c) There has been no material adverse change in its assets, business or financial condition or the assets, business or consolidated financial condition of the Borrower or, as the case may be, Guarantor D since 31 December 2020.
- (d) The most recent financial statements of the Borrower, Guarantor A and Guarantor D delivered pursuant to Clause 19.2 (*Financial statements*):
  - (i) have been prepared in accordance with Clause (a) (Requirements as to financial statements); and
  - (ii) fairly represent the financial condition of the Borrower, Guarantor A and Guarantor D as at the end of the relevant financial year and operations during the relevant financial year (consolidated in the case of Guarantor D).
- (e) Since the date of the most recent financial statements delivered pursuant to Clause 19.2 (*Financial statements*) there has been no material adverse change in its business, assets or financial condition (or the business or consolidated financial condition of Guarantor A or Guarantor D, in the case of the Guarantors).

**18.16**      **Pari passu ranking**

Its payment obligations under the Finance Documents to which it is a party rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

**18.17**      **No proceedings pending or threatened**

- (a) No litigation, arbitration or administrative proceedings or investigations (including proceedings or investigations relating to any alleged or actual breach of the ISM Code or of the ISPS Code) of or before any court, arbitral body or agency, which, if adversely determined, might reasonably be expected to have a Material Adverse Effect, have (to the best of its knowledge and belief (having made due and careful enquiry)) been started or threatened against it, any other Transaction Obligor or any member of the Group.
- (b) No judgment or order of a court, arbitral tribunal or other tribunal or any order or sanction of any governmental or other regulatory body which might reasonably be expected to have a Material Adverse Effect has (to the best of its knowledge and belief (having made due and careful enquiry)) been made against it, any other Transaction Obligor or any member of the Group.

**18.18**      **Valuations**

- (a) All written information supplied by it or on its behalf to an Approved Valuer for the purposes of a valuation delivered to the Facility Agent in accordance with this Agreement was true and accurate as at the date it was supplied or (if appropriate) as at the date (if any) at which it is stated to be given.
- (b) It has not omitted to supply any information to an Approved Valuer which, if disclosed, would adversely affect any valuation prepared by such Approved Valuer.
- (c) There has been no change to the written factual information provided pursuant to paragraph (a) above in relation to any valuation between the date such information was provided and the date of that valuation which, in either case, renders that information untrue or misleading in any material respect.

**18.19**      **No breach of laws**

- (a) It and any other Transaction Obligor has not (and no other member of the Group, to the best of its knowledge and belief having made all due and careful enquiries, has) breached any law or regulation which breach has or is reasonably likely to have a Material Adverse Effect.
- (b) No Transaction Obligor is in violation of and nor shall it violate any of the country or list based economic and trade sanctions administered and enforced by OFAC that are described or referenced at <http://ustreas.gov/offices/enforcement/ofac> or as otherwise published from time to time, in each case, as applicable to it.

**18.20**      **No Charter**

Except as disclosed by the Borrower to the Facility Agent in writing on or before the date of this Agreement, the Ship is not subject to any Charter other than a Permitted Charter.

**18.21 Compliance with Environmental Laws**

All Environmental Laws relating to the ownership, operation and management of the Ship and the business of each other member of the Group (to the best of its knowledge and belief, having made all due and careful enquiries) and any Approved Manager (as now conducted and as reasonably anticipated to be conducted in the future) and the terms of all Environmental Approvals have been complied with.

**18.22 No Environmental Claim**

No Environmental Claim has been made or threatened against any member of the Group or the Ship.

**18.23 No Environmental Incident**

No Environmental Incident has occurred and no person has claimed that an Environmental Incident has occurred.

**18.24 ISM and ISPS Code compliance**

All requirements of the ISM Code and the ISPS Code as they relate to the Borrower, the Approved Technical Manager and the Ship have been complied with.

**18.25 Taxes paid**

- (a) It is not materially overdue in the filing of any Tax returns and it is not overdue in the payment of any amount in respect of Tax.
- (b) No claims or investigations are being, or are reasonably likely to be, made or conducted against it with respect to Taxes.
- (c) No transaction contemplated by the Finance Documents nor any transaction to be carried out in connection with any transaction contemplated by the Finance Documents meets any hallmark set out in Annex IV of the Council Directive of 25 May 2018 (2018/822/EU) amending Directive 2011/16/EU (DAE) or any replacement legislation applicable in the United Kingdom.

**18.26 Financial Indebtedness**

The Borrower has no Financial Indebtedness outstanding other than Permitted Financial Indebtedness.

**18.27 Overseas companies**

No Transaction Obligor has delivered particulars, whether in its name stated in the Finance Documents or any other name, of any UK Establishment to the Registrar of Companies as required under the Overseas Regulations or, if it has so registered, it has provided to the Facility Agent sufficient details to enable an accurate search against it to be undertaken by the Lenders at the Companies Registry.

**18.28 Good title to assets**

It has good, valid and marketable title to, or valid leases or licences of, and all appropriate Authorisations to use, the assets necessary to carry on its business as presently conducted.

**18.29 Ownership**

- (a) The Borrower is the sole legal and beneficial owner of the Ship, its Earnings and its Insurances.
- (b) With effect on and from the date of its creation or intended creation, each Transaction Obligor will be the sole legal and beneficial owner of any asset that is the subject of any Transaction Security created or intended to be created by such Transaction Obligor.
- (c) The constitutional documents of each Transaction Obligor do not and could not restrict or inhibit any transfer of limited liability company interests of the Borrower on creation or enforcement of the security conferred by the Security Documents.

**18.30 Centre of main interests and establishments**

For the purposes of The Council of the European Union Regulation No. 2015/848 on Insolvency Proceedings (recast) (the “**Regulation**”), its centre of main interest (as that term is used in Article 3(1) of the Regulation) is situated in Greece and it has no “establishment” (as that term is used in Article 2(10) of the Regulation) in any other jurisdiction.

**18.31 Place of business**

No Transaction Obligor has a place of business in any country other than Greece.

**18.32 No employee or pension arrangements**

No Obligor has any employees or any liabilities under any pension scheme.

**18.33 Sanctions**

- (a) No Transaction Obligor:
  - (i) is a Prohibited Person;
  - (ii) is owned or controlled by or acting directly or indirectly on behalf of or for the benefit of, a Prohibited Person;
  - (iii) owns or controls a Prohibited Person;
  - (iv) has a Prohibited Person serving as a director, officer or, to the best of its knowledge, employee;
  - (v) is located, organised or resides in a Sanctioned Country;
  - (vi) has or intends to have any business operations or other dealings:
    - (A) in a Sanctioned Country;

- (B) with any Specially Designated National ("SDN") on OFAC's SDN list or with a designated person targeted by asset freeze sanctions imposed by the United Nations, European Union or Her Majesty's Treasury; or
- (C) involving commodities or services of a Sanctioned Country origin or shipped to, though, or from a Sanctioned Country, or on Sanctioned Country owned or registered vessels or aircraft, or finance or subsidize any of the foregoing exceeding 5% aggregated in comparison to any Obligor's total assets or revenues.

(b) No proceeds of any Advance or the Loan shall be made available, directly or indirectly:

- (i) to or for the benefit of a Prohibited Person;
- (ii) applied in a manner or for a purpose prohibited by Sanctions; or
- (iii) to fund or facilitate any activity of or a business in any Sanctioned Country.

**18.34 Charterer compliance with Sanctions**

The Borrower has not granted or agreed to grant any Charter of the Ship where the Ship will be conducting business or transactions in connection with a UHRC without including a provision in the Charter requiring the relevant charterer to comply with all applicable Sanctions with regards the operation of the Ship.

**18.35 US Tax Obligor**

No Transaction Obligor is a US Tax Obligor.

**18.36 Margin Regulations; Investment Company Act**

- (a) The Borrower is not engaged, nor will it engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System of the United States; and
- (b) The Borrower is not, or is it required to be, registered as an "investment company" under the United States of America Investment Company Act of 1940.

**18.37 Patriot Act**

To the extent applicable the Borrower is in compliance with (i) the Trading with the Enemy Act, and each of the foreign assets control regulations of the United States Treasury Department (31 C.F.R., Subtitle B, Chapter V) and any other enabling legislation or executive order relating thereto and (ii) the PATRIOT Act. No part of the proceeds of the Loan will be used, directly or indirectly, for any payments to any government official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

**18.38 Anti-Bribery and Corruption Laws**

- (a) It and each other member of the Group has not nor, to the best of its knowledge, any director, officer, employee, associated party or person acting on behalf of any Obligor or any member of the Group has engaged in any activity which would breach the Anti-Bribery and Corruption Laws.
- (b) To the best of its knowledge and belief, no actions or investigations by any governmental or regulatory agency are ongoing or threatened against it or any member of the Group, or any of their directors, officers, employee, associated party or person acting on their behalf in relation to a breach of the Anti-Bribery and Corruption Laws.
- (c) It and any member of the Group has instituted and will maintain and enforce policies and procedures designed to ensure compliance with the Anti-Bribery and Corruption Laws.
- (d) It will not directly or indirectly use, lend or contribute the proceeds raised under the Agreement for any purpose that would breach the Anti-Bribery and Corruption Laws.

**18.39 Anti-Money Laundering Laws**

- (a) It has conducted its business and operations at all times in compliance Anti-Money Laundering Laws.
- (b) No action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving an Obligor including any of their existing or previous officers, directors, employees, agents, affiliates, associated parties and persons acting on behalf of the Obligors with respect to Anti-Money Laundering Laws is pending and, to the best of that Obligor's knowledge, no such actions, suits or proceedings are threatened or contemplated;
- (c) No Obligor, including any of their respective existing or previous officers, directors, employees, agents, affiliates, associated parties and persons acting on behalf of the Obligors shall not directly or indirectly use the transaction proceeds for any purpose that would breach Anti-Money Laundering Laws
- (d) It is acting for its own account in relation to the Loan and in relation to the performance and the discharge of its obligations and liabilities under the Finance Documents and the transactions and other arrangements effected or contemplated by the Finance Documents to which an Obligor is a party, and the foregoing will not involve or lead to contravention of any law, official requirement or other regulatory measure or procedure implemented to combat money laundering (as defined in Article 1 of the Directive 2015/849/EC of the European Parliament and of the Council of the European Communities).

**18.40 No immunity**

No Obligor nor any of its assets is entitled to immunity on grounds of sovereignty or otherwise from any legal action or proceeding (including, without limitation, suit, attachment prior to judgement, execution or other enforcement).

**18.41 AIF and AIFM**

No Obligor is an AIF or an AIFM.

**18.42 Sanctions policies and procedures**

The Obligors have instituted and maintain policies and procedures designed to prevent Sanction violations by the Obligors and any other member of the Group.

**18.43 Sanctions Proceedings**

No Obligor knows nor has a reason to believe that any of them is or may become a Prohibited Person or the subject of Sanctions-related investigations or juridical proceedings.

**18.44 Repetition**

The Repeating Representations are deemed to be made by each Obligor by reference to the facts and circumstances then existing on the date of the Utilisation Request and the first day of each Interest Period.

**19 INFORMATION UNDERTAKINGS**

**19.1 General**

The undertakings in this Clause 19 (*Information Undertakings*) remain in force throughout the Security Period unless the Facility Agent, acting with the authorisation of the Majority Lenders (or, where specified, all the Lenders), may otherwise permit.

**19.2 Financial statements**

The Obligors shall supply to the Facility Agent in sufficient copies for all the Lenders:

- (a) as soon as they become available, but in any event:
  - (i) within 180 days, in relation to the Borrower and Guarantor A, after the end of each of their respective financial years, their individual unaudited financial statements for that financial year; and
  - (ii) within 140 days, in relation to Guarantor D, after the end of each of its financial years, its consolidated audited financial statements for that financial year as presented in Guarantor D's 20-F filing;
- (b) as soon as the same become available, but in any event within 90 days after the end of each quarter of each of their respective financial years:
  - (i) in relation to the Borrower and Guarantor A, its unaudited financial statements for that financial quarter; and
  - (ii) in relation to Guarantor D, its consolidated unaudited financial statements for that financial quarter as presented in Guarantor D's 6K filing;
- (c) no later than 30 days after the end of each financial year, the financial forecast for no less than 2 years in respect of Guarantor D, including assumptions and commentary of a reasonable substance; and
- (d) on a quarterly basis, any financial information reasonably required by the Facility Agent in relation to the Group which is not publicly available and may not be accessed by the Facility Agent.

### 19.3 Compliance Certificate

- (a) The Borrower shall supply to the Facility Agent within 90 days after the end of each quarter of each financial year and 180 days after the end of each financial year of the Borrower, Guarantor A and Guarantor D, together with each set of financial statements delivered pursuant to sub-paragraph (i) of paragraph (a) or paragraph (b) of Clause 19.2 (*Financial statements*), a Compliance Certificate setting out computations as to compliance with Clause 20 (*Financial Covenants*) and 24 (*Security Cover*) as at the date as at which those financial statements were drawn up.
- (b) Each Compliance Certificate shall be signed by the Chief Financial Officer of Guarantor D as appropriate.

### 19.4 Requirements as to financial statements

- (a) Each set of financial statements delivered pursuant to Clause 19.2 (*Financial statements*) shall be certified by the Chief Financial Officer of Guarantor D as fairly presenting the financial condition and operations of the company to which those statements relate as at the date as at which those financial statements were drawn up.
- (b) The Obligors shall procure that each set of financial statements of an Obligor delivered pursuant to Clause 19.2 (*Financial statements*) is prepared using GAAP, accounting practices and financial reference periods consistent with those applied in the preparation of the Original Financial Statements for that Obligor unless, in relation to any set of financial statements, it notifies the Facility Agent that there has been a change in GAAP, the accounting practices or reference periods and its auditors (or, if appropriate, the auditors of the Obligor) deliver to the Facility Agent:
  - (i) a description of any change necessary for those financial statements to reflect the GAAP, accounting practices and reference periods upon which that Obligor's Original Financial Statements were prepared; and
  - (ii) sufficient information, in form and substance as may be reasonably required by the Facility Agent (acting on the instructions of the Lenders), to enable the Lenders to determine whether Clause 20 (*Financial Covenants*) has been complied with and make an accurate comparison between the financial position indicated in those financial statements and that Obligor's Original Financial Statements.

Any reference in this Agreement to those 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.

### 19.5 DAC6

- (a) In this 19.5 (DAC6), "DAC6" means the Council Directive of 25 May 2018 (2018/822/EU) amending Directive 2011/16/EU or any replacement legislation applicable in the United Kingdom.
- (b) Guarantor D shall supply to the Facility Agent (in sufficient copies for all the Lenders, if the Facility Agent so requests):
  - (i) promptly upon the making of such analysis or the obtaining of such advice, any analysis made or advice obtained on whether any transaction contemplated by the Transaction

Documents or any transaction carried out (or to be carried out) in connection with any transaction contemplated by the Transaction Documents contains a hallmark as set out in Annex IV of DAC6; and

- (ii) promptly upon the making of such reporting and to the extent permitted by applicable law and regulation, any reporting made to any governmental or taxation authority by or on behalf of any member of the Group or by any adviser to such member of the Group in relation to DAC6 or any law or regulation which implements DAC6 and any unique identification number issued by any governmental or taxation authority to which any such report has been made (if available).

#### **19.6 Information: miscellaneous**

Each Obligor shall and shall procure that each other Transaction Obligor (other than the Approved Managers) shall supply to the Facility Agent (in sufficient copies for all the Lenders, if the Facility Agent (acting on the instructions of the Majority Lenders) so requests):

- (a) promptly after the Facility Agent's demand (acting on the instructions of the Majority Lenders), all documents dispatched by it to its equity holders (or any class of them) or its creditors generally at the same time as they are dispatched;
- (b) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings or investigations (including proceedings or investigations relating to any alleged or actual breach of the ISM Code or of the ISPS Code) which are current, threatened or pending against any member of the Group, and which might, if adversely determined, have a Material Adverse Effect;
- (c) promptly upon becoming aware of them, the details of any judgment or order of a court, arbitral body or agency which is made against any member of the Group and which might have a Material Adverse Effect;
- (d) promptly, its constitutional documents where these have been amended or varied;
- (e) promptly, such further information and/or documents regarding:
  - (i) the Ship, goods transported on the Ship, its Earnings (including any Charter) and its Insurances;
  - (ii) the Security Assets;
  - (iii) compliance of the Transaction Obligors with the terms of the Finance Documents;
  - (iv) the financial condition, business and operations of any member of the Group; as any Finance Party (through the Facility Agent) may reasonably request; and
- (f) promptly, such further information and/or documents as any Finance Party (through the Facility Agent) may reasonably request so as to enable such Finance Party to comply with any laws applicable to it or as may be required by any regulatory authority.

## 19.7 Notification of Default

- (a) Each Obligor shall, and shall procure that each other Transaction Obligor shall, notify the Facility Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence (unless that Obligor is aware that a notification has already been provided by another Obligor).
- (b) Promptly upon a request by the Facility Agent (acting on the instructions of the Majority Lenders), the Borrower shall supply to the Facility Agent a certificate signed by an officer on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).
- (c) Each Obligor shall notify the Facility Agent if it anticipates that on the next Testing Date it will be in breach of Clause 20 (*Financial Covenants*) (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence (unless that Obligor is aware that a notification has already been provided by another Obligor).

## 19.8 Use of websites

- (a) Each Obligor may satisfy its obligation under the Finance Documents to which it is a party to deliver any information in relation to those Lenders (the **"Website Lenders"**) which accept this method of communication by posting this information onto an electronic website designated by the Borrower and the Facility Agent (the **"Designated Website"**) if:
  - (i) the Facility Agent expressly agrees (after consultation with each of the Lenders) that it will accept communication of the information by this method;
  - (ii) both the relevant Obligor and the Facility 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 relevant Obligor and the Facility Agent (acting on the instructions of the Majority Lenders).

If any Lender (a **"Paper Form Lender"**) does not agree to the delivery of information electronically then the Facility Agent shall notify the Obligors accordingly and each Obligor shall supply the information to the Facility Agent (in sufficient copies for each Paper Form Lender) in paper form. In any event each Obligor shall supply the Facility Agent with at least one copy in paper form of any information required to be provided by it.

- (b) The Facility 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 Obligors or any of them and the Facility Agent.
- (c) An Obligor shall promptly upon becoming aware of its occurrence notify the Facility 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) if that Obligor 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 an Obligor notifies the Facility Agent under sub-paragraph (i) or (v) of paragraph (c) above, all information to be provided by the Obligors under this Agreement after the date of that notice shall be supplied in paper form.

- (d) Any Website Lender may request, through the Facility Agent, one paper copy of any information required to be provided under this Agreement which is posted onto the Designated Website. The Obligors shall comply with any such request within 10 Business Days.

## 19.9

### “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 a Transaction Obligor (or of a Holding Company of a Transaction Obligor) (including, without limitation, a change of ownership of a Transaction Obligor or of a Holding Company of a Transaction Obligor) after the date of this Agreement; or
  - (iii) a proposed assignment or transfer by a Lender of any of its rights and obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer, obliges a Finance Party (or, in the case of sub-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 any Finance Party supply, or procure the supply of, such documentation and other evidence as is reasonably requested by a Servicing Party (for itself or on behalf of any other Finance Party) or any Lender (for itself or, in the case of the event described in sub-paragraph (iii) above, on behalf of any prospective new Lender) in order for such Finance Party or, in the case of the event described in sub-paragraph (iii) above, any prospective new Lender to carry out and be satisfied it has complied with 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 Lender shall promptly upon the request of a Servicing Party supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Servicing Party (for itself) in order for that Servicing Party to carry out and be satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

## 20.1

**Borrower's minimum liquidity**

- (a) The Borrower shall maintain on and from the Utilisation Date and at all times throughout the Security Period an amount equal to at least \$500,000 (the "**Minimum Liquidity Amount**") in the Earnings Account.
- (b) The Borrower shall further maintain in the Liquidity Account the following additional amounts subject to the terms and at the times specified below:
- (i) If the duration of the Initial Charter is not extended pursuant to a Qualifying Extension, or substituted by a new charter, on terms similar to those set out in the Initial Charter and with a charterer acceptable to the Lenders (in their sole discretion) (the "**Substitute Initial Charter**"), the Borrower shall further deposit on the date falling one month prior to the expiry of the initial duration of the Initial Charter (excluding any extension options) and maintain at all times thereafter throughout the Security Period in the Liquidity Account an amount (the "**Charter-Extension Liquidity Amount**") equal to the difference between (1) Debt Service (calculated on a trailing three-month basis) for the 3-month period ending on the date on which the Debt Service is determined and (2) the Minimum Liquidity Amount **Provided that** if the Initial Charter is extended or substituted by a Substitute Initial Charter for a duration going beyond the Termination Date, the Borrower shall not be required to deposit the Charter-Extension Liquidity Amount **Provided further that** if at any time after the deposit of any Charter-Extension Liquidity Amount in the Liquidity Account pursuant to this sub-paragraph (b)(i), the Borrower enters into a Substitute Initial Charter, the Borrower shall not, for the duration of the Substitute Initial Charter, be obliged to maintain the Charter-Extension Liquidity Amount which shall be released to the order of the Borrower on or after the date on which the Facility Agent (acting on behalf of the Majority Lenders) confirms to the Borrower its approval of the Substitute Initial Charter and the charterer thereunder.

In this Clause 20.1(b)(i), "**Qualifying Extension**" means, (a) in relation to the Initial Charter and (b) in relation to the Substitute Initial Charter, a charter:

- (A) for an additional period (excluding optional extensions) equal to no less than 24 months;
- (B) on terms similar (as determined by the Facility Agent in its discretion, acting on the instructions of the Majority Lenders) to those set out in the Initial Charter;
- (C) which is effected at least one month prior to the expiry of the then applicable expiry date of the Initial Charter (excluding any extension options); and
- (D) which is effected twice during the Security Period in relation to the Ship **Provided that** if the Initial Charter is extended for a period ending on a date falling after the Termination Date, only one such extension will be required;
- (ii) If the Initial Charter becoming the subject of Qualifying Extension or the Substitute Initial Charter (as applicable), has a net daily rate (the "**New Charter Rate**") which is lower than \$30,000 per day net of commissions (the "**Minimum Charter Rate**"), then the Borrower shall further deposit and maintain thereafter throughout the Security

Period in the Liquidity Account an amount equal to the amount by which the Minimum Charter Rate exceeds the New Charter Rate multiplied by 720 days.

## 20.2 Financial covenants

- (a) Guarantor A shall ensure that from the Utilisation Date and at all times during the Security Period:
  - (i) the Value Adjusted Leverage Ratio shall not exceed 75 per cent.; and
  - (ii) the minimum Net Worth shall not be less than \$50,000,000.
- (b) Guarantor D shall maintain, on a consolidated basis, an amount of unrestricted cash and Cash Equivalents in an amount, in aggregate, of equal to at least \$20,000,000 at all times during the Security Period.

## 20.3 Compliance Check

Compliance with the undertakings contained in Clauses 20.1 (*Borrower's minimum liquidity*) and Clause 20.2 (*Financial Covenants*) shall be determined on each Testing Date and evidenced by the Compliance Certificate.

## 20.4 Definitions

The expressions used in this Clause 20 (*Financial Covenants*) shall be construed in accordance with GAAP, and for purposes of this Agreement:

**"Cash Equivalents"** means:

- (a) United States dollars, pounds sterling or Euro or other currency of a member of the Organization for Economic Cooperation and Development (including such currencies as are held as overnight bank deposits and demand deposits with banks);
- (b) securities issued or directly and fully guaranteed or insured by the government of the United States or any Member State of the European Union or any other country whose sovereign debt has a rating of at least "A3" from Moody's and at least "A-" from S&P or any agency or instrumentality thereof having maturities of not more than one year from the date of acquisition;
- (c) demand and time deposits and eurodollar time deposits and certificates of deposit or bankers' acceptances with maturities of one year or less from the date of acquisition, in each case, with any financial institution organized under the laws of any country that is a member of the Organization for Economic Cooperation and Development, (i) whose long-term debt obligations are rated at least "A-3" or the equivalent thereof by S&P or at least "P-3" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Rating Agency) or (ii) having capital and surplus and undivided profits in excess of \$250.0 million.

**"Financial Statements"** means the financial statements provided pursuant to Clause 19.2 (*Financial statements*);

**"Fleet Market Value"** means in relation to a Fleet Vessel, the Market Value of such Fleet Vessel.

**“Fleet Vessels”** means any vessel (including the Ship) from time to time wholly owned by Guarantor A (directly or indirectly) (each a **“Fleet Vessel”**).

**“Net Worth”** means equity payments already advanced in respect of the Fleet Vessels less the aggregate of (a) accumulated dividends and (b) retained earnings of the Fleet Vessels, as each such term is defined in the applicable Financial Statements for Guarantor A determined in accordance with GAAP.

**“Testing Date”** means any yearly, semi-annual and quarterly period (as applicable) to the end of which the Financial Statements are prepared (commencing with the yearly financial period ending on 31 December 2020).

**“Total Assets”** means the amount of the total assets of Guarantor A at any time on a consolidated basis which would be included in the applicable Financial Statements as total assets determined in accordance with GAAP.

**“Total Consolidated Long Term Debt”** means the amount of the total liabilities of the Guarantor A (as such term is defined in the applicable Financial Statements) at any time on a consolidated basis which would be included in the applicable Financial Statements of Guarantor A as total long term debt in accordance with GAAP including the current portion of long term debt (as such term is defined in the applicable Financial Statements for Guarantor A).

**“Value Adjusted Leverage Ratio”** means the ratio of Total Consolidated Long-Term Debt to Value Adjusted Total Assets.

**“Value Adjusted Total Assets”** means the Total Assets of Guarantor A adjusted in each case for the difference of the book value of the Fleet Vessels (as evidenced in the most recent Financial Statements) and the Fleet Market Value.

## **21 GENERAL UNDERTAKINGS**

### **21.1 General**

The undertakings in this Clause 21 (*General Undertakings*) remain in force throughout the Security Period except as the Facility Agent, acting with the authorisation of the Lenders (or, where specified, all the Lenders) may otherwise permit.

### **21.2 Authorisations**

Each Obligor shall, and shall procure that each other Transaction 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 Facility Agent of,

any Authorisation required under any law or regulation of a Relevant Jurisdiction or the state of the Approved Flag at any time of the Ship to enable it to:

- (i) perform its obligations under the Transaction Documents to which it is a party;

- (ii) ensure the legality, validity, enforceability or admissibility in evidence in any Relevant Jurisdiction or in the state of the Approved Flag at any time of the Ship, of any Transaction Document to which it is a party; and
- (iii) own and operate the Ship (in the case of the Borrower).

### **21.3 Corporate Existence**

Each Obligor shall maintain its separate corporate existence, remain in good standing under the law of its jurisdiction of incorporation or formation and duly observe and conform to all requirements of any governmental authorities relating to the conduct of its business or to its properties or assets.

### **21.4 Compliance with laws**

Each Obligor shall, and shall procure that each other Transaction Obligor will, comply in all respects with all laws and regulations to which it may be subject, if failure so to comply has or is reasonably likely to have a Material Adverse Effect, including without limitation (i) the Trading with the Enemy Act and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V) and any other enabling legislation or executive order thereto) and (ii) the PATRIOT Act.

### **21.5 Environmental compliance**

Each Obligor shall, and shall use its best endeavours to procure that each other Transaction Obligor will, and Guarantor D shall use its best endeavours to ensure that each other member of the Group will:

- (a) comply with all Environmental Laws;
- (b) obtain, maintain and ensure compliance with all requisite Environmental Approvals;
- (c) implement procedures to monitor compliance with and to prevent liability under any Environmental Law,

where failure to do so has or is reasonably likely to have a Material Adverse Effect.

### **21.6 Environmental Claims**

Each Obligor shall, and shall use its best endeavours to procure that each other Transaction Obligor will, (through Guarantor D) promptly upon becoming aware of the same, inform the Facility Agent in writing of:

- (a) any Environmental Claim against any member of the Group which is current, pending or threatened; and
- (b) any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against any member of the Group,

where the claim, if determined against that member of the Group, has or is reasonably likely to have a Material Adverse Effect.

## 21.7 Taxation

- (a) Each Obligor shall, and Guarantor A shall procure that Odysia NB will, pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that:
- (i) such payment is being contested in good faith;
  - (ii) adequate reserves are maintained for those Taxes and the costs required to contest them and both have been disclosed in its latest financial statements delivered to the Facility Agent under Clause 19.2 (*Financial statements*); and
  - (iii) such payment can be lawfully withheld.
- (b) No Obligors shall, and Guarantor A shall procure that Odysia NB will not, change its residence for Tax purposes.

## 21.8 Overseas companies

Each Obligor shall, and Guarantor A shall procure that Odysia NB, promptly inform the Facility Agent if it delivers to the Registrar particulars required under the Overseas Regulations of any UK Establishment and it shall comply with any directions given to it by the Facility Agent regarding the recording of any Transaction Security on the register which it is required to maintain under The Overseas Companies (Execution of Documents and Registration of Charges) Regulations 2009.

## 21.9 No change to centre of main interests

No Obligor shall, and Guarantor A shall procure that Odysia NB shall not, change the location of its centre of main interest (as that term is used in Article 3(1) of the Regulation) from that stated in relation to it in Clause 18.30 (*Centre of main interests and establishments*) and it will create no “**establishment**” (as that term is used in Article 2(10) of the Regulation) in any other jurisdiction.

## 21.10 Pari passu ranking

Each Obligor shall, and shall procure that Odysia NB shall, ensure that at all times any unsecured and unsubordinated claims of a Finance Party against it under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies.

## 21.11 Title

- (a) The Borrower shall hold the legal title to, and own the entire beneficial interest in the Ship, its Earnings and its Insurances;
- (b) With effect on and from its creation or intended creation, each Obligor shall hold the legal title to, and own the entire beneficial interest in any other assets the subject of any Transaction Security created or intended to be created by such Obligor.

## 21.12 Negative pledge

- (a)
  - (i) The Borrower shall not create any form of Security over any of its assets or revenues other than Permitted Security; and
  - (ii) No Guarantor shall create any form of Security (other than Permitted Security), over any of its assets or revenues unless it is reasonably incurred in the normal course of its business (without limitation) of acquiring and financing vessels to be owned by that Guarantor or any of its present or future Subsidiaries.
- (b) No Obligor shall:
  - (i) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by a Transaction Obligor or any other member of the Group;
  - (ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms;
  - (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) Paragraphs (i) and (b) above do not apply to any Permitted Security.

## 21.13 Disposals

- (a) The Borrower shall not enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset (including without limitation the Ship, its Earnings or its Insurances) other than as may be permitted under the terms of this Agreement or any other Finance Document.
- (b) Paragraph (a) above does not apply to any Charter as all Charters are subject to Clause 23.16 (*Restrictions on use, chartering, appointment of managers etc.*).

## 21.14 Change of business

- (a) Each Guarantor shall procure that no substantial change is made to the general nature of its business from that carried on at the date of this Agreement.
- (b) Guarantor D shall procure that no substantial change is made to the general nature of the business of the Group from that carried on at the date of this Agreement.
- (c) The Borrower shall not engage in any business other than the ownership and operation of the Ship.

## 21.15 Financial Indebtedness

No Obligor shall:

- (a) in the case of the Borrower, incur or permit to be outstanding any Financial Indebtedness except (i) Financial Indebtedness incurred in the normal course of its business of trading, chartering, managing, insuring, maintaining and operating the Ship (including, for the avoidance of doubt, any trade debt) **Provided that** the aggregate of such Financial Indebtedness at any time shall not exceed \$750,000 (or the equivalent in any other currency), including any Financial Indebtedness created under paragraph (b) of Clause 21.19 (*Other transactions*) but excluding any Financial Indebtedness created (A) for the purposes of the Scheduled Dry-Docking and (B) by any unforeseen capitalised expenses that would be covered by the Insurances and only until such Insurances are paid out to the Borrower, relating to maintenance or repairs on the Ship, which would require dry-docking repairs or maintenance and (ii) Permitted Financial Indebtedness; and
- (b) in the case of a Guarantor, incur or permit to be outstanding Financial Indebtedness except for (i) Financial Indebtedness incurred in the ordinary course of its business (including, without limitation, the issuance of guarantees securing the obligations of any of its future or present Subsidiaries and any guarantee previously granted by that Guarantor as at the date of this Agreement and disclosed to the Facility Agent) and (ii) Permitted Financial Indebtedness.

## 21.16 Expenditure

The Borrower shall not incur any expenditure, except for expenditure reasonably incurred in the ordinary course of owning, operating, maintaining, insuring and repairing the Ship. For the avoidance of doubt, the Borrower shall not incur any expenditure for retrofitting the Ship with scrubbers unless the commercial terms of such retrofitting costs have been discussed between the Borrower and the Facility Agent (acting with the authorisation of the Majority Lenders) in good faith and the Facility Agent (acting on the instructions of the Majority Lenders) has granted its permission in writing.

## 21.17 Limited liability company interests

The Borrower shall not:

- (a) purchase, cancel or redeem any of its LLC shares;
- (b) increase or reduce its LLC shares; and
- (c) issue any further LLC Shares except to Odyssea NB provided such new LLC Shares are made subject to the terms of the relevant Shares Security applicable to the Borrower immediately upon the issue of such new LLC Shares in a manner satisfactory to the Facility Agent (acting on the instructions of the Lenders) and the terms of the Shares Security are complied with.

## 21.18 Dividends

The Borrower shall be entitled to declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its equity interests (or any class of its equity interests) **Provided that** no Event of Default has occurred which is continuing at any relevant time or the

making or payment of such dividend or distribution would not result in the occurrence of an Event of Default.

**21.19**

**Other transactions**

The Borrower shall not:

- (a) be the creditor in respect of any loan or any form of credit to any person other than another Obligor and where such loan or form of credit is Permitted Financial Indebtedness;
- (b) give or allow to be outstanding any guarantee or indemnity to or for the benefit of any person in respect of any obligation of any other person or enter into any document under which the Borrower assumes any liability of any other person other than (i) any guarantee or indemnity given under the Finance Documents or (ii) any guarantee and indemnity issued in the ordinary course of its business of trading, chartering and operating the Ship having an aggregate maximum value of \$500,000 in respect of the Borrower or such higher value as may be requested by the Borrower and approved in writing by the Facility Agent (acting on the instructions of the Majority Lenders);
- (c) enter into any material agreement other than:
  - (i) the Transaction Documents;
  - (ii) any other agreement expressly allowed under any other term of this Agreement or in the ordinary course of the Borrower's business of trading, operating and chartering the Ship; and
- (d) enter into any transaction on terms which are, in any respect, less favourable to that Transaction Obligor than those which it could obtain in a bargain made at arms' length;
- (e) acquire any shares, membership interests or other securities other than US or UK Treasury bills and certificates of deposit issued by major North American or European banks; or
- (f) enter into any Charter of the Ship in a chartering capacity.

**21.20**

**Unlawfulness, invalidity and ranking; Security imperilled**

No Obligor shall, and the Obligors shall procure that no other Transaction Obligor will do (or fail to do) or cause or permit another person to do (or omit to do) anything which is likely to:

- (a) make it unlawful for a Transaction Obligor to perform any of its obligations under the Transaction Documents;
- (b) cause any obligation of a Transaction Obligor under the Transaction Documents to cease to be legal, valid, binding or enforceable;
- (c) cause any Transaction Document to cease to be in full force and effect;
- (d) cause any Transaction Security to rank after, or lose its priority to, any other Security; and
- (e) imperil or jeopardise the Transaction Security.

**Further assurance**

- (a) Each Obligor shall, and shall procure that each other Transaction Obligor will promptly, and in any event within the time period specified by the Security Agent (acting on the instructions of the Majority Lenders) do all such acts (including procuring or arranging any registration, notarisation or authentication or the giving of any notice) or execute or procure execution of all such documents (including assignments, transfers, mortgages, charges, notices, instructions, acknowledgments, proxies and powers of attorney), as the Security Agent may specify (acting on the instructions of the Majority Lenders) (and in such form as the Security Agent may require (acting on the instructions of the Facility Agent which is acting on the instructions of the Majority Lenders) in favour of the Security Agent or its nominee(s)):
- (i) to create, perfect, vest in favour of the Security Agent or protect the priority of the Security or any right of any kind created or intended to be created under or evidenced by the Finance 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 Transaction Security) or for the exercise of any rights, powers and remedies of any of the Secured Parties provided by or pursuant to the Finance Documents or by law;
  - (ii) to confer on the Security Agent or confer on the Secured Parties Security over any property and assets of that Transaction Obligor located in any jurisdiction equivalent or similar to the Security intended to be conferred by or pursuant to the Finance Documents;
  - (iii) to facilitate or expedite the realisation and/or sale of, the transfer of title to or the grant of, any interest in or right relating to the assets which are, or are intended to be, the subject of the Transaction Security or to exercise any power specified in any Finance Document in respect of which the Security has become enforceable; and/or
  - (iv) to enable or assist the Security Agent to enter into any transaction to commence, defend or conduct any proceedings and/or to take any other action relating to any item of the Security Property.
- (b) Each Obligor shall, and shall procure that each other Transaction Obligor will 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 conferred or intended to be conferred on the Security Agent or the Secured Parties by or pursuant to the Finance Documents.
- (c) At the same time as an Obligor delivers to the Security Agent any document executed by itself or another Transaction Obligor pursuant to this Clause 21.21 (*Further assurance*), that Obligor shall deliver, or shall procure that such other Transaction Obligor will deliver, to the Security Agent a certificate signed by one of that Obligor's or Transaction Obligor's officers which shall:
- (i) set out the text of a resolution of that Obligor's or Transaction Obligor's directors or members, as applicable, specifically authorising the execution of the document specified by the Security Agent; and
  - (ii) state that either the resolution was duly passed at a meeting of the directors or members, as applicable, validly convened and held, throughout which a quorum of

directors or members, as applicable, entitled to vote on the resolution was present, or that the resolution has been signed by all the directors or members and is valid under that Obligor's or Transaction Obligor's articles of association or other constitutional documents.

**21.22 No Subsidiaries**

The Borrower shall not form or acquire any Subsidiaries.

**21.23 Employees and ERISA Compliance**

The Borrower shall not employ any individual nor sponsor, maintain or become obligated to contribute to any Plan. However, without prejudice to the foregoing, the Borrower shall provide prompt written notice to the Facility Agent in the event that the Borrower becomes aware that it has incurred or is reasonably likely to incur any liability with respect to any Plan, that, individually or in the aggregate with any other such liability, would be reasonably expected to have a Material Adverse Effect.

**21.24 Books and records**

The Borrower will keep proper books of record and account which will be accurate in all material respects and in which full, true and correct entries in accordance with GAAP will be made of all dealings or transactions in relation to its business and activities.

**21.25 Merger**

No Obligor shall, without prior consultation with the Facility Agent (acting with the authorisation of the Lenders), enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction, **Provided that** such amalgamation, demerger, merger, consolidation or corporate reconstruction is permitted without restrictions so long as:

- (i) Guarantor D remains the surviving entity of any such process;
- (ii) no Default has occurred at the relevant time or would be triggered as a result of such process; and
- (iii) the process of any such further amalgamation, demerger, merger, consolidation or corporate reconstruction does not have a Material Adverse Effect.

**21.26 Dry-Docking Reserves**

(a) The Borrower shall:

- (i) deposit (to the extent not already standing to the credit of the Dry-Docking Reserve Account on the date of this Agreement) on a monthly basis (commencing on the date falling one month after the Utilisation Date); and
- (ii) maintain thereafter in its Dry-Docking Reserve Account,

an amount equal to a fraction whose numerator is \$1,300,000 and denominator is the number of whole months falling between the Utilisation Date and the Scheduled Dry-Docking Date so as to ensure that the balance standing to the credit of its Dry-Docking Reserve Account on the Scheduled Dry-Docking Date is at least \$1,300,000 (the "**Initial Dry-Docking Reserve Accrual**"). Any balance standing to the credit of the Dry-Docking Reserve Account, following completion

of the Scheduled Dry-Docking of the Ship and payment of all amounts in connection with the Scheduled Dry-Docking shall be remitted to the Earnings Account of the Borrower.

- (b) Following the completion of the Scheduled Dry-Docking in respect of the Ship (the “**Scheduled Dry-Docking Completion Date**”), the Borrower shall, on a monthly basis (commencing on the date falling one month after such Scheduled Dry-Docking Completion Date), deposit and maintain thereafter in its respective Dry-Docking Reserve Account, an amount equal to a fraction whose numerator is \$800,000 and denominator is the number of whole months from the Scheduled Dry-Docking Completion Date to the date of the next scheduled dry-docking in respect of the Ship so that the amount standing to the credit of Dry-Dock Reserve Account immediately prior to such subsequent dry-docking applicable to the Ship would be at least \$800,000 (the “**Additional Dry-Docking Reserve Accrual**” and together with the Initial Dry-Docking Reserve Accrual, the “**Dry-Docking Reserve Accrual**”), irrespective of whether such subsequent dry-docking will take place after the Termination Date. Any balance standing to the credit of the Dry-Docking Reserve Account on the Termination Date shall be released to the Borrower.

#### 21.27

##### **Most favoured nations — Guarantor A and Guarantor D**

- (a) The Obligors undertake to procure that, throughout the duration of the Security Period, the Finance Parties shall receive no less favourable treatment under this Agreement in relation to any financial covenant relating to Guarantor A or Guarantor D (including, without limitation, the covenants set out in Clauses 20 (*Financial covenants*) and/or change of control provisions (including, without limitation, the provisions set out in Clauses 7.2 (*Change of Control*)) than that provided or to be provided under any financing agreement of any member of the Group (by way of amendment or supplement to that financing agreement of that member of the Group) or any agreement refinancing or otherwise substituting any financing agreement of any member of the Group.
- (b) Notwithstanding paragraph (a) above, the Obligors shall promptly advise the Facility Agent of those arrangements and covenants in advance and shall, upon the Facility Agent’s request (acting on the instructions of the Majority Lenders), enter into such documentation which amends and supplements this Agreement and any other Finance Document, as the Lenders may require in order to achieve parity with the creditors under the relevant financing of that member of the Group.

#### 21.28

##### **AIF and AIFM**

No Obligor will take (or omit to take) any action to the extent that doing so will, or is reasonably likely to, result in it being an AIF or an AIFM.

#### 21.29

##### **Anti-Bribery and Corruption Laws**

- (a) No Obligor shall (and Guarantor D shall procure that no member of the Group shall) directly or indirectly use the proceeds of the Loan for any purpose which would breach Anti-Bribery and Corruption Laws; and
- (b) Each Obligor shall (and Guarantor D shall procure that no member of the Group shall):
- (i) conduct its business and operations at all times in compliance with Anti-Bribery and Corruption Laws; and

- (ii) maintain policies and procedures designed to promote and achieve compliance with Anti-Bribery and Corruption Laws.

**21.30 Financial year**

No Obligor shall (and Guarantor D shall ensure that no other member of the Group shall) change its financial year end date.

**21.31 Anti-Money Laundering Laws.**

Each Obligor shall (and Guarantor D shall procure that no member of the Group shall):

- (a) not use the transaction proceeds for any purpose that would breach Anti-Money Laundering Laws;
- (b) conduct its business and operations at all times in compliance Anti-Money Laundering Laws; and
- (c) maintain policies and procedures designed to promote and achieve compliance with Anti-Money Laundering Laws.

**22 INSURANCE UNDERTAKINGS**

**22.1 General**

The undertakings in this Clause 22 (*Insurance Undertakings*) remain in force on and from the date of this Agreement and throughout the rest of the Security Period except as the Facility Agent, acting with the authorisation of the Lenders (or, where specified, all the Lenders) may otherwise permit.

**22.2 Maintenance of obligatory insurances**

The Borrower shall keep the Ship insured at its expense against:

- (a) fire and usual marine risks (including hull and machinery and/or increased value and excess risks);
- (b) war risks;
- (c) protection and indemnity risks (including liability for oil pollution for an amount of no less than \$1,000,000,000 and excess war risk P&I cover) on standard Club Rules, 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); and
- (d) any other risks against which the Facility Agent acting on the instructions of the Majority Lenders considers, having regard to practices and other circumstances prevailing at the relevant time, it would be reasonable for the Borrower to insure and which are specified by the Facility Agent (acting on the instructions of the Majority Lenders) by notice to the Borrower.

**22.3****Terms of obligatory insurances**

The Borrower shall effect such insurances:

- (a) in dollars;
- (b) in the case of fire and usual marine risks and war risks, in an amount on an agreed value basis at least the greater of:
  - (i) 120 per cent. of the Loan; and
  - (ii) the Market Value of the Ship;
- (c) in the case of oil pollution liability risks, for an aggregate amount equal to the highest level of cover from time to time available under basic protection and indemnity club entry (for the time being \$1,000,000,000 for oil pollution);
- (d) hull and machinery plus freight interest and hull interest and/or increased value and any other usual marine risks (including excess risks);
- (e) in the case of protection and indemnity risks, in respect of the full tonnage of the Ship;
- (f) on approved terms customary in major marine insurance markets;
- (g) through Approved Brokers and with approved insurance companies and/or underwriters or, in the case of war risks and protection and indemnity risks, in approved war risks and protection and indemnity risks associations; and
- (h) in relation to war risks insurance, extended to cover piracy and terrorism where piracy or, as the case may be, terrorism, are excluded under the fire and usual marine risks insurance.

**22.4****Further protections for the Finance Parties**

In addition to the terms set out in Clause 22.3 (*Terms of obligatory insurances*), the Borrower shall procure that the obligatory insurances effected by it shall:

- (a) subject always to paragraph (b), name the Borrower as the sole named insured unless the interest of every other named insured is limited:
  - (i) in respect of any obligatory insurances for hull and machinery and war risks;
    - (A) to any provable out-of-pocket expenses that it has incurred and which form part of any recoverable claim on underwriters; and
    - (B) to any third party liability claims where cover for such claims is provided by the policy (and then only in respect of discharge of any claims made against it); and
  - (ii) in respect of any obligatory insurances for protection and indemnity risks, to any recoveries it is entitled to make by way of reimbursement following discharge of any third party liability claims made specifically against it;

and every other named insured has undertaken in writing to the Security Agent (in such form as it requires, acting on the instructions of the Majority Lenders) that any deductible shall be apportioned between the Borrower and every other named insured in proportion to the gross claims made or paid by each of them and that it shall do all things necessary and provide all documents, evidence and information to enable the Security Agent to collect or recover any moneys which at any time become payable in respect of the obligatory insurances;

- (b) whenever the Facility Agent (acting on the instructions of the Majority Lenders) requires, name (or be amended to name) the Security Agent as additional named insured for its rights and interests, warranted no operational interest and with full waiver of rights of subrogation against the Security Agent, but without the Security Agent being liable to pay (but having the right to pay) premiums, calls or other assessments in respect of such insurance;
- (c) name the Security Agent as loss payee with such directions for payment as the Facility Agent (acting on the instructions of the Majority Lenders) may specify;
- (d) provide that all payments by or on behalf of the insurers under the obligatory insurances to the Security Agent shall be made without set off, counterclaim or deductions or condition whatsoever;
- (e) provide that the obligatory insurances shall be primary without right of contribution from other insurances which may be carried by the Security Agent or any other Finance Party; and
- (f) provide that the Security Agent may make proof of loss if the Borrower fails to do so.

## 22.5

### **Renewal of obligatory insurances**

The Borrower shall:

- (a) at least 7 days before the expiry of any obligatory insurance effected by it:
  - (i) notify the Facility Agent of the Approved Brokers (or other insurers) and any protection and indemnity or war risks association through or with which it proposes to renew that obligatory insurance and of the proposed terms of renewal; and
  - (ii) obtain the Facility Agents' (acting on the instructions of the Majority Lenders) approval to the matters referred to in subparagraph (i) above;
- (b) at least 3 days before the expiry of any obligatory insurance, renew that obligatory insurance in accordance with the Facility Agent's approval pursuant to paragraph (a) above; and
- (c) procure that the Approved Brokers and/or the approved war risks and protection and indemnity associations with which such a renewal is effected latest at the renewal date provide the Facility Agent in writing of the terms and conditions of the renewal.

## 22.6

### **Voluntary insurances**

The Borrower may, at its own option and expense, effect insurances on the Ship against risk of loss of Earnings on the following terms:

- (a) in dollars;
- (b) on approved terms customary in major marine insurance markets;
- (c) through Approved Brokers and with approved insurance companies and/or underwriters;
- (d) in an amount equal to at least 180 days of hire payable under the Initial Charter applicable to the Ship for the relevant policy year;
- (e) with an upper limit per claim of 180 days of hire (always in excess of any applicable deductible) payable under the Initial Charter; and
- (f) subject to market conditions, with a deductible of no more than 14 days of hire payable under the Initial Charter for the relevant policy year.

## 22.7

### **Copies of policies; letters of undertaking**

The Borrower shall ensure that the Approved Brokers provide the Security Agent upon its request with:

- (a) *pro forma* copies of all policies relating to the obligatory insurances which they are to effect or renew; and
- (b) a letter or letters or undertaking in standard market form/wording required by the Facility Agent (acting on the instructions of the Majority Lenders) and including undertakings by the Approved Brokers that:
  - (i) they will have endorsed on each policy, immediately upon issue, a loss payable clause and a notice of assignment complying with the provisions of Clause 22.4 (*Further protections for the Finance Parties*);
  - (ii) they will hold such policies, and the benefit of such insurances, to the order of the Security Agent in accordance with such loss payable clause;
  - (iii) they will advise the Security Agent immediately of any material change to the terms of the obligatory insurances;
  - (iv) they will, if they have not received notice of renewal instructions from the Borrower or its agents, notify the Security Agent not less than 14 days before the expiry of the obligatory insurances;
  - (v) if they receive instructions to renew the obligatory insurances, they will promptly notify the Facility Agent of the terms of the instructions;
  - (vi) they will not set off against any sum recoverable in respect of a claim relating to the Ship owned by the Borrower under such obligatory insurances any premiums or other amounts due to them or any other person whether in respect of the Ship or otherwise, they waive any lien on the policies, or any sums received under them, which they might have in respect of such premiums or other amounts and they will not cancel such obligatory insurances by reason of non-payment of such premiums or other amounts; and

- (vii) they will arrange for a separate policy to be issued in respect of the Ship forthwith upon being so requested by the Facility Agent.

**22.8 Copies of certificates of entry**

The Borrower shall ensure that any protection and indemnity and/or war risks associations in which the Ship is entered provide the Security Agent with:

- (a) a certified copy of the certificate of entry for the Ship;
- (b) a letter or letters of undertaking in such form as may be required by the Facility Agent acting on the instructions of Majority Lenders; and
- (c) a certified copy of each certificate of financial responsibility for pollution by oil or other Environmentally Sensitive Material issued by the relevant certifying authority in relation to the Ship.

**22.9 Deposit of original policies**

The Borrower shall ensure that all policies relating to obligatory insurances effected by it are deposited with the Approved Brokers through which the insurances are effected or renewed.

**22.10 Payment of premiums**

The Borrower shall punctually pay all premiums or other sums payable in respect of the obligatory insurances effected by it and produce all relevant receipts when so required by the Facility Agent (acting on the instructions of the Majority Lenders) or the Security Agent (acting on the instructions of the Facility Agent (acting on the instructions of the Majority Lenders)).

**22.11 Guarantees**

The Borrower shall ensure that any guarantees required by a protection and indemnity or war risks association are promptly issued and shall procure that such guarantee(s) remain(s) in full force and effect.

**22.12 Compliance with terms of insurances**

- (a) The Borrower shall not do or omit to do (nor permit to be done or not to be done) any act or thing which would or might render any obligatory insurance invalid, void, voidable or unenforceable or render any sum payable under an obligatory insurance repayable in whole or in part.
- (b) Without limiting paragraph (a) above, the Borrower shall, unless otherwise approved by the Security Agent (acting on the instructions of the Facility Agent which is acting on the instructions of the Majority Lenders) (such approval not to be unreasonably withheld):
  - (i) take all necessary action and comply with all requirements which may from time to time be applicable to the obligatory insurances, and (without limiting the obligation contained in sub-paragraph (iii) of paragraph (b) of Clause 22.6 (*Copies of policies; letters of undertaking*)) ensure that the obligatory insurances are not made subject to any exclusions or qualifications to which the Facility Agent has not given its prior approval (acting on the instructions of the Lenders);

- (ii) not make any changes relating to the classification or classification society or manager or operator of the Ship approved by the underwriters of the obligatory insurances;
- (iii) make (and promptly supply copies to the Facility Agent of) all quarterly or other voyage declarations which may be required by the protection and indemnity risks association in which the Ship is entered to maintain cover for trading to the United States of America and Exclusive Economic Zone (as defined in the United States Oil Pollution Act 1990 or any other applicable legislation); and
- (iv) not employ the Ship, nor allow it to be employed, otherwise than in conformity with the terms and conditions of the obligatory insurances, without first obtaining the consent of the insurers and complying with any requirements (as to extra premium or otherwise) which the insurers specify.

**22.13 Alteration to terms of insurances**

The Borrower shall not make or agree to any alteration to the terms of any obligatory insurance or waive any right relating to any obligatory insurance.

**22.14 Settlement of claims**

The Borrower shall:

- (a) not settle, compromise or abandon any claim under any obligatory insurance for Total Loss or for a Major Casualty; and
- (b) do all things necessary and provide all documents, evidence and information to enable the Security Agent to collect or recover any moneys which at any time become payable in respect of the obligatory insurances.

**22.15 Provision of copies of communications**

The Borrower shall promptly, after the Security Agent's request (acting on the instructions of the Facility Agent which is acting on the instructions of the Majority Lenders), provide the Security Agent with copies of all written communications between the Borrower and:

- (a) the Approved Brokers;
- (b) the approved protection and indemnity and/or war risks associations; and
- (c) the approved insurance companies and/or underwriters, which relate directly or indirectly to:
  - (i) the Borrower's obligations relating to the obligatory insurances including, without limitation, all requisite declarations and payments of additional premiums or calls; and
  - (ii) any credit arrangements made between the Borrower and any of the persons referred to in paragraphs (a) or (b) above relating wholly or partly to the effecting or maintenance of the obligatory insurances.

## **22.16 Provision of information**

The Borrower shall promptly provide the Facility Agent (or any persons which it may designate) with any information which the Facility Agent (or any such Prohibited Person) (acting on the instructions of the Majority Lenders) requests for the purpose of:

- (a) obtaining or preparing any report from an independent marine insurance broker as to the adequacy of the obligatory insurances effected or proposed to be effected; and/or
- (b) effecting, maintaining or renewing any such insurances as are referred to in Clause 22.17 (*Mortgagee's interest, additional perils insurances*) or dealing with or considering any matters relating to any such insurances,

and the Borrower shall, forthwith upon demand, indemnify the Security Agent in respect of all fees and other expenses reasonably incurred by or for the account of the Security Agent in connection with any such report as is referred to in paragraph (a) above.

## **22.17 Mortgagee's interest and additional perils insurances**

- (a) The Security Agent shall be entitled from time to time to effect, maintain and renew a mortgagee's interest marine insurance and a mortgagee's interest additional perils insurance each in an amount of not less than 110 per cent. of the Loan, on such terms, through such insurers and generally in such manner as the Security Agent acting on the instructions of the Majority Lenders may from time to time consider appropriate.
- (b) The Borrower shall upon demand fully indemnify the Security Agent in respect of all premiums and other expenses which are reasonably incurred in connection with or with a view to effecting, maintaining or renewing any insurance referred to in paragraph (a) above or dealing with, or considering, any matter arising out of any such insurance.

## **23 GENERAL SHIP UNDERTAKINGS**

### **23.1 General**

The undertakings in this Clause 23 (*General Ship Undertakings*) remain in force on and from the date of this Agreement and throughout the rest of the Security Period except as the Facility Agent, acting with the authorisation of the Lenders (or, where specified, all the Lenders) may otherwise permit.

### **23.2 Ship's names and registration**

The Borrower shall, in respect of the Ship:

- (a) (subject to sub-clause (c) below) keep the Ship registered in its name under the Approved Flag from time to time at its port of registration;
- (b) not do or allow to be done anything as a result of which such registration might be suspended, cancelled or imperilled;
- (c) not enter into any dual flagging arrangement in respect of the Ship; and
- (d) not change the name of the Ship,

**provided that** any change of flag of the Ship shall be subject to:

- (i) the Ship remaining subject to Security securing the Secured Liabilities created by a first priority or preferred ship mortgage on the Ship and, if appropriate, a first priority deed of covenant collateral to that mortgage (or equivalent first priority Security) on substantially the same terms as the Mortgage on the Ship and on such other terms and in such other form as the Facility Agent, acting with the authorisation of the Lenders, shall approve or require; and
- (ii) the execution of such other documentation amending and supplementing the Finance Documents as the Facility Agent, acting with the authorisation of the Lenders, shall approve or require.

### **23.3 Repair and classification**

The Borrower shall keep the Ship in a good and safe condition and state of repair:

- (a) consistent with first class ship ownership and management practice; and
- (b) so as to maintain the Approved Classification free of overdue recommendations and conditions.

### **23.4 Classification society undertaking**

If requested by the Facility Agent (acting on the instructions of the Lenders), the Borrower shall, in respect of the Ship, instruct the relevant Approved Classification Society (and shall on a best endeavours basis procure that the Approved Classification Society undertakes with the Security Agent):

- (a) to send to the Security Agent, following receipt of a written request from the Security Agent (acting on the instructions of the Facility Agent acting on the instructions of the Majority Lenders), certified true copies of all original class records held by the Approved Classification Society in relation to the Ship;
- (b) to allow the Security Agent (or its agents) (acting on the instructions of the Facility Agent acting on the instructions of the Majority Lenders), at any time and from time to time, to inspect the original class and related records of the Borrower and the Ship at the offices of the Approved Classification Society and to take copies of them;
- (c) to notify the Security Agent immediately in writing if the Approved Classification Society:
  - (i) receives notification from the Borrower or any person that the Ship's Approved Classification Society is to be changed; or
  - (ii) becomes aware of any facts or matters which may result in or have resulted in a change, suspension, discontinuance, withdrawal or expiry of the Ship's class under the rules or terms and conditions of the Borrower or the Ship's membership of the Approved Classification Society;
- (d) following receipt of a written request from the Security Agent (acting on the instructions of the Facility Agent acting on the instructions of the Majority Lenders):

- (i) to confirm that the Borrower is not in default of any of its contractual obligations or liabilities to the Approved Classification Society, including confirmation that it has paid in full all fees or other charges due and payable to the Approved Classification Society; or
- (ii) to confirm that the Borrower is in default of any of its contractual obligations or liabilities to the Approved Classification Society, to specify to the Security Agent in reasonable detail the facts and circumstances of such default, the consequences of such default, and any remedy period agreed or allowed by the Approved Classification Society.

**23.5 Modifications**

The Borrower shall not make any modification or repairs to, or replacement of, the Ship or equipment installed on it which would or might materially adversely alter the structure, type or performance characteristics of the Ship or materially reduce its value.

**23.6 Removal and installation of parts**

- (a) Subject to paragraph (b) below, the Borrower shall not remove any material part of the Ship, or any item of equipment installed on the Ship unless:
  - (i) the part or item so removed is forthwith replaced by a suitable part or item which is in the same condition as or better condition than the part or item removed;
  - (ii) the replacement part or item is free from any Security in favour of any person other than the Security Agent; and
  - (iii) the replacement part or item becomes, on installation on the Ship, the property of the Borrower and subject to the security constituted by the Mortgage on the Ship.
- (b) The Borrower may install equipment owned by a third party if the equipment can be removed without any risk of damage to the Ship.

**23.7 Surveys**

The Borrower shall submit the Ship regularly to all periodic or other surveys which may be required for classification purposes and, if so required by the Facility Agent acting on the instructions of the Majority Lenders, provide the Facility Agent, with copies of all survey reports.

**23.8 Inspection**

- (a) The Borrower shall permit the Security Agent (acting on the instructions of the Facility Agent which is acting on the instructions of the Majority Lenders) (acting through surveyors or other persons appointed by it for that purpose) to board the Ship at all reasonable times, after prior written notice and without interfering with the Ship's operation and trade, to inspect its condition or to satisfy themselves about proposed or executed repairs and shall afford all proper facilities for such inspections.
- (b) The cost of all inspections under this Clause 23.8 (*Inspection*) shall be for the account of the Borrower once annually and at any time when an Event of Default has occurred and is continuing.

**23.9 Prevention of and release from arrest**

- (a) The Borrower shall, in respect of the Ship, promptly discharge:
  - (i) all liabilities which give or may give rise to maritime or possessory liens on or claims enforceable against the Ship, its Earnings or its Insurances;
  - (ii) all Taxes, dues and other amounts charged in respect of the Ship, its Earnings or its Insurances; and
  - (iii) all other outgoings whatsoever in respect of the Ship, its Earnings or its Insurances.
- (b) The Borrower shall as promptly as possible upon receiving notice of the arrest of the Ship or of its detention in exercise or purported exercise of any lien or claim, take all steps necessary to procure its release by providing bail or otherwise as the circumstances may require.

**23.10 Compliance with laws etc.**

The Borrower shall:

- (a) comply, or procure compliance with all laws or regulations:
  - (i) relating to its business generally; and
  - (ii) relating to the Ship, its ownership, employment, operation, management and registration,including, but not limited to, the ISM Code, the ISPS Code, all Environmental Laws, all Sanctions and the laws of the Approved Flag;
- (b) obtain, comply with and do all that is necessary to maintain in full force and effect any Environmental Approvals; and
- (c) without limiting paragraph (a) above, not employ the 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, all Environmental Laws and Sanctions (or which would be contrary to Sanctions if Sanctions were binding on each Transaction Obligor).
- (d) If the Ship is intended to be scrapped during the Security Period, use its best endeavours to take into account social and environmental matters when selecting the recycling yard and to comply with the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (2009) or, if applicable to the Ship and the Borrower, EU Ship Recycling Regulation of 20 November 2013.

**23.11 ISPS Code**

Without limiting paragraph (a) of Clause 23.10 (*Compliance with laws etc.*), the Borrower shall:

- (a) procure that the Ship and the company responsible for the Ship's compliance with the ISPS Code comply with the ISPS Code; and
- (b) maintain an ISSC for the Ship; and

- (c) notify the Facility Agent immediately in writing of any actual or threatened withdrawal, suspension, cancellation or modification of the ISSC.

**23.12 Sanctions and Ship trading**

- (a) Without limiting Clause 23.10 (*Compliance with laws etc.*), the Borrower shall procure:
  - (i) that the Ship shall not be used by or for the benefit of a Prohibited Person;
  - (ii) that the Ship shall not be used in trading in any manner contrary to Sanctions (or which could be contrary to Sanctions, if Sanctions were binding on each Transaction Obligor);
  - (iii) that the Ship shall not be traded in any manner which would trigger the operation of any sanctions limitation or exclusion clause (or similar) in the Insurances; and
  - (iv) that each charterparty in respect of the Ship shall contain, for the benefit of the Borrower, language which gives effect to the provisions of paragraph (c) of Clause 23.10 (*Compliance with laws etc.*) as regards Sanctions and of this Clause 23.12 (*Sanctions and Ship trading*) and which permits refusal of employment or voyage orders if compliance would result in a breach of Sanctions (or which would result in a breach of Sanctions, if Sanctions were binding on each Transaction Obligor).

**23.13 Trading in war zones**

In the event of hostilities in any part of the world (whether war is declared or not), the Borrower shall not cause or permit the Ship to enter or trade to any zone which is declared a war zone by any government or by the Ship's war risks insurers unless the Borrower has (at its expense) effected any special, additional or modified insurance cover which War Risks insurers may require.

**23.14 Provision of information**

Without prejudice to Clause 19.6 (*Information: miscellaneous*) the Borrower shall, in respect of the Ship, promptly provide the Facility Agent with any information which it requests (acting on the instructions of any Lender), acting reasonably in the event there is no Event of Default, regarding:

- (a) the Ship, its employment, position and engagements;
- (b) the Earnings and payments and amounts due to its master and crew;
- (c) any expenditure incurred, or likely to be incurred, in connection with the operation, maintenance or repair of the Ship and any payments made by it in respect of the Ship;
- (d) any towages and salvages; and
- (e) its compliance, the Approved Manager's compliance and the compliance of the Ship with the ISM Code and the ISPS Code,

and, upon the Facility Agent's (acting on the instructions of any Lender) request, promptly provide copies of any current Charter relating to the Ship, of any current guarantee of any such Charter, the Ship's Safety Management Certificate and any relevant Document of Compliance.

**23.15 Notification of certain events**

The Borrower shall, in respect of the Ship, promptly after it becomes aware, notify the Facility Agent by e-mail or fax, confirmed forthwith by letter, of:

- (a) any casualty to the Ship which is or is likely to be or to become a Major Casualty;
- (b) any occurrence as a result of which the Ship has become or is, by the passing of time or otherwise, likely to become a Total Loss;
- (c) any requisition of the Ship for hire;
- (d) any overdue requirement or overdue recommendation made in relation to the Ship by any insurer or classification society or by any competent authority which is not immediately complied with;
- (e) any arrest or detention of the Ship or any exercise or purported exercise of any lien on the Ship or the Earnings;
- (f) any intended dry docking of the Ship;
- (g) any Environmental Claim made against the Borrower or in connection with the Ship, or any Environmental Incident;
- (h) any claim for breach of the ISM Code or the ISPS Code being made against the Borrower, an Approved Manager or otherwise in connection with the Ship; or
- (i) any other matter, event or incident, actual or threatened, the effect of which will or could lead to the ISM Code or the ISPS Code not being complied with;
- (j) the termination of the Initial Charter and/or Substitute Initial Charter; or

and the Borrower shall keep the Facility Agent advised in writing on a regular basis and in such detail as the Facility Agent shall (acting on the instructions of any Lender) reasonably require as to the Borrower's, any such Approved Manager's or any other person's response to any of those events or matters.

**23.16 Restrictions on use, chartering, appointment of managers etc.**

The Borrower shall not, in relation to the Ship:

- (a) let the Ship on demise charter for any period;
- (b) enter into any time, voyage or consecutive voyage charter in respect of the Ship other than a Permitted Charter;
- (c) materially amend, supplement or terminate a Management Agreement (material amendments shall include, without limitation, any amendments to the management fees resulting in an increase to such fees in excess of 5% per annum, duration of the management agreement or terms permitting the termination of such Management Agreement);

- (d) appoint a manager of the Ship other than the Approved Commercial Manager and the Approved Technical Manager or agree to any alteration to the terms of an Approved Manager's appointment;
- (e) de activate or lay-up the Ship;
- (f) put the Ship into the possession of any person for the purpose of work being done upon it in an amount exceeding or likely to exceed \$1,000,000 (or the equivalent in any other currency) unless that person has first given to the Security Agent (acting on the instructions of the Facility Agent acting on the instructions of the Majority Lenders) and in terms satisfactory to it a written undertaking not to exercise any lien on the Ship or its Earnings for the cost of such work or for any other reason; or
- (g) use the Ship for any other purpose other than as a civil merchant trading vessel.

**23.17 Notice of Mortgage**

The Borrower shall keep the Mortgage registered against the Ship as a valid first priority or, as the case may be, preferred mortgage, carry on board the Ship a certified copy of the Mortgage and place and maintain in a conspicuous place in the navigation room and the master's cabin of the Ship a framed printed notice stating that the Ship is mortgaged by the Borrower to the Security Agent.

**23.18 Sharing of Earnings**

The Borrower shall not enter into any agreement or arrangement for the sharing of any Earnings other than for the purposes of this Agreement.

**23.19 Notification of compliance**

The Borrower shall promptly provide the Facility Agent upon its request with evidence (in such form as the Facility Agent requires acting on the instructions of the Majority Lenders)) that it is complying with this Clause 23 (*General Ship Undertakings*).

**23.20 Charterparty Assignment**

If the Borrower enters into any Assignable Charter (subject to obtaining the prior consent of the Facility Agent in accordance with paragraph (b) of Clause 23.16 (*Restrictions on use, chartering, appointment of managers etc.*)), the Borrower shall, at the request of the Facility Agent, execute in favour of the Security Agent a Charterparty Assignment in respect of that Assignable Charter and shall:

- (a) serve notice of that Charterparty Assignment on the relevant charterer and use best endeavours to procure that the charterer acknowledges such notice in such form as the Facility Agent may approve or require; and
- (b) deliver to the Facility Agent such other documents in connection with that Charterparty Assignment as the Facility Agent may require (including, without limitation, documents equivalent to those referred to in Schedule 2 (*Conditions Precedent*) in relation to the Borrower and that Charter).

### **23.21 Dismantling of Ship**

The Borrower confirms that it will ensure the Ship is or, if sold to an intermediary with the intention of being scrapped use its best endeavours that it is, recycled at a recycling yard which conducts its recycling business in a socially and environmentally responsible manner, in accordance with the provisions of The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009 or, with regards to any EU flagged vessels, the EU Ship Recycling Regulation

### **23.22 IHM**

The Borrower shall ensure that the Ship carries an IHM certification from the relevant Approved Classification Society from the date of completion of the first dry docking of the Ship after the date of this Agreement and at all times thereafter and shall promptly deliver to the Facility Agent upon its request a copy of the class report noting the same.

### **23.23 Poseidon Principles**

The Borrower shall, upon the request of any Lender and at the cost of the Borrower on or before 31st July in each calendar year, supply or procure the supply to the Facility Agent and such Lender of all information necessary in order for any Lender 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, in each case relating to the Ship for the preceding calendar year provided always that no Lender shall publicly disclose such information with the identity of a 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 43 (*Confidential Information*) but the Borrower acknowledges that, in accordance with the Poseidon Principles, such information will form part of the information published regarding the relevant Lender's portfolio climate alignment.

### **23.24 Inventory of Hazardous Materials**

The Borrower shall procure that the Ship has, from the Utilisation Date, obtained an Inventory of Hazardous Materials, in respect of such Ship which shall be maintained until the Loan has been fully repaid.

## **24 SECURITY COVER**

### **24.1 Minimum required security cover**

Clause 24.2 (*Provision of additional security; prepayment*) applies if the Facility Agent (acting on the instructions of the Majority Lenders) notifies the Borrower that:

- (a) the Market Value of the Ship; plus
- (b) the net realisable value of additional Security previously provided under this Clause 24 (*Security Cover*),

is below:

- (i) until the third anniversary of the Utilisation Date, 130 per cent. of the Loan; or
- (ii) on and from the third anniversary of the Utilisation Date and at all times thereafter, 140 per cent. of the Loan.

#### **24.2 Provision of additional security; prepayment**

- (a) If the Facility Agent (acting on the instructions of the Majority Lenders) serves a notice on the Borrower under Clause 24.1 (*Minimum required security cover*), the Borrower shall, on or before the date falling one Month after the date (the "**Prepayment Date**") on which the Facility Agent's notice is served, prepay such part of the Loan as shall eliminate the shortfall.
- (b) The Borrower may at its discretion, instead of making a prepayment as described in paragraph (a) above, provide, or ensure that a third party has provided, additional security which, in the opinion of the Facility Agent acting on the instructions of the Majority Lenders:
  - (i) has a net realisable value at least equal to the shortfall; and
  - (ii) is documented in such terms as the Facility Agent (acting on the instructions of the Majority Lenders) may approve or require,before the Prepayment Date; and conditional upon such security being provided in such manner, it shall satisfy such prepayment obligation.

#### **24.3 Value of additional vessel security**

The net realisable value of any additional security which is provided under Clause 24.2 (*Provision of additional security; prepayment*) and which consists of Security over a vessel shall be the Market Value of the vessel concerned.

#### **24.4 Valuations binding**

Any valuation under this Clause 24 (*Security Cover*) shall be binding and conclusive as regards the Borrower.

#### **24.5 Provision of information**

- (a) The Borrower shall as soon as reasonably practicable provide the Facility Agent and any Approved Valuer acting under this Clause 24 (*Security Cover*) with any information which the Facility Agent (acting on the instructions of the Majority Lenders) or Approved Valuer may request for the purposes of the valuation.
- (b) If the Borrower fails to provide the information referred to in paragraph (a) above by the date specified in the request, the valuation may be made on any basis and assumptions which the Approved Valuer or the Facility Agent (acting on the instructions of the Majority Lenders) considers prudent.

#### **24.6 Prepayment mechanism**

Any prepayment pursuant to Clause 24.2 (*Provision of additional security; prepayment*) shall be made in accordance with the relevant provisions of Clause 7 (*Prepayment and Cancellation*)

and shall be treated as a voluntary prepayment pursuant to Clause 7.4 (*Voluntary prepayment of Loan*).

**24.7 Provision of valuations**

- (a) The Borrower shall provide the Facility Agent with the necessary valuations of the Ship and any other vessel over which additional Security has been created in accordance with Clause 24.3 (*Value of additional vessel security*), to enable the Facility Agent (acting on the instructions of the Majority Lenders) to determine the Market Value of the Ship or any other vessel, as follows:
  - (i) at least semi-annually, on the relevant Testing Date;
  - (ii) at the Facility Agent's (acting on the instructions of any Lender) request, quarterly, on each date falling on 30 March and 30 September of each financial year; and
  - (iii) if a mandatory prepayment event has occurred under Clause 7.5 (*Mandatory prepayment on sale or Total Loss*);
- (b) The cost of valuations obtained under sub-paragraphs (i), (ii) and (iii) above shall be borne or reimbursed by the Borrower;
- (c) The Lenders may at such time or times instruct the Facility Agent to obtain valuations of the Ship other than pursuant to paragraph (a) for the purpose of ascertaining the Market Value of the Ship at such time or times. Any further valuations obtained or provided shall be at the cost of the Lenders unless an Event of Default has occurred and is continuing at the relevant time in which case the Borrower acknowledges and agrees that the cost of such additional valuations shall be borne or reimbursed by the Borrower.

**25 ACCOUNTS AND APPLICATION OF EARNINGS**

**25.1 Accounts**

The Borrower may not, without the prior consent of the Facility Agent (acting on the instructions of the Lenders), maintain any bank account other than the Accounts.

**25.2 Payment of Earnings**

The Borrower shall ensure that, subject only to the provisions of the General Assignment to which it is a party, all the Earnings in respect of the Ship are paid in to the Earnings Account.

**25.3 Monthly Retentions**

The Borrower shall ensure that, in each calendar month following the Utilisation Date, on such dates as the Facility Agent (acting on the instructions of the Majority Lenders) may from time to time specify, there is transferred to the Retention Account out of the Earnings received by the Borrower in the Earnings Accounts during the preceding calendar month:

- (a) one-third of the amount of any Repayment Instalment falling due under Clause 6.1 (*Repayment of Loan*) on the next Repayment Date; and
- (b) the relevant fraction of the aggregate amount of interest on the Loan which is payable under this Agreement in respect of any Interest Period then current.

The “**relevant fraction**” is a fraction of which:

- (i) the numerator is one; and
- (ii) the denominator is:
  - (A) the number of months comprised in the relevant then current Interest Period; or
  - (B) if the period is shorter, the number of months from the later of the commencement of the relevant current Interest Period or the last due date for payment of interest on the Loan or the relevant part of the Loan to the next due date for payment of interest on the Loan or the relevant part of the Loan under this Agreement.

#### **25.4 Shortfall in Earnings**

- (a) If the aggregate of the credit balance on the Earnings Account is insufficient in any calendar month for the required amount to be transferred to the Retention Account under Clause 25.3 (*Monthly retentions*), the Borrower shall make up the amount of the insufficiency on demand (acting on the instructions of the Majority Lenders) from the Facility Agent.
- (b) Without prejudicing the Facility Agent’s right to make such demand at any time (if so instructed by the Majority Lenders), the Facility Agent may, if so authorised by the Majority Lenders, permit the Borrower to make up all or part of the insufficiency by increasing the amount of any transfer under Clause 25.3 (*Monthly retentions*) from the Earnings received in the next or subsequent calendar months.

#### **25.5 Release of Earnings**

Subject to the terms of the General Assignment, any amount standing to the credit of the Earnings Account shall be freely available to the Borrower for the purpose of the payment of operating expenses incurred in the ordinary course of owning, operating, crewing, victualling, maintaining, insuring, managing and repairing the Ship, for its administration and for the payment of dividends pursuant to Clause 21.18 (*Dividends*) **Provided that** the Borrower is in compliance with Clauses 20.1 (*Borrower’s minimum liquidity*) and 25.3 (*Monthly retentions*) and no Event of Default has occurred and is continuing.

#### **25.6 Application of retentions**

- (a) Subject to paragraph (b) and (c) below, the Security Agent has sole signing rights in relation to the Retention Account.
- (b) Until an Event of Default occurs, the Borrower shall instruct the Account Bank to release to the Facility Agent, on each Repayment Date and on each Interest Payment Date, for distribution to the Finance Parties in accordance with Clause 33.2 (*Distributions by the Facility Agent*) so much of the then balance on the Retention Account as equals:
  - (i) any Repayment Instalment due on that Repayment Date; and
  - (ii) the amount of interest payable on that Interest Payment Date,

in discharge of the Borrower's liability for that Repayment Instalment and that interest.

For the avoidance of doubt, the Borrower's rights under this Clause are limited to instructing the Account Bank to release funds to the Facility Agent and the Borrower's right to instruct the Account Bank to effect such release does not afford the Borrower with signing rights in relation to the Retention Account.

**25.7 Interest accrued on Retention Account**

Any credit balance on the Retention Account shall bear interest at the rate from time to time offered by the Account Bank to its customers for dollar deposits of similar amounts and for periods similar to those for which such balances appear to the Account Bank likely to remain on the Retention Account.

**25.8 Release of accrued interest**

Interest accruing under Clause 25.7 (*Interest accrued on Retention Account*) shall be credited to the Retention Account and, to the extent not applied previously pursuant to Clause 25.6 (*Application of retentions*), shall be released to the Borrower at the end of the Security Period.

**25.9 Location of Accounts**

The Borrower shall promptly:

- (a) comply with any requirement of the Facility Agent (acting on the instructions of the Majority Lenders) as to the location or relocation of the Accounts (or any of them); and
- (b) execute any documents which the Facility Agent (acting on the instructions of the Majority Lenders) specifies to create or maintain in favour of the Security Agent Security over (and/or rights of set-off, consolidation or other rights in relation to) any of the Accounts.

**26 EVENTS OF DEFAULT**

**26.1 General**

Each of the events or circumstances set out in this Clause 26 (*Events of Default*) is an Event of Default except for Clause 26.19 (*Acceleration*) and Clause 26.20 (*Enforcement of security*).

**26.2 Non-payment**

A Transaction Obligor (other than an Approved Manager) 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) payment is made within 1 Business Day; or
- (b) its failure to pay is caused by:
  - (i) administrative or technical error; or
  - (ii) a Disruption Event; and
  - (iii) payment is made within 3 Business Days.

### 26.3 Specific obligations

A breach occurs of Clause 4.4 (Waiver of conditions precedent), Clause 18.33 (Sanctions), Clause 20 (Financial Covenants), Clause 21.11 (Title), Clause 21.12 (Negative pledge), Clause 21.20 (Unlawfulness, invalidity and ranking; Security imperilled), Clause 21.28 (AIF and AIFM), Clause 21.29 (Anti-Bribery and Corruption Laws), Clause 21.31 (Anti-Money Laundering Laws) Clause 22.2 (Maintenance of obligatory insurances), Clause 22.3 (Terms of obligatory insurances), Clause 22.5 (Renewal of obligatory insurances), Clause 23.12 (Sanctions and Ship trading) or Clause 24 (Security Cover).

### 26.4 Other obligations

- (a) A Transaction Obligor does not comply with any provision of the Finance Documents to which it is a party (other than those referred to in Clause 26.2 (*Non-payment*) and Clause 26.3 (*Specific obligations*)).
- (b) No Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and is remedied within 10 Business Days of the Facility Agent giving notice to the Borrower or (if earlier) any Transaction Obligor becoming aware of the failure to comply.

### 26.5 Misrepresentation

Any representation or statement made or deemed to be made by a Transaction Obligor in the Finance Documents or any other document delivered by or on behalf of any Transaction Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading when made or deemed to be made.

### 26.6 Cross default

- (a) Any Financial Indebtedness of any Transaction Obligor (other than an Approved Manager) is not paid when due nor within any originally applicable grace period.
- (b) Subject to paragraph (e) below, any Financial Indebtedness of any Transaction Obligor (other than an Approved Manager) 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) Subject to paragraph (e) below, any commitment for any Financial Indebtedness of any Transaction Obligor (other than an Approved Manager) is cancelled or suspended by a creditor of any Transaction Obligor (other than an Approved Manager) as a result of an event of default (however described).
- (d) Subject to paragraph (e) below, any creditor of any Transaction Obligor (other than an Approved Manager) becomes entitled to declare any Financial Indebtedness of any Transaction Obligor (other than an Approved Manager) due and payable prior to its specified maturity as a result of an event of default (however described).
- (e) An Event of Default under paragraphs (a), (b), (c) and (d) above in respect of a person other than the Borrower will only occur if the event triggering any of the circumstances referred to in such paragraphs constitutes under the financing agreement pursuant to which such Financial Indebtedness has been incurred (i) a payment default, (ii) an event of default as a result of non-compliance with the financial covenants and (iii) an event of

default as a result of breach of the security cover ratio required to be maintained under that financing agreement, in each case however described.

## 26.7

### Insolvency

- (a) A Transaction Obligor (other than an Approved Manager):
  - (i) is unable or admits inability to pay its debts as they fall due;
  - (ii) is deemed to, or is declared to, be unable to pay its debts under applicable law;
  - (iii) suspends or threatens to suspend making payments on any of its debts; or
  - (iv) by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors (including the Finance Parties) with a view to rescheduling, any of its indebtedness **Provided that** the existence or the entering of such negotiations or as a result of such negotiations the entering into any agreement with one or more of its creditors (including the Finance Parties) shall not constitute an Event of Default under this Clause 26.7 if (A) such Transaction Obligor or member of the Group has notified the Facility Agent in writing of his intention to enter into such negotiations with one or more of its creditors and (B) an officer of each of the Borrower and the Guarantors confirms in writing to the Facility Agent that the Borrower will be able to cover the Debt Service for the next six-month period and in the event that such confirmation is not provided within 3 Business Days from the notice to the Facility Agent or the Facility Agent becoming aware of the existence of such negotiations, the Borrower undertakes to commence negotiations with the Lenders in good faith with a view to amending the terms of this Agreement in a manner acceptable to the Facility Agent (acting on the instructions of the Lenders).
- (b) The value of the assets of any Transaction Obligor (other than an Approved Manager) is less than its liabilities (taking into account contingent and prospective liabilities).
- (c) A moratorium is declared in respect of any indebtedness of any Transaction Obligor (other than an Approved Manager). If a moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium.

## 26.8

### 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 Transaction Obligor (other than an Approved Manager) other than a solvent liquidation or reorganisation of any member of the Group which is not a Transaction Obligor;
  - (ii) a composition, compromise, assignment or arrangement with any creditor of any Transaction Obligor (other than an Approved Manager);
  - (iii) the appointment of a liquidator (other than in respect of a solvent liquidation of a member of the Group which is not a Transaction Obligor), receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any Transaction Obligor (other than an Approved Manager) or any of its assets; or

(iv) enforcement of any Security over any assets of any Transaction Obligor (other than an Approved Manager),

or any analogous procedure or step is taken in any jurisdiction.

(b) Paragraph (a) above shall not apply to any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 21 days of commencement (or such other longer period as the Facility Agent may agree).

**26.9 Creditors' process**

Any expropriation, attachment, sequestration, distress or execution (or any analogous process in any jurisdiction) affects any asset or assets of a Transaction Obligor (other than an Approved Manager) having an aggregate value of \$800,000 (other than an arrest or detention of the Ship referred to in Clause 26.13 (*Arrest*)) and is not discharged within 14 days.

**26.10 Unlawfulness, invalidity and ranking**

(a) It is or becomes unlawful for a Transaction Obligor to perform any of its obligations under the Finance Documents.

(b) Any obligation of a Transaction Obligor under the Finance Documents is not or ceases to be legal, valid, binding or enforceable.

(c) Any Finance Document ceases to be in full force and effect or to be continuing or is or purports to be determined or any Transaction Security is alleged by a party to it (other than a Finance Party) to be ineffective.

(d) Any Transaction Security proves to have ranked after, or loses its priority to, any other Security.

**26.11 Security imperilled**

Any Security created or intended to be created by a Finance Document is in any way imperilled or in jeopardy.

**26.12 Cessation of business**

Any Transaction Obligor suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business.

**26.13 Arrest**

Any arrest of the Ship or its detention in the exercise or the purported exercise of any lien or claim unless it is redelivered to the full control of the Borrower within 30 days (or such other longer period as the Facility Agent may agree) of such arrest or detention.

**26.14 Expropriation**

The authority or ability of any Transaction 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 Transaction Obligor or any of its assets other than:

- (a) an arrest or detention of the Ship referred to in Clause 26.13 (*Arrest*); or
- (b) any Requisition.

**26.15 Repudiation and rescission of agreements**

A Transaction Obligor (or any other relevant party) rescinds or purports to rescind or repudiates or purports to repudiate a Transaction Document (excluding a Charter) or any of the Transaction Security or evidences an intention to rescind or repudiate a Transaction Document or any Transaction Security.

**26.16 Litigation**

Any litigation, arbitration or administrative proceedings or investigations of, or before, any court, arbitral body or agency are started or threatened, or any judgment or order of a court, arbitral body or agency is made, in relation to any of the Transaction Documents or the transactions contemplated in any of the Transaction Documents or its assets which has or is reasonably likely to have a Material Adverse Effect.

**26.17 Material adverse change**

Any event or circumstance occurs which has or is reasonably likely to have a Material Adverse Effect.

**26.18 Termination of Initial Charters or Assignable Charters**

- (a) If the Initial Charter or any Assignable Charter is frustrated, terminated (except by mere effluxion of time or in the case of Total Loss of the Ship), cancelled or rescinded or purported to be cancelled or rescinded or the Ship is withdrawn from service under that Initial Charter or Assignable Charter before the last day of the Security Period by the Borrower.
- (b) No Event of Default under paragraph (a) above will be triggered if as soon as possible after (and in any event within 60 days after) such cancellation, rescission, termination or withdrawal, the Borrower has entered into an approved charter commitment (a "**Replacement Charter**") in respect of the Ship on terms (including, without limitation, as to the tenor, charter hire and credit standing of the charterer) acceptable to the Facility Agent in its absolute discretion and, forthwith after the entry into such Replacement Charter, the Borrower has granted in favour of the Security Agent a Charterparty Assignment in respect of such Replacement Charter.

For the avoidance of doubt, no Event of Default shall occur under this Clause 26.18, if the Borrower complies in full with the requirements set out in Clause 20.1(b)(i) (*Borrower's minimum liquidity*), in circumstances where the duration of the Initial Charter is not extended pursuant to a Qualifying Extension, or substituted by a Substitute Initial Charter (as such term is defined in Clause 20.1(b)(i) (*Borrower's minimum liquidity*)).

**26.19 Acceleration**

On and at any time after the occurrence of an Event of Default which is continuing the Facility Agent may, and shall if so directed by the Lenders:

- (a) by notice to the Borrower:

- (i) cancel the Total Commitments, whereupon they shall immediately be cancelled;
  - (ii) declare that all or part of the Loan, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon it shall become immediately due and payable; and/or
  - (iii) declare that all or part of the Loan be payable on demand, whereupon it shall immediately become payable on demand by the Facility Agent acting on the instructions of the Majority Lenders; and/or
- (b) exercise or direct the Security Agent to exercise any or all of its rights, remedies, powers or discretions under the Finance Documents,

and the Facility Agent may serve notices under sub-paragraphs (i), (ii) or (iii) of paragraph (a) above simultaneously or on different dates and any Servicing Party may take any action referred to in paragraph (b) above or Clause 26.20 (*Enforcement of security*) if no such notice is served or simultaneously with or at any time after the service of any of such notice.

**26.20 Enforcement of security**

On and at any time after the occurrence of an Event of Default the Security Agent may, and shall if so directed by the Majority Lenders, take any action which, as a result of the Event of Default or any notice served under Clause 26.19 (*Acceleration*), the Security Agent is entitled to take under any Finance Document or any applicable law or regulation.

**SECTION 9**  
**CHANGES TO PARTIES**

**27 CHANGES TO THE LENDERS**

**27.1 Assignments and transfers by the Lenders**

Subject to this Clause 27 (*Changes to the Lenders*), a Lender (the “**Existing Lender**”) may:

- (a) assign any of its rights; or
- (b) transfer by novation any of its rights and obligations,

under the Finance Documents to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (the “**New Lender**”).

**27.2 Conditions of assignment or transfer**

- (a) The Borrower’s consent is not required for an assignment or transfer by an Existing Lender.
- (b) An assignment will only be effective on:
  - (i) receipt by the Facility Agent (whether in the Assignment Agreement or otherwise) of written confirmation from the New Lender (in form and substance satisfactory to the Facility Agent) that the New Lender will assume the same obligations to the other Secured Parties as it would have been under if it had been an Original Lender; and
  - (ii) performance by the Facility Agent of all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to such assignment to a New Lender, the completion of which the Facility Agent shall promptly notify to the Existing Lender and the New Lender.
- (c) Each Obligor on behalf of itself and each Transaction Obligor agrees that all rights and interests (present, future or contingent) which the Existing Lender has under or by virtue of the Finance Documents are assigned to the New Lender absolutely, free of any defects in the Existing Lender’s title and of any rights or equities which the Borrower or any other Transaction Obligor had against the Existing Lender.
- (d) A transfer will only be effective if the procedure set out in Clause 27.5 (*Procedure for transfer*) is complied with.
- (e) If:
  - (i) a Lender assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and
  - (ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, a Transaction 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 under that clause as incorporated by reference or in full in any other Finance Document 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.

- (f) Each New Lender, by executing the relevant Transfer Certificate or Assignment Agreement, confirms, for the avoidance of doubt, that the Facility 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 transfer or assignment becomes effective in accordance with this Agreement and that it is bound by that decision to the same extent as the Existing Lender would have been had it remained a Lender.

### **27.3 Assignment or transfer fee**

The New Lender shall, on the date upon which an assignment or transfer takes effect, pay to the Facility Agent (for its own account) a fee of \$5,000.

### **27.4 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 Transaction Documents, the Transaction Security or any other documents;
  - (ii) the financial condition of any Transaction Obligor;
  - (iii) the performance and observance by any Transaction Obligor of its obligations under the Transaction Documents or any other documents; or
  - (iv) the accuracy of any statements (whether written or oral) made in or in connection with any Transaction 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 and the Secured Parties that it:
- (i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Transaction Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender or any other Finance Party in connection with any Transaction Document or the Transaction Security; and
  - (ii) will continue to make its own independent appraisal of the creditworthiness of each Transaction Obligor and its related entities throughout the Security Period.
- (c) Nothing in any Finance Document obliges an Existing Lender to:

- (i) accept a re-transfer or re-assignment from a New Lender of any of the rights and obligations assigned or transferred under this Clause 27 (*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 Transaction Obligor of its obligations under the Transaction Documents or otherwise.

## 27.5

### Procedure for transfer

- (a) Subject to the conditions set out in Clause 27.2 (*Conditions of assignment or transfer*), a transfer is effected in accordance with paragraph (c) below when the Facility Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender. The Facility Agent shall, subject to paragraph (b) below as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with this Agreement and delivered in accordance with this Agreement, execute that Transfer Certificate.
- (b) The Facility Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Existing Lender and the New Lender once it is satisfied in its sole discretion that it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to the transfer to such New Lender.
- (c) Subject to Clause 27.9 (*Pro rata interest settlement*), on the Transfer Date:
  - (i) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents and in respect of the Transaction Security, each of the Transaction Obligors and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and in respect of the Transaction Security and their respective rights against one another under the Finance Documents and in respect of the Transaction Security shall be cancelled (being the "**Discharged Rights and Obligations**");
  - (ii) each of the Transaction Obligors and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Transaction Obligor and the New Lender have assumed and/or acquired the same in place of that Transaction Obligor and the Existing Lender;
  - (iii) the Facility Agent, the Security Agent, the Arranger, the New Lender and other Lenders shall acquire the same rights and assume the same obligations between themselves and in respect of the Transaction Security 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 Facility Agent, the Security Agent, the Arranger and the Existing Lenders shall each be released from further obligations to each other under the Finance Documents; and
  - (iv) the New Lender shall become a Party as a "Lender".

**27.6****Procedure for assignment**

- (a) Subject to the conditions set out in Clause 27.2 (*Conditions of assignment or transfer*) an assignment may be effected in accordance with paragraph (b) below when the Facility Agent executes an otherwise duly completed Assignment Agreement delivered to it by the Existing Lender and the New Lender. The Facility Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Assignment Agreement appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Assignment Agreement.
- (b) The Facility Agent shall only be obliged to execute an Assignment Agreement delivered to it by the Existing Lender and the New Lender once it is satisfied in its sole discretion it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to the assignment to such New Lender.

Subject to Clause 27.9 (*Pro rata interest settlement*), on the Transfer Date:

- (i) the Existing Lender will assign absolutely to the New Lender its rights under the Finance Documents and in respect of the Transaction Security expressed to be the subject of the assignment in the Assignment Agreement;
  - (ii) the Existing Lender will be released from the obligations (the “**Relevant Obligations**”) expressed to be the subject of the release in the Assignment Agreement (and any corresponding obligations by which it is bound in respect of the Transaction Security); and
  - (iii) the New Lender shall become a Party as a “Lender” and will be bound by obligations equivalent to the Relevant Obligations.
- (c) Lenders may utilise procedures other than those set out in this Clause 27.6 (*Procedure for assignment*) to assign their rights under the Finance Documents (but not, without the consent of the relevant Transaction Obligor or unless in accordance with Clause 27.5 (*Procedure for transfer*), to obtain a release by that Transaction Obligor from the obligations owed to that Transaction Obligor by the Lenders nor the assumption of equivalent obligations by a New Lender) **provided that** they comply with the conditions set out in Clause 27.2 (*Conditions of assignment or transfer*).

**27.7****Copy of Transfer Certificate or Assignment Agreement to Borrower**

The Facility Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate or an Assignment Agreement (and in any event no later than three Business Days of execution), send to the Borrower a copy of that Transfer Certificate or Assignment Agreement.

**27.8****Security over Lenders' rights**

In addition to the other rights provided to Lenders under this Clause 27 (*Changes to the Lenders*), each Lender may without consulting with or obtaining consent from any Transaction Obligor, at any time charge, assign or otherwise create Security 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:

- (a) any charge, assignment or other Security to secure obligations to a federal reserve or central bank; and

- (b) any charge, assignment or other Security granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities,

except that no such charge, assignment or Security shall:

- (i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security for the Lender as a party to any of the Finance Documents; or
- (ii) require any payments to be made by a Transaction 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.

## 27.9

### Pro rata interest settlement

- (a) If the Facility Agent has notified the Lenders that it is able to distribute interest payments on a “*pro rata* basis” to Existing Lenders and New Lenders then (in respect of any transfer pursuant to Clause 27.5 (*Procedure for transfer*) or any assignment pursuant to Clause 27.6 (*Procedure for assignment*) the Transfer Date of which, in each case, is after the date of such notification and is not on the last day of an Interest Period):
  - (i) any interest or fees in respect of the relevant participation which are expressed to accrue by reference to the lapse of time shall continue to accrue in favour of the Existing Lender up to but excluding the Transfer Date (“**Accrued Amounts**”) and shall become due and payable to the Existing Lender (without further interest accruing on them) on the last day of the current Interest Period (or, if the Interest Period is longer than six Months, on the next of the dates which falls at six Monthly intervals after the first day of that Interest Period); and
  - (ii) the rights assigned or transferred by the Existing Lender will not include the right to the Accrued Amounts, so that, for the avoidance of doubt:
    - (A) when the Accrued Amounts become payable, those Accrued Amounts will be payable to the Existing Lender; and
    - (B) the amount payable to the New Lender on that date will be the amount which would, but for the application of this Clause 27.9 (*Pro rata interest settlement*), have been payable to it on that date, but after deduction of the Accrued Amounts.
- (b) In this Clause 27.9 (*Pro rata interest settlement*) references to “Interest Period” shall be construed to include a reference to any other period for accrual of fees.
- (c) An Existing Lender which retains the right to the Accrued Amounts pursuant to this Clause 27.9 (*Pro rata interest settlement*) but which does not have a Commitment shall be deemed not to be a Lender for the purposes of ascertaining whether the agreement of any specified group of Lenders has been obtained to approve any request for a consent, waiver, amendment or other vote of Lenders under the Finance Documents.

## **28 CHANGES TO THE OBLIGORS**

### **28.1 Assignment or transfer 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 Facility Agent.

### **28.2 Release of security**

- (a) If a disposal of any asset subject to security created by a Security Document is made in the following circumstances:
- (i) the disposal is permitted by the terms of any Finance Document;
  - (ii) the Lenders agree to the disposal;
  - (iii) the disposal is being made at the request of the Security Agent in circumstances where any security created by the Security Documents has become enforceable; or
  - (iv) the disposal is being effected by enforcement of a Security Document,

the Security Agent may release the asset(s) being disposed of from any security over those assets created by a Security Document. However, the proceeds of any disposal (or an amount corresponding to them) must be applied in accordance with the requirements of the Finance Documents (if any).

- (b) If the Security Agent is satisfied that a release is allowed under this Clause 28.2 (*Release of security*) (at the request and expense of the Borrower) each Finance Party must enter into any document and do all such other things which are reasonably required to achieve that release. Each other Finance Party irrevocably authorises the Security Agent to enter into any such document. Any release will not affect the obligations of any other Obligor under the Finance Documents.

### **28.3 Additional Subordinated Creditors**

- (a) The Borrower may request that any person becomes a Subordinated Creditor, with the prior approval of the Facility Agent, by delivering to the Facility Agent:
- (i) a duly executed Subordination Agreement;
  - (ii) a duly executed Subordinated Debt Security; and
  - (iii) such constitutional documents, corporate authorisations and other documents and matters as the Facility Agent may reasonably require, in form and substance satisfactory to the Facility Agent, to verify that the person's obligations are legally binding, valid and enforceable and to satisfy any applicable legal and regulatory requirements.
- (b) A person referred to in paragraph (a) above will become a Subordinated Creditor on the date the Security Agent enters into the Subordination Agreement and the Subordinated Debt Security delivered under paragraph (a) above.

## SECTION 10

### THE FINANCE PARTIES

#### 29 THE FACILITY AGENT, THE ARRANGER AND THE REFERENCE BANKS

##### 29.1 Appointment of the Facility Agent

- (a) Each of the Arranger and the Lenders appoints the Facility Agent to act as its agent under and in connection with the Finance Documents.
- (b) Each of the Arranger and the Lenders authorises the Facility Agent to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Facility Agent under, or in connection with, the Finance Documents together with any other incidental rights, powers, authorities and discretions.

##### 29.2 Instructions

- (a) The Facility 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 Facility Agent in accordance with any instructions given to it by:
    - (A) all Lenders if the relevant Finance Document stipulates the matter is an all Lender decision; and
    - (B) in all other cases, the Majority Lenders; and
  - (ii) not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with sub-paragraph (i) above (or, if this Agreement stipulates the matter is a decision for any other Finance Party or group of Finance Parties, in accordance with instructions given to it by that Finance Party or group of Finance Parties).
- (b) The Facility Agent shall be entitled to request instructions, or clarification of any instruction, from the Majority Lenders (or, if the relevant Finance Document stipulates the matter is a decision for any other Finance Party or group of Finance Parties, from that Finance Party or group of Finance Parties) as to whether, and in what manner, it should exercise or refrain from exercising any right, power, authority or discretion and the Facility Agent may refrain from acting unless and until it receives any such instructions or clarification that it has requested.
- (c) Save in the case of decisions stipulated to be a matter for any other Finance Party or group of Finance Parties under the relevant Finance Document and unless a contrary indication appears in a Finance Document, any instructions given to the Facility Agent by the Majority Lenders shall override any conflicting instructions given by any other Parties and will be binding on all Finance Parties.
- (d) Paragraph (a) above shall not apply:
  - (i) where a Finance Document requires the Facility Agent to act (on the instruction of the Majority Lenders or the Lenders as applicable) in a specified manner or to take a specified action;

- (ii) in respect of any provision which protects the Facility Agent's own position in its personal capacity as opposed to its role of Facility Agent for the relevant Finance Parties.
- (e) If giving effect to instructions given by the Majority Lenders would in the Facility Agent's opinion have an effect equivalent to an amendment or waiver referred to in Clause 42 (*Amendments and Waivers*), the Facility Agent shall not act in accordance with those instructions unless consent to it so acting is obtained from each Party (other than the Facility Agent) whose consent would have been required in respect of that amendment or waiver.
- (f) The Facility Agent may refrain from acting in accordance with any instructions of any Finance Party or group of Finance Parties 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 (together with any applicable VAT) which it may incur in complying with those instructions.
- (g) Without prejudice to the remainder of this Clause 29.2 (*Instructions*), in the absence of instructions, the Facility Agent shall not be obliged to take any action (or refrain from taking action) even if it considers acting or not acting to be in the best interests of the Finance Parties.
- (h) The Facility Agent is not authorised to act on behalf of a Finance Party (without first obtaining that Finance Party's consent) in any legal or arbitration proceedings relating to any Finance Document.

### 29.3

#### **Duties of the Facility Agent**

- (a) The Facility Agent's duties under the Finance Documents are solely mechanical and administrative in nature.
- (b) Subject to paragraph (c) below, the Facility Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Facility Agent for that Party by any other Party.
- (c) Without prejudice to Clause 27.7 (*Copy of Transfer Certificate or Assignment Agreement to Borrower*), paragraph (b) above shall not apply to any Transfer Certificate or any Assignment Agreement.
- (d) Notwithstanding anything set out in any Transaction Document, the Facility Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.
- (e) If the Facility Agent receives notice from a Party referring to any Finance Document, describing a circumstance and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties but shall not have any duty to verify whether the circumstance described has actually occurred or whether it constitutes a Default, unless it receives instructions from the Majority Lenders to investigate such circumstance.
- (f) If the Facility Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than the Facility Agent, the Arranger or

the Security Agent) under this Agreement, it shall promptly notify the other Finance Parties.

- (g) The Facility Agent shall have only those duties, obligations and responsibilities expressly specified in the Finance Documents to which it is expressed to be a party (and no others shall be implied).

**29.4 Role of the Arranger**

Except as specifically provided in the Finance Documents, the Arranger has no obligations of any kind to any other Party under or in connection with any Finance Document.

**29.5 No fiduciary duties**

- (a) Nothing in any Finance Document constitutes the Facility Agent or the Arranger as a trustee or fiduciary of any other person.
- (b) Neither the Facility Agent nor the Arranger shall be bound to account to other Finance Party for any sum or the profit element of any sum received by it for its own account.

**29.6 Application of receipts**

Except as expressly stated to the contrary in any Finance Document, any moneys which the Facility Agent receives or recovers in its capacity as Facility Agent shall be applied by the Facility Agent in accordance with Clause 33.5 (*Application of receipts; partial payments*).

**29.7 Business with the Group**

The Facility Agent and the Arranger may accept deposits from, lend money to, and generally engage in any kind of banking or other business with, any member of the Group.

**29.8 Rights and discretions**

- (a) The Facility Agent may:
- (i) rely on any representation, communication, notice or document believed by it to be genuine, correct and appropriately authorised;
  - (ii) assume that:
    - (A) any instructions received by it from the Majority Lenders, any Finance Parties or any group of Finance Parties are duly given in accordance with the terms of the Finance Documents; and
    - (B) unless it has received notice of revocation, that those instructions have not been revoked; and
  - (iii) rely on a certificate from any person:
    - (A) as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or
    - (B) to the effect that such person approves of any particular dealing, transaction, step, action or thing,

as sufficient evidence that that is the case and, in the case of paragraph (A) above, may assume the truth and accuracy of that certificate.

- (b) The Facility Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Finance Parties) that:
  - (i) no Default has occurred (unless it has actual knowledge of a Default arising under Clause 26.2 (*Non-payment*));
  - (ii) any right, power, authority or discretion vested in any Party or any group of Finance Parties has not been exercised; and
  - (iii) any notice or request made by the Borrower (other than a Utilisation Request or a Selection Notice) is made on behalf of and with the consent and knowledge of all the Transaction Obligors.
- (c) The Facility Agent may engage (at the Borrower's expense) the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts.
- (d) Without prejudice to the generality of paragraph (c) above or paragraph (e) below, the Facility Agent may at any time engage (at the Borrower's expense) the services of any lawyers to act as independent counsel to the Facility Agent (and so separate from any lawyers instructed by the Lenders) if the Facility Agent in its reasonable opinion deems this to be desirable.
- (e) The Facility Agent may rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the Facility Agent or by any other Party) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying.
- (f) The Facility Agent may act in relation to the Finance Documents and the Security Property through its officers, employees and agents and shall not:
  - (i) be liable for any error of judgment made by any such person; or
  - (ii) be bound to supervise, or be in any way responsible for any loss incurred by reason of misconduct, omission or default on the part of any such person,

unless such error or such loss was directly caused by the Facility Agent's gross negligence or wilful misconduct.

- (g) Unless a Finance Document expressly provides otherwise the Facility Agent may disclose to any other Party any information it reasonably believes it has received as agent under the Finance Documents.
- (h) Notwithstanding any other provision of any Finance Document to the contrary and without prejudice to Clause 29.5 (*No fiduciary duties*), neither the Facility Agent nor the 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.

- (i) Notwithstanding any provision of any Finance Document to the contrary, the Facility 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.

**29.9 Responsibility for documentation**

Neither the Facility Agent nor the Arranger is responsible or liable for:

- (a) the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the Facility Agent, the Security Agent, the Arranger, a Transaction Obligor or any other person in, or in connection with, any Transaction Document or the transactions contemplated in the Transaction Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document; or
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Transaction Document or the Security Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Transaction Document or the Security Property; or
- (c) any determination as to whether any information provided or to be provided to any Finance Party or Secured 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.

**29.10 No duty to monitor**

The Facility Agent shall not be bound to enquire:

- (a) whether or not any Default has occurred;
- (b) as to the performance, default or any breach by any Transaction Obligor of its obligations under any Transaction Document; or
- (c) whether any other event specified in any Transaction Document has occurred.

**29.11 Exclusion of liability**

- (a) Without limiting paragraph (b) below (and without prejudice to paragraph (e) of Clause 33.11 (*Disruption to Payment Systems etc.*) or any other provision of any Finance Document excluding or limiting the liability of the Facility Agent), the Facility Agent will not be liable (including, without limitation, for negligence) 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 under or in connection with any Transaction Document or the Security Property, 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 Transaction Document, the Security Property or any other

agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Transaction Document or the Security Property; or

- (iii) any shortfall which arises on the enforcement or realisation of the Security Property; or
- (iv) without prejudice to the generality of paragraphs (i) to (iii) 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 Facility Agent may take any proceedings against any officer, employee or agent of the Facility Agent in respect of any claim it might have against the Facility Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Transaction Document or any Security Property and any officer, employee or agent of the Facility Agent may rely on this Clause subject to Clause 1.5 (*Third party rights*) and the provisions of the Third Parties Act.
- (c) The Facility 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 Facility Agent if the Facility 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 Facility Agent for that purpose.
- (d) Nothing in this Agreement shall oblige the Facility Agent or the Arranger to carry out:
  - (i) any "know your customer" or other checks in relation to any person; or
  - (ii) any check on the extent to which any transaction contemplated by this Agreement might be unlawful for any Finance Party,

on behalf of any Finance Party and each Finance Party confirms to the Facility Agent and the Arranger 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 Facility Agent or the Arranger.

- (e) Without prejudice to any provision of any Finance Document excluding or limiting the Facility Agent's liability, any liability (including, without limitation, for negligence) of the Facility Agent arising under or in connection with any Transaction Document or the Security Property 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 Facility 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 Facility Agent at any time which increase the amount of that loss. In no event shall the Facility 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 Facility Agent has been advised of the possibility of such loss or damages.

#### **29.12 Lenders' indemnity to the Facility Agent**

- (a) 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 Facility Agent, within three Business Days of demand, against any cost, loss or liability (including, without limitation, for negligence) incurred by the Facility Agent (otherwise than by reason of the Facility Agent's gross negligence or wilful misconduct) (or, in the case of any cost, loss or liability pursuant to Clause 33.11 (*Disruption to Payment Systems etc.*) notwithstanding the Facility Agent's negligence, gross negligence but not including any claim based on the fraud or wilful misconduct of the Facility Agent) in acting as Facility Agent under the Finance Documents (unless the Facility Agent has been reimbursed by a Transaction Obligor pursuant to a Finance Document).
- (b) Subject to paragraph (c) below, the Borrower shall immediately on demand reimburse any Lender for any payment that Lender makes to the Facility Agent pursuant to paragraph (a) above.
- (c) Paragraph (b) above shall not apply to the extent that the indemnity payment in respect of which the Lender claims reimbursement relates to a liability of the Facility Agent to an Obligor.

#### **29.13 Resignation of the Facility Agent**

- (a) The Facility Agent may resign and appoint one of its Affiliates as successor by giving notice to the other Finance Parties and the Borrower.
- (b) Alternatively, the Facility Agent may resign by giving 30 days' notice to the other Finance Parties and the Borrower, in which case the Majority Lenders may appoint a successor Facility Agent.
- (c) If the Majority Lenders have not appointed a successor Facility Agent in accordance with paragraph (b) above within 20 days after notice of resignation was given, the retiring Facility Agent may appoint a successor Facility Agent.
- (d) If the Facility Agent wishes to resign because (acting reasonably) it has concluded that it is no longer appropriate for it to remain as agent and the Facility Agent is entitled to appoint a successor Facility Agent under paragraph (c) above, the Facility Agent may (if it concludes (acting reasonably) that it is necessary to do so in order to persuade the proposed successor Facility Agent to become a party to this Agreement as Facility Agent) agree with the proposed successor Facility Agent amendments to this Clause 29 (*The Facility Agent, the Arranger and the Reference Banks*) and any other term of this Agreement dealing with the rights or obligations of the Facility 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 which are consistent with the successor Facility Agent's normal fee rates and those amendments will bind the Parties.

- (e) The retiring Facility Agent shall, at the Borrower's cost, make available to the successor Facility Agent such documents and records and provide such assistance as the successor Facility Agent may reasonably request for the purposes of performing its functions as Facility Agent under the Finance Documents. The Borrower shall, within three Business Days of demand, reimburse the retiring Facility Agent for the amount of all costs and expenses (including legal fees) properly incurred by it in making available such documents and records and providing such assistance.
- (f) The Facility Agent's resignation notice shall only take effect upon the appointment of a successor.
- (g) Upon the appointment of a successor, the retiring Facility Agent shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under paragraph (e) above) but shall remain entitled to the benefit of Clause 14.4 (*Indemnity to the Facility Agent*) and this Clause 29 (*The Facility Agent, the Arranger and the Reference Banks*) and any other provisions of a Finance Document which are expressed to limit or exclude its liability (or to indemnify it) in acting as Facility Agent. Any fees for the account of the retiring Facility Agent shall cease to accrue from (and shall be payable on) that date). Any 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) The Majority Lenders may, by notice to the Facility Agent, require it to resign in accordance with paragraph (b) above. In this event, the Facility Agent shall resign in accordance with paragraph (b) above but the cost referred to in paragraph (e) above shall be for the account of the Borrower.
- (i) The consent of the Borrower (or any other Transaction Obligor) is not required for an assignment or transfer of rights and/or obligations by the Facility Agent.
- (j) The Facility Agent shall resign in accordance with paragraph (b) above (and, to the extent applicable, shall use reasonable endeavours to appoint a successor Facility Agent pursuant to paragraph (c) above) if on or after the date which is three months before the earliest FATCA Application Date relating to any payment to the Facility Agent under the Finance Documents, either:
  - (i) the Facility Agent fails to respond to a request under Clause 12.7 (*FATCA Information*) and a Lender reasonably believes that the Facility 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 Facility Agent pursuant to Clause 12.7 (*FATCA Information*) indicates that the Facility Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date; or
  - (iii) the Facility Agent notifies the Borrower and the Lenders that the Facility 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) a Lender reasonably believes that a Party will be required to make a FATCA Deduction that would not be required if the Facility Agent were a FATCA Exempt Party, and that Lender, by notice to the Facility Agent, requires it to resign.

#### **29.14 Confidentiality**

- (a) In acting as Facility Agent for the Finance Parties, the Facility Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.
- (b) If information is received by a division or department of the Facility Agent other than the division or department responsible for complying with the obligations assumed by it under the Finance Documents, that information may be treated as confidential to that division or department, and the Facility Agent shall not be deemed to have notice of it nor shall it be obliged to disclose such information to any Party.
- (c) Notwithstanding any other provision of any Finance Document to the contrary, neither the Facility Agent nor the 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 regulation or a breach of a fiduciary duty.

#### **29.15 Relationship with the other Finance Parties**

- (a) Subject to Clause 27.9 (*Pro rata interest settlement*), the Facility Agent may treat the person shown in its records as Lender at the opening of business (in the place of the Facility Agent's principal office as notified to the Finance Parties from time to time) as the Lender 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 written notice from that Lender to the contrary in accordance with the terms of this Agreement.
- (b) Each Finance Party shall supply the Facility Agent with any information that the Security Agent may reasonably specify (through the Facility Agent) as being necessary or desirable to enable the Security Agent to perform its functions as Security Agent. Each Finance Party shall deal with the Security Agent exclusively through the Facility Agent and shall not deal directly with the Security Agent and any reference to any instructions being given by or sought from any Finance Party or group of Finance Parties by or to the Security Agent in this Agreement must be given or sought through the Facility Agent.
- (c) Any Lender may by notice to the Facility Agent appoint a person to receive on its behalf all notices, communications, information and documents to be made or despatched to that Lender under the Finance Documents. Such notice shall contain the address, fax number and (where communication by electronic mail or other electronic means is permitted under Clause 36.5 (*Electronic communication*) *electronic mail address and/or any other information required to enable the transmission of information by that means*

(and, in each case, the department or officer, if any, for whose attention communication is to be made) and be treated as a notification of a substitute address, fax number, electronic mail address (or such other information), department and officer by that Lender for the purposes of Clause 36.2 (*Addresses*) and sub-paragraph (ii) of paragraph (a) of Clause 36.5 (*Electronic communication*) and the Facility Agent shall be entitled to treat such person as the person entitled to receive all such notices, communications, information and documents as though that person were that Lender.

#### **29.16 Credit appraisal by the Finance Parties**

Without affecting the responsibility of any Transaction Obligor for information supplied by it or on its behalf in connection with any Transaction Document, each Finance Party confirms to the Facility Agent and the Arranger 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 Transaction Document including but not limited to:

- (a) the financial condition, status and nature of each member of the Group;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Transaction Document, the Security Property and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document or the Security Property;
- (c) whether that 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 Transaction Document, the Security Property, the transactions contemplated by the Transaction Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document or the Security Property;
- (d) the adequacy, accuracy or completeness of any information provided by the Facility Agent, any Party or by any other person under, or in connection with, any Transaction Document, the transactions contemplated by any Transaction Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document; and
- (e) the right or title of any person in or to or the value or sufficiency of any part of the Security Assets, the priority of any of the Transaction Security or the existence of any Security affecting the Security Assets.

#### **29.17 Facility Agent's management time**

Any amount payable to the Facility Agent under Clause 14.4 (*Indemnity to the Facility Agent*), Clause 16 (*Costs and Expenses*) and Clause 29.12 (*Lenders' indemnity to the Facility Agent*) shall include the cost of utilising the Facility Agent's management time or other resources and will be calculated on the basis of such reasonable daily or hourly rates as the Facility Agent may notify to the Borrower and the other Finance Parties, and is in addition to any fee paid or payable to the Facility Agent under Clause 11 (*Fees*).

#### **29.18 Deduction from amounts payable by the Facility Agent**

If any Party owes an amount to the Facility Agent under the Finance Documents, the Facility Agent may, after giving notice to that Party, deduct an amount not exceeding that amount

from any payment to that Party which the Facility 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.

**29.19 Reliance and engagement letters**

Each Secured Party confirms that each of the Arranger and the Facility Agent has authority to accept on its behalf (and ratifies the acceptance on its behalf of any letters or reports already accepted by the Arranger or the Facility Agent) the terms of any reliance letter or engagement letters or any reports or letters provided by accountants, auditors or providers of due diligence reports in connection with the Finance Documents or the transactions contemplated in the Finance Documents and to bind it in respect of those, reports or letters and to sign such letters on its behalf and further confirms that it accepts the terms and qualifications set out in such letters.

**29.20 Full freedom to enter into transactions**

Without prejudice to Clause 29.7 (*Business with the Group*) or any other provision of a Finance Document and notwithstanding any rule of law or equity to the contrary, the Facility Agent shall be absolutely entitled:

- (a) to enter into and arrange banking, derivative, investment and/or other transactions of every kind with or affecting any Transaction Obligor or any person who is party to, or referred to in, a Finance Document (including, but not limited to, any interest or currency swap or other transaction, whether related to this Agreement or not, and acting as syndicate agent and/or security agent for, and/or participating in, other facilities to such Transaction Obligor or any person who is party to, or referred to in, a Finance Document);
- (b) to deal in and enter into and arrange transactions relating to:
  - (i) any securities issued or to be issued by any Transaction Obligor or any other person; or
  - (ii) any options or other derivatives in connection with such securities; and
- (c) to provide advice or other services to the Borrower or any person who is a party to, or referred to in, a Finance Document,

and, in particular, the Facility Agent shall be absolutely entitled, in proposing, evaluating, negotiating, entering into and arranging all such transactions and in connection with all other matters covered by paragraphs (a), (b) and (c) above, to use (subject only to insider dealing legislation) any information or opportunity, howsoever acquired by it, to pursue its own interests exclusively, to refrain from disclosing such dealings, transactions or other matters or any information acquired in connection with them and to retain for its sole benefit all profits and benefits derived from the dealings transactions or other matters.

**29.21 Role of Reference Banks**

- (a) No Reference Bank is under any obligation to provide a quotation or any other information to the Facility Agent.

- (b) No Reference Bank will be liable for any action taken by it under or in connection with any Finance Document, or for any Reference Bank Quotation, unless directly caused by its gross negligence or wilful misconduct.
- (c) No Party (other than the relevant Reference Bank) may take any proceedings against any officer, employee or agent of any Reference Bank in respect of any claim it might have against that Reference Bank or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document, or to any Reference Bank Quotation, and any officer, employee or agent of each Reference Bank may rely on this Clause 29.21 (*Role of Reference Banks*) subject to Clause 1.5 (*Third party rights*) and the provisions of the Third Parties Act.

**29.22 Third Party Reference Banks**

A Reference Bank which is not a Party may rely on Clause 29.21 (Role of Reference Banks), Clause 42.3 (Other exceptions) and Clause 44 (Confidentiality of Funding Rates and Reference Bank Quotations) subject to Clause 1.5 (Third party rights) and the provisions of the Third Parties Act.

**30 THE SECURITY AGENT**

**30.1 Trust**

- (a) The Security Agent declares that it holds the Security Property on trust for the Secured Parties on the terms contained in this Agreement and shall deal with the Security Property in accordance with this Clause 30 (*The Security Agent*) and the other provisions of the Finance Documents.
- (b) Each other Finance Party authorises the Security Agent 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.

**30.2 Parallel Debt (Covenant to pay the Security Agent)**

- (a) Each Obligor irrevocably and unconditionally undertakes to pay to the Security Agent its Parallel Debt which shall be amounts equal to, and in the currency or currencies of, its Corresponding Debt.
- (b) The Parallel Debt of an Obligor:
  - (i) shall become due and payable at the same time as its Corresponding Debt;
  - (ii) is independent and separate from, and without prejudice to, its Corresponding Debt.
- (c) For purposes of this Clause 30.2 (*Parallel Debt (Covenant to pay the Security Agent)*), the Security Agent:
  - (i) is the independent and separate creditor of each Parallel Debt;
  - (ii) acts in its own name and not as agent, representative or trustee of the Finance Parties and its claims in respect of each Parallel Debt shall not be held on trust; and

- (iii) shall have the independent and separate right to demand payment of each Parallel Debt in its own name (including, without limitation, through any suit, execution, enforcement of security, recovery of guarantees and applications for and voting in any kind of insolvency proceeding).
- (d) The Parallel Debt of an Obligor shall be:
  - (i) decreased to the extent that its Corresponding Debt has been irrevocably and unconditionally paid or discharged; and
  - (ii) increased to the extent that its Corresponding Debt has increased,
 and the Corresponding Debt of an Obligor shall be decreased to the extent that its Parallel Debt has been irrevocably and unconditionally paid or discharged,
 

in each case provided that the Parallel Debt of an Obligor shall never exceed its Corresponding Debt.
- (e) All amounts received or recovered by the Security Agent in connection with this Clause 30.2 (*Parallel Debt (Covenant to pay the Security Agent)*) to the extent permitted by applicable law, shall be applied in accordance with Clause 33.5 (*Application of receipts; partial payments*).
- (f) This Clause 30.2 (*Parallel Debt (Covenant to pay the Security Agent)*) shall apply, with any necessary modifications, to each Finance Document.

### **30.3 Enforcement through Security Agent only**

The Secured Parties shall not have any independent power to enforce, or have recourse to, any of the Transaction Security or to exercise any right, power, authority or discretion arising under the Security Documents except through the Security Agent.

### **30.4 Instructions**

- (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:
    - (A) all Lenders (or the Facility Agent on their behalf) if the relevant Finance Document stipulates the matter is an all Lender decision; and
    - (B) in all other cases, the Majority Lenders (or the Facility Agent on their behalf); and
  - (ii) not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with sub-paragraph (i) above (or if this Agreement stipulates the matter is a decision for any other Finance Party or group of Finance Parties, in accordance with instructions given to it by that Finance Party or group of Finance Parties).
- (b) The Security Agent shall be entitled to request instructions, or clarification of any instruction, from the Majority Lenders (or the Facility Agent on their behalf) (or, if the

relevant Finance Document stipulates the matter is a decision for any other Finance Party or group of Finance Parties, from that Finance Party or group of Finance Parties) 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 any such instructions or clarification that it has requested.

- (c) Save in the case of decisions stipulated to be a matter for any other Finance Party or group of Finance Parties under the relevant Finance Document and unless a contrary indication appears in a Finance Document, any instructions given to the Security Agent by the Facility Agent acting on the instructions of the Majority Lenders shall override any conflicting instructions given by any other Parties and will be binding on all Finance Parties.
- (d) Paragraph (a) above shall not apply:
  - (i) where a Finance Document requires the Security Agent to act (acting on the instructions of the Facility Agent which is acting on the instructions of the Majority Lenders) in a specified manner or to take a specified action;
  - (ii) in respect of any provision which protects the Security Agent's own position in its personal capacity as opposed to its role of Security Agent for the relevant Secured Parties.
  - (iii) in respect of the exercise of the Security Agent's discretion to exercise a right, power or authority under any of:
    - (A) Clause 30.28 (Application of receipts);
    - (B) Clause 30.29 (Permitted Deductions); and
    - (C) Clause 30.30 (Prospective liabilities).
- (e) If giving effect to instructions given by the Facility Agent acting on the instructions of the Majority Lenders would in the Security Agent's opinion have an effect equivalent to an amendment or waiver referred to in Clause 42 (*Amendments and Waivers*), the Security Agent shall not act in accordance with those instructions unless consent to it so acting is obtained from each Party (other than the Security Agent) whose consent would have been required in respect of that amendment or waiver.
- (f) In exercising any discretion to exercise a right, power or authority under the Finance Documents where either:
  - (i) it has not received any instructions as to the exercise of that discretion; or
  - (ii) the exercise of that discretion is subject to sub-paragraph (iii) of paragraph (d) above, the Security Agent shall do so having regard to the interests of all the Secured Parties.
- (g) The Security Agent may refrain from acting in accordance with any instructions of any Finance Party or group of Finance Parties 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 (together with any applicable VAT) which it may incur in complying with those instructions.

- (h) Without prejudice to the remainder of this Clause 30.4 (*Instructions*), in the absence of instructions, the Security Agent may (but shall not be obliged to) take such action in the exercise of its powers and duties under the Finance Documents as it considers in its discretion to be appropriate.
- (i) The Security Agent is not authorised to act on behalf of a Finance Party (without first obtaining that Finance Party's consent) in any legal or arbitration proceedings relating to any Finance Document. This paragraph (h) 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 Transaction Security or Security Documents.

**30.5 Duties of the Security Agent**

- (a) The Security Agent's duties under the Finance Documents are solely mechanical and administrative in nature.
- (b) The Security Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Security Agent for that Party by any other Party.
- (c) The Security Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.
- (d) If the Security Agent receives notice from a Party referring to any Finance Document, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties.
- (e) The Security Agent shall have only those duties, obligations and responsibilities expressly specified in the Finance Documents to which it is expressed to be a party (and no others shall be implied).

**30.6 No fiduciary duties**

- (a) Nothing in any Finance Document constitutes the Security Agent as an agent, trustee or fiduciary of any Transaction Obligor or any other person (other than the trustee for the Secured Parties in accordance with Clause 30.1 (*Trust*)).
- (b) The Security Agent shall not be bound to account to any other Secured Party for any sum or the profit element of any sum received by it for its own account.

**30.7 Business with the Group**

The Security Agent may accept deposits from, lend money to, and generally engage in any kind of banking or other business with, any member of the Group.

**30.8 Rights and discretions**

- (a) The Security Agent may:
  - (i) rely on any representation, communication, notice or document believed by it to be genuine, correct and appropriately authorised;
  - (ii) assume that:

- (A) any instructions received by it from the Majority Lenders, any Finance Parties or any group of Finance Parties are duly given in accordance with the terms of the Finance Documents;
  - (B) unless it has received notice of revocation, that those instructions have not been revoked;
  - (C) if it receives any instructions to act in relation to the Transaction Security, that all applicable conditions under the Finance Documents for so acting have been satisfied; and
- (iii) rely on a certificate from any person:
  - (A) as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or
  - (B) to the effect that such person approves of any particular dealing, transaction, step, action or thing,

as sufficient evidence that that is the case and, in the case of paragraph (A) above, may assume the truth and accuracy of that certificate.
- (b) The Security Agent shall be entitled to carry out all dealings with the other Finance Parties through the Facility Agent and may give to the Facility Agent any notice or other communication required to be given by the Security Agent to any Finance Party.
- (c) The Security Agent may assume (unless it has received notice to the contrary in its capacity as security agent for the Secured Parties) that:
  - (i) no Default has occurred;
  - (ii) any right, power, authority or discretion vested in any Party or any group of Finance Parties has not been exercised; and
  - (iii) any notice or request made by the Borrower (other than a Utilisation Request or a Selection Notice) is made on behalf of and with the consent and knowledge of all the Transaction Obligors.
- (d) The Security Agent may engage (at the Borrower's expense) the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts.
- (e) Without prejudice to the generality of paragraph (c) above or paragraph (f) below, the Security Agent may at any time engage (at the Borrower's expense) the services of any lawyers to act as independent counsel to the Security Agent (and so separate from any lawyers instructed by the Facility Agent or the Lenders) if the Security Agent in its reasonable opinion deems this to be desirable.
- (f) The Security Agent may rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the Security Agent or by any other Party) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying.

- (g) The Security Agent may act in relation to the Finance Documents and the Security Property through its officers, employees and agents and shall not:
- (i) be liable for any error of judgment made by any such person; or
  - (ii) be bound to supervise, or be in any way responsible for any loss incurred by reason of misconduct, omission or default on the part of any such person,
- unless such error or such loss was directly caused by the Security Agent's gross negligence or wilful misconduct.
- (h) Unless a Finance Document expressly provides otherwise the Security Agent may disclose to any other Party any information it reasonably believes it has received as security agent under the Finance Documents.
- (i) Without prejudice to Clause 29.5 (*No fiduciary duties*) and notwithstanding any other provision of any Finance Document to the contrary, the Security Agent is not 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.
- (j) Notwithstanding any provision of any Finance Document to the contrary, the Security 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.

### **30.9 Responsibility for documentation**

None of the Security Agent, any Receiver or Delegate is responsible or liable for:

- (a) the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the Facility Agent, the Security Agent, the Arranger, a Transaction Obligor or any other person in, or in connection with, any Transaction Document or the transactions contemplated in the Transaction Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Transaction Document or the Security Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Transaction Document or the Security Property; or
- (c) any determination as to whether any information provided or to be provided to any Secured 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.

### **30.10 No duty to monitor**

The Security Agent shall not be bound to enquire:

- (a) whether or not any Default has occurred;

- (b) as to the performance, default or any breach by any Transaction Obligor of its obligations under any Transaction Document; or
- (c) whether any other event specified in any Transaction Document has occurred.

### 30.11

#### Exclusion of liability

- (a) Without limiting paragraph (b) below (and without prejudice to any other provision of any Finance Document excluding or limiting the liability of the Security Agent or any Receiver or Delegate), none of the Security Agent nor any Receiver or Delegate will be liable (including, without limitation, for negligence) 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 under or in connection with any Transaction Document or the Security Property, 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 Transaction Document, the Security Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Transaction Document or the Security Property; or
  - (iii) any shortfall which arises on the enforcement or realisation of the Security Property; or
  - (iv) without prejudice to the generality of paragraphs (i) to (iii) 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 Security Agent, that Receiver or that Delegate (as applicable) may take any proceedings against any officer, employee or agent of the Security Agent, a Receiver or a Delegate in respect of any claim it might have against the Security Agent, a Receiver or a Delegate or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Transaction Document or any Security Property and any officer, employee or agent of the Security Agent, a Receiver or a Delegate may rely on this Clause subject to Clause 1.5 (*Third party rights*) and the provisions of the Third Parties Act.

- (c) The Security 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 Security Agent if the Security 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 Security Agent for that purpose.
- (d) Nothing in this Agreement shall oblige the Security Agent to carry out:
  - (i) any “know your customer” or other checks in relation to any person; or
  - (ii) any check on the extent to which any transaction contemplated by this Agreement might be unlawful for any Finance Party,

on behalf of any Finance Party and each Finance Party confirms to the Security Agent 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 Security Agent.

- (e) Without prejudice to any provision of any Finance Document excluding or limiting the liability of the Security Agent or any Receiver or Delegate, any liability (including, without limitation, for negligence) of the Security Agent or any Receiver or Delegate arising under or in connection with any Transaction Document or the Security Property 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 Security Agent, Receiver or Delegate 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 Security Agent, any Receiver or Delegate at any time which increase the amount of that loss. In no event shall the Security Agent, any Receiver or Delegate 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 Security Agent, the Receiver or Delegate has been advised of the possibility of such loss or damages.

## 30.12

### Lenders' indemnity to the Security Agent

- (a) 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 Security Agent and every Receiver, within three Business Days of demand, against any cost, loss or liability (including, without limitation, for negligence) incurred by any of them (otherwise than by reason of the Security Agent's or Receiver's gross negligence or wilful misconduct) in acting as Security Agent or Receiver under the Finance Documents (unless the Security Agent or Receiver has been reimbursed by a Transaction Obligor pursuant to a Finance Document).
- (b) Subject to paragraph (c) below, the Borrower shall immediately on demand reimburse any Lender for any payment that Lender makes to the Security Agent pursuant to paragraph (a) above.
- (c) Paragraph (b) above shall not apply to the extent that the indemnity payment in respect of which the Lender claims reimbursement relates to a liability of the Security Agent to an Obligor.

**30.13****Resignation of the Security Agent**

- (a) The Security Agent may resign and appoint one of its Affiliates as successor by giving notice to the other Finance Parties and the Borrower.
- (b) Alternatively, the Security Agent may resign by giving 30 days' notice to the other Finance Parties and the Borrower, in which case the Majority Lenders may appoint a successor Security Agent.
- (c) If the Majority Lenders have not appointed a successor Security Agent in accordance with paragraph (b) above within 20 days after notice of resignation was given, the retiring Security Agent may appoint a successor Security Agent.
- (d) The retiring Security Agent shall, at the Borrower's cost, make available to the successor Security Agent such documents and records and provide such assistance as the successor Security Agent may reasonably request for the purposes of performing its functions as Security Agent under the Finance Documents. The Borrower shall, within three Business Days of demand, reimburse the retiring Security Agent for the amount of all costs and expenses (including legal fees) properly incurred by it in making available such documents and records and providing such assistance.
- (e) The Security Agent's resignation notice shall only take effect upon:
  - (i) the appointment of a successor; and
  - (ii) the transfer, by way of a document expressed as a deed, of all the Security Property to that successor.
- (f) Upon the appointment of a successor, the retiring Security Agent shall be discharged, by way of a document executed as a deed, from any further obligation in respect of the Finance Documents (other than its obligations under paragraph (b) of Clause 30.25 (*Winding up of trust*) and paragraph (d) above) but shall remain entitled to the benefit of Clause 14.5 (*Indemnity to the Security Agent*) and this Clause 30 (*The Security Agent*) and any other provisions of a Finance Document which are expressed to limit or exclude its liability (or to indemnify it) in acting as Security Agent. Any fees for the account of the retiring Security Agent shall cease to accrue from (and shall be payable on) that date). Any 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.
- (g) The Majority Lenders may, by notice to the Security Agent, require it to resign in accordance with paragraph (b) above. In this event, the Security Agent shall resign in accordance with paragraph (b) above but the cost referred to in paragraph (d) above shall be for the account of the Borrower.
- (h) The consent of the Borrower (or any other Transaction Obligor) is not required for an assignment or transfer of rights and/or obligations by the Security Agent.

**30.14****Confidentiality**

- (a) In acting as Security Agent for the Finance Parties, the Security Agent shall be regarded as acting through its trustee division which shall be treated as a separate entity from any other of its divisions or departments.

- (b) If information is received by a division or department of the Security Agent other than the division or department responsible for complying with the obligations assumed by it under the Finance Documents, that information may be treated as confidential to that division or department, and the Security Agent shall not be deemed to have notice of it nor shall it be obliged to disclose such information to any Party.
- (c) Without prejudice to Clause 29.5 (*No fiduciary duties*) and notwithstanding any other provision of any Finance Document to the contrary, the Security Agent is not 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 regulation or a breach of a fiduciary duty.

### **30.15 Credit appraisal by the Finance Parties**

Without affecting the responsibility of any Transaction Obligor for information supplied by it or on its behalf in connection with any Transaction Document, each Finance Party confirms to the Security Agent 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 Transaction Document including but not limited to:

- (a) the financial condition, status and nature of each member of the Group;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Transaction Document, the Security Property and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document or the Security Property;
- (c) whether that 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 Transaction Document, the Security Property, the transactions contemplated by the Transaction Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document or the Security Property;
- (d) the adequacy, accuracy or completeness of any information provided by the Security Agent, any Party or by any other person under, or in connection with, any Transaction Document, the transactions contemplated by any Transaction Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document; and
- (e) the right or title of any person in or to or the value or sufficiency of any part of the Security Assets, the priority of any of the Transaction Security or the existence of any Security affecting the Security Assets.

### **30.16 Security Agent's management time**

- (a) Any amount payable to the Security Agent under Clause 14.5 (*Indemnity to the Security Agent*), Clause 16 (*Costs and Expenses*) and Clause 30.12 (*Lenders' indemnity to the Security Agent*) shall include the cost of utilising the Security Agent's management time or other resources and will be calculated on the basis of such reasonable daily or hourly rates as the Security Agent may notify to the Borrower and the other Finance Parties, and is in addition to any fee paid or payable to the Security Agent under Clause 11 (*Fees*).

- (b) Without prejudice to paragraph (a) above, in the event of:
- (i) a Default;
  - (ii) the Security Agent being requested by a Transaction Obligor or the Majority Lenders to undertake duties which the Security Agent and the Borrower agree to be of an exceptional nature or outside the scope of the normal duties of the Security Agent under the Finance Documents; or
  - (iii) the Security Agent and the Borrower agreeing that it is otherwise appropriate in the circumstances,
- the Borrower shall pay to the Security Agent any additional remuneration (together with any applicable VAT) that may be agreed between them or determined pursuant to paragraph (c) below.
- (c) If the Security Agent and the Borrower fail to agree upon the nature of the duties, or upon the additional remuneration referred to in paragraph (b) above or whether additional remuneration is appropriate in the circumstances, any dispute shall be determined by an investment bank (acting as an expert and not as an arbitrator) selected by the Security Agent and approved by the Borrower or, failing approval, nominated (on the application of the Security Agent) by the President for the time being of the Law Society of England and Wales (the costs of the nomination and of the investment bank being payable by the Borrower) and the determination of any investment bank shall be final and binding upon the Parties.

**30.17 Reliance and engagement letters**

Each Secured Party confirms that the Security Agent has authority to accept on its behalf (and ratifies the acceptance on its behalf of any letters or reports already accepted by the Security Agent) the terms of any reliance letter or engagement letters or any reports or letters provided by accountants, auditors or providers of due diligence reports in connection with the Finance Documents or the transactions contemplated in the Finance Documents and to bind it in respect of those, reports or letters and to sign such letters on its behalf and further confirms that it accepts the terms and qualifications set out in such letters.

**30.18 No responsibility to perfect Transaction Security**

The Security Agent shall not be liable for any failure to:

- (a) require the deposit with it of any deed or document certifying, representing or constituting the title of any Transaction Obligor to any of the Security Assets;
- (b) obtain any licence, consent or other authority for the execution, delivery, legality, validity, enforceability or admissibility in evidence of any Finance Document or the Transaction Security;
- (c) register, file or record or otherwise protect any of the Transaction Security (or the priority of any of the Transaction Security) under any law or regulation or to give notice to any person of the execution of any Finance Document or of the Transaction Security;

- (d) take, or to require any Transaction Obligor to take, any step to perfect its title to any of the Security Assets or to render the Transaction Security effective or to secure the creation of any ancillary Security under any law or regulation; or
- (e) require any further assurance in relation to any Finance Document.

**30.19 Insurance by Security Agent**

- (a) The Security Agent shall not be obliged:
  - (i) to insure any of the Security Assets;
  - (ii) to require any other person to maintain any insurance; or
  - (iii) to verify any obligation to arrange or maintain insurance contained in any Finance Document,
  - (iv) and the Security Agent shall not be liable for any damages, costs or losses to any person as a result of the lack of, or inadequacy of, any such insurance.
- (b) Where the Security Agent is named on any insurance policy as an insured party, it shall not be liable for any damages, costs or losses to any person as a result of its failure to notify the insurers of any material fact relating to the risk assumed by such insurers or any other information of any kind, unless the Majority Lenders request it to do so in writing and the Security Agent fails to do so within 14 days after receipt of that request.

**30.20 Custodians and nominees**

The Security Agent may appoint and pay any person to act as a custodian or nominee on any terms in relation to any asset of the trust as the Security Agent may determine, including for the purpose of depositing with a custodian this Agreement or any document relating to the trust created under this Agreement and the Security Agent shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it under this Agreement or be bound to supervise the proceedings or acts of any person.

**30.21 Delegation by the Security Agent**

- (a) Each of the Security Agent, any Receiver and any Delegate may, at any time, delegate by power of attorney or otherwise to any person for any period, all or any right, power, authority or discretion vested in it in its capacity as such.
- (b) That delegation may be made upon any terms and conditions (including the power to sub delegate) and subject to any restrictions that the Security Agent, that Receiver or that Delegate (as the case may be) may, in its discretion, think fit in the interests of the Secured Parties.
- (c) No Security Agent, Receiver or Delegate shall be bound to supervise, or be in any way responsible for any damages, costs or losses incurred by reason of any misconduct, omission or default on the part of any such delegate or sub delegate.

### **30.22 Additional Security Agents**

- (a) The Security Agent may at any time appoint (and subsequently remove) any person to act as a separate trustee or as a co-trustee jointly with it:
  - (i) if it considers that appointment to be in the interests of the Secured Parties; or
  - (ii) for the purposes of conforming to any legal requirement, restriction or condition which the Security Agent deems to be relevant; or
  - (iii) for obtaining or enforcing any judgment in any jurisdiction,and the Security Agent shall give prior notice to the Borrower and the Finance Parties of that appointment.
- (b) Any person so appointed shall have the rights, powers, authorities and discretions (not exceeding those given to the Security Agent under or in connection with the Finance Documents) and the duties, obligations and responsibilities that are given or imposed by the instrument of appointment.
- (c) The remuneration that the Security Agent may pay to that person, and any costs and expenses (together with any applicable VAT) incurred by that person in performing its functions pursuant to that appointment shall, for the purposes of this Agreement, be treated as costs and expenses incurred by the Security Agent.

### **30.23 Acceptance of title**

The Security Agent shall be entitled to accept without enquiry, and shall not be obliged to investigate, any right and title that any Transaction Obligor may have to any of the Security Assets and shall not be liable for or bound to require any Transaction Obligor to remedy any defect in its right or title.

### **30.24 Releases**

Upon a disposal of any of the Security Assets pursuant to the enforcement of the Transaction Security by a Receiver, a Delegate or the Security Agent, the Security Agent is irrevocably authorised (at the cost of the Obligors and without any consent, sanction, authority or further confirmation from any other Secured Party) to release, without recourse or warranty, that property from the Transaction Security and to execute any release of the Transaction Security or other claim over that asset and to issue any certificates of non-crystallisation of floating charges that may be required or desirable.

### **30.25 Winding up of trust**

If the Security Agent, with the approval of the Facility Agent (acting on the instructions of the Lenders) determines (acting on the instructions of the Lenders) that:

- (a) all of the Secured Liabilities and all other obligations secured by the Security Documents have been fully and finally discharged; and
- (b) no Secured Party is under any commitment, obligation or liability (actual or contingent) to make advances or provide other financial accommodation to any Transaction Obligor pursuant to the Finance Documents,

then

- (i) the trusts set out in this Agreement shall be wound up and the Security Agent shall release, without recourse or warranty, all of the Transaction Security and the rights of the Security Agent under each of the Security Documents; and
- (ii) any Security Agent which has resigned pursuant to Clause 30.13 (*Resignation of the Security Agent*) shall release, without recourse or warranty, all of its rights under each Security Document.

**30.26 Powers supplemental to Trustee Acts**

The rights, powers, authorities and discretions given to the Security Agent under or in connection with the Finance Documents shall be supplemental to the Trustee Act 1925 and the Trustee Act 2000 and in addition to any which may be vested in the Security Agent by law or regulation or otherwise.

**30.27 Disapplication of Trustee Acts**

Section 1 of the Trustee Act 2000 shall not apply to the duties of the Security Agent in relation to the trusts constituted by this Agreement and the other Finance Documents. Where there are any inconsistencies between (i) the Trustee Acts 1925 and 2000 and (ii) the provisions of this Agreement and any other Finance Document, the provisions of this Agreement and any other Finance Document shall, to the extent permitted by law and regulation, prevail and, in the case of any inconsistency with the Trustee Act 2000, the provisions of this Agreement and any other Finance Document shall constitute a restriction or exclusion for the purposes of the Trustee Act 2000.

**30.28 Application of receipts**

All amounts from time to time received or recovered by the Security Agent pursuant to the terms of any Finance Document, under Clause 30.2 (*Parallel Debt (Covenant to pay the Security Agent)*) or in connection with the realisation or enforcement of all or any part of the Security Property (for the purposes of this Clause 30 (*The Security Agent*), the "Recoveries") shall be held by the Security Agent on trust to apply them at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law (and subject to the remaining provisions of this Clause 30 (*The Security Agent*), in the following order of priority:

- (a) in discharging any sums owing to the Security Agent (in its capacity as such) (other than pursuant to Clause 30.2 (*Parallel Debt (Covenant to pay the Security Agent)*) or any Receiver or Delegate;
- (b) in payment or distribution to the Facility Agent, on its behalf and on behalf of the other Secured Parties, for application towards the discharge of all sums due and payable by any Transaction Obligor under any of the Finance Documents in accordance with Clause 33.5 (*Application of receipts; partial payments*);
- (c) if none of the Transaction Obligors is under any further actual or contingent liability under any Finance Document, in payment or distribution to any person to whom the Security Agent is obliged to pay or distribute in priority to any Transaction Obligor; and
- (d) the balance, if any, in payment or distribution to the relevant Transaction Obligor.

**30.29 Permitted Deductions**

The Security Agent may, in its discretion:

- (a) set aside by way of reserve amounts required to meet, and to make and pay, any deductions and withholdings (on account of Taxes or otherwise) which it is or may be required by any applicable law to make from any distribution or payment made by it under this Agreement; and
- (b) pay all Taxes which may be assessed against it in respect of any of the Security Property, or as a consequence of performing its duties, or by virtue of its capacity as Security Agent under any of the Finance Documents or otherwise (other than in connection with its remuneration for performing its duties under this Agreement).

**30.30 Prospective liabilities**

Following enforcement of any of the Transaction Security, the Security Agent may, in its discretion, or at the request of the Facility Agent, hold any Recoveries in an interest bearing suspense or impersonal account(s) in the name of the Security Agent with such financial institution (including itself) and for so long as the Security Agent shall think fit (the interest being credited to the relevant account) for later payment to the Facility Agent for application in accordance with Clause 30.28 (*Application of receipts*) in respect of:

- (a) any sum to the Security Agent, any Receiver or any Delegate; and
- (b) any part of the Secured Liabilities,

that the Security Agent or, in the case of paragraph (b) only, the Facility Agent, reasonably considers, in each case, might become due or owing at any time in the future.

**30.31 Investment of proceeds**

Prior to the payment of the proceeds of the Recoveries to the Facility Agent for application in accordance with Clause 30.28 (*Application of receipts*) the Security Agent may, in its discretion, hold all or part of those proceeds in an interest bearing suspense or impersonal account(s) in the name of the Security Agent with such financial institution (including itself) and for so long as the Security Agent shall think fit (the interest being credited to the relevant account) pending the payment from time to time of those moneys in the Security Agent's discretion in accordance with the provisions of Clause 30.28 (*Application of receipts*).

**30.32 Currency conversion**

- (a) For the purpose of, or pending the discharge of, any of the Secured Liabilities the Security Agent may convert any moneys received or recovered by the Security Agent from one currency to another, at a market rate of exchange.
- (b) The obligations of any Transaction Obligor to pay in the due currency shall only be satisfied to the extent of the amount of the due currency purchased after deducting the costs of conversion.

**30.33 Good discharge**

- (a) Any payment to be made in respect of the Secured Liabilities by the Security Agent may be made to the Facility Agent on behalf of the Secured Parties and any payment made in that way shall be a good discharge, to the extent of that payment, by the Security Agent.
- (b) The Security Agent is under no obligation to make the payments to the Facility Agent under paragraph (a) above in the same currency as that in which the obligations and liabilities owing to the relevant Finance Party are denominated.

**30.34 Amounts received by Obligors**

If any of the Obligors receives or recovers any amount which, under the terms of any of the Finance Documents, should have been paid to the Security Agent, that Obligor will hold the amount received or recovered on trust for the Security Agent and promptly pay that amount to the Security Agent for application in accordance with the terms of this Agreement.

**30.35 Application and consideration**

In consideration for the covenants given to the Security Agent by each Obligor in relation to Clause 30.2 (*Parallel Debt (Covenant to pay the Security Agent)*), the Security Agent agrees with each Obligor to apply all moneys from time to time paid by such Obligor to the Security Agent in accordance with the foregoing provisions of this Clause 30 (*The Security Agent*).

**30.36 Full freedom to enter into transactions**

Without prejudice to Clause 30.7 (*Business with the Group*) or any other provision of a Finance Document and notwithstanding any rule of law or equity to the contrary, the Security Agent shall be absolutely entitled:

- (a) to enter into and arrange banking, derivative, investment and/or other transactions of every kind with or affecting any Transaction Obligor or any person who is party to, or referred to in, a Finance Document (including, but not limited to, any interest or currency swap or other transaction, whether related to this Agreement or not, and acting as syndicate agent and/or security agent for, and/or participating in, other facilities to such Transaction Obligor or any person who is party to, or referred to in, a Finance Document);
- (b) to deal in and enter into and arrange transactions relating to:
  - (i) any securities issued or to be issued by any Transaction Obligor or any other person; or
  - (ii) any options or other derivatives in connection with such securities; and
- (c) to provide advice or other services to the Borrower or any person who is a party to, or referred to in, a Finance Document,

and, in particular, the Security Agent shall be absolutely entitled, in proposing, evaluating, negotiating, entering into and arranging all such transactions and in connection with all other matters covered by paragraphs (a), (b) and (c) above, to use (subject only to insider dealing legislation) any information or opportunity, howsoever acquired by it, to pursue its own interests exclusively, to refrain from disclosing such dealings, transactions or other matters or

any information acquired in connection with them and to retain for its sole benefit all profits and benefits derived from the dealings transactions or other matters.

### 30.37 **Majority Lenders' Instructions**

- (a) Notwithstanding anything to the contrary contained in the Transaction Documents, the Parties acknowledge that where any provision in Transaction Document refers to the Security Agent being obliged to or entitled to take any specified action, exercise any discretion, make any determination, give any consent or waiver, or act in a certain way in connection with the transactions contemplated by the Transaction Documents, it shall or may (as the case may be) take such specified action, exercise such discretion, make such determination, give any consent in accordance with the instructions or directions of the Facility Agent (acting on the instructions of the Majority Lenders or all Lenders, as the case may be) and in doing so shall be deemed to have acted reasonably.
- (b) Any instructions given by the Majority Lenders shall be binding in all the Lenders.
- (c) For the avoidance of doubt, in the absence of instructions of all the Lenders (or the Facility Agent on their behalf) or the Majority Lenders (or the Facility Agent on their behalf), as the case may be, the Security Agent shall not be obliged to act.

### 31 **CONDUCT OF BUSINESS BY THE FINANCE PARTIES**

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.

### 32 **SHARING AMONG THE FINANCE PARTIES**

#### 32.1 **Payments to Finance Parties**

If a Finance Party (a "**Recovering Finance Party**") receives or recovers any amount from a Transaction Obligor other than in accordance with Clause 33 (*Payment Mechanics*) (a "**Recovered Amount**") and applies that amount to a payment due to it under the Finance Documents then:

- (a) the Recovering Finance Party shall, within three Business Days, notify details of the receipt or recovery, to the Facility Agent;
- (b) the Facility 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 Facility Agent and distributed in accordance with Clause 33 (*Payment Mechanics*), without taking account of any Tax which would be imposed on the Facility Agent in relation to the receipt, recovery or distribution; and

- (c) the Recovering Finance Party shall, within three Business Days of demand by the Facility Agent, pay to the Facility Agent an amount (the “Sharing **Payment**”) equal to such receipt or recovery less any amount which the Facility Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with Clause 33.5 (*Application of receipts; partial payments*).

### 32.2 **Redistribution of payments**

The Facility Agent shall treat the Sharing Payment as if it had been paid by the relevant Transaction Obligor and distribute it among the Finance Parties (other than the Recovering Finance Party) (the “**Sharing Finance Parties**”) in accordance with Clause 33.5 (*Application of receipts; partial payments*) towards the obligations of that Transaction Obligor to the Sharing Finance Parties.

### 32.3 **Recovering Finance Party's rights**

On a distribution by the Facility Agent under Clause 32.2 (*Redistribution of payments*) of a payment received by a Recovering Finance Party from a Transaction Obligor, as between the relevant Transaction 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 Transaction Obligor.

### 32.4 **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 Facility Agent, pay to the Facility 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 Transaction 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 Transaction Obligor.

### 32.5 **Exceptions**

- (a) This Clause 32 (*Sharing among the Finance Parties*) 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 Transaction 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, 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

#### 33 PAYMENT MECHANICS

##### 33.1 Payments to the Facility Agent

- (a) On each date on which a Transaction Obligor or a Lender is required to make a payment under a Finance Document, that Transaction Obligor or Lender shall make an amount equal to such payment available to the Facility Agent (unless a contrary indication appears in a Finance Document) for value on the due date no later than 12 noon (London time) and in such funds specified by the Facility 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 (or, in relation to euro, in a principal financial centre in such Participating Member State or London, as specified by the Facility Agent) and with such bank as the Facility Agent, in each case, specifies.

##### 33.2 Distributions by the Facility Agent

Each payment received by the Facility Agent under the Finance Documents for another Party shall, subject to Clause 33.3 (*Distributions to a Transaction Obligor*) and Clause 33.4 (*Clawback and pre-funding*) be made available by the Facility 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 Facility 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 (or, in relation to euro, in the principal financial centre of a Participating Member State or London), as specified by that Party or, in the case of an Advance, to such account of such person as may be specified by the Borrower in the Utilisation Request.

##### 33.3 Distributions to a Transaction Obligor

The Facility Agent may (with the consent of the Transaction Obligor or in accordance with Clause 34 (*Set-Off*)) apply any amount received by it for that Transaction Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from that Transaction Obligor under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

##### 33.4 Clawback and pre-funding

- (a) Where a sum is to be paid to the Facility Agent under the Finance Documents for another Party, the Facility 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) Unless paragraph (c) below applies, if the Facility Agent pays an amount to another Party and it proves to be the case that the Facility 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 Facility Agent shall on demand refund the same to the Facility Agent

together with interest on that amount from the date of payment to the date of receipt by the Facility Agent, calculated by the Facility Agent to reflect its cost of funds.

- (c) If the Facility Agent has notified the Lenders that it is willing to make available amounts for the account of the Borrower before receiving funds from the Lenders then if and to the extent that the Facility Agent does so but it proves to be the case that it does not then receive funds from a Lender in respect of a sum which it paid to the Borrower:
- (i) the Facility Agent shall notify the Borrower of that Lender's identity and the Borrower shall on demand refund it to the Facility Agent; and
  - (ii) the Lender by whom those funds should have been made available or, if the Lender fails to do so, the Borrower shall on demand pay to the Facility Agent the amount (as certified by the Facility Agent) which will indemnify the Facility Agent against any funding cost incurred by it as a result of paying out that sum before receiving those funds from that Lender.

### 33.5

#### Application of receipts; partial payments

- (a) If the Facility Agent receives a payment that is insufficient to discharge all the amounts then due and payable by a Transaction Obligor under the Finance Documents, the Facility Agent shall apply that payment towards the obligations of that Transaction Obligor under the Finance Documents in the following order:
- (i) **first**, in or towards payment *pro rata* of any unpaid fees, costs and expenses of, and any other amounts owing to, the Facility Agent, the Security Agent, any Receiver or any Delegate under the Finance Documents;
  - (ii) **secondly**, in or towards payment *pro rata* of any accrued interest and fees due but unpaid to the Lenders under this Agreement;
  - (iii) **thirdly**, in or towards payment *pro rata* of any principal due but unpaid to the Lenders under this Agreement; and
  - (iv) **fourthly**, in or towards payment *pro rata* of any other sum due but unpaid under the Finance Documents.
- (b) The Facility Agent shall, if so directed by the Majority Lenders, vary, or instruct the Security Agent to vary (as applicable), the order set out in sub-paragraphs (ii) to (iv) of paragraph (a) above.
- (c) Paragraphs (a) and (b) above will override any appropriation made by a Transaction Obligor.
- (d) The parties hereby agree and acknowledge that, in the event that there is any master agreement, confirmation, transaction, schedule or other agreement entered into by the Borrower and a hedge counterparty approved by the Lenders for the purposes of hedging interest payable under this Agreement and/or other Finance Document (a "**Hedging Agreement**"), any amounts owed by the Borrower under or pursuant to such Hedging Agreement shall be paid only after all amounts set out in sub-paragraphs (i) to (iv) of paragraph (a) above have been paid in full.

### **33.6 No set-off by Transaction Obligors**

All payments to be made by a Transaction Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

### **33.7 Business Days**

- (a) Any payment under the Finance Documents 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 an Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

### **33.8 Currency of account**

- (a) Subject to paragraphs (b) and (c) below, dollars is the currency of account and payment for any sum due from a Transaction Obligor under any Finance Document.
- (b) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.
- (c) Any amount expressed to be payable in a currency other than dollars shall be paid in that other currency.

### **33.9 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 Facility Agent (acting on the instructions of the Majority Lenders 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 Facility Agent (acting on the instructions of the Majority Lenders) (acting reasonably).
- (b) If a change in any currency of a country occurs, this Agreement will, to the extent the Facility Agent (acting on the instructions of the Lenders 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 Relevant Interbank Market and otherwise to reflect the change in currency.

### **33.10 Currency Conversion**

- (a) For the purpose of, or pending any payment to be made by any Servicing Party under any Finance Document, such Servicing Party may convert any moneys received or recovered by it from one currency to another, at a market rate of exchange.
- (b) The obligations of any Transaction Obligor to pay in the due currency shall only be satisfied to the extent of the amount of the due currency purchased after deducting the costs of conversion.

### **33.11 Disruption to Payment Systems etc.**

If either the Facility Agent determines (in its discretion) that a Disruption Event has occurred or the Facility Agent is notified by the Borrower that a Disruption Event has occurred:

- (a) the Facility 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 Facility Agent may deem necessary in the circumstances;
- (b) the Facility 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 Facility 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 Facility Agent and the Borrower shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the Parties and any Transaction Obligors as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents notwithstanding the provisions of Clause 42 (*Amendments and Waivers*);
- (e) the Facility Agent shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever (including, without limitation for negligence, gross negligence but not including any claim based on the fraud or wilful misconduct of the Facility Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this Clause 33.11 (*Disruption to Payment Systems etc.*); and
- (f) the Facility Agent shall notify the Finance Parties of all changes agreed pursuant to paragraph (d) above.

### **34 SET-OFF**

A Finance Party may set off any amount due and payable from an Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any amount owed by that Finance Party to that Transaction Obligor, regardless of the place of payment, booking branch or currency of such amounts. If the amounts due are in different currencies, the Finance Party may convert the relevant amount at a market rate of exchange in its usual course of business for the purpose of the set-off. The relevant Finance Party shall notify the relevant Obligor as soon as reasonably practicable after any set-off.

## 35 BAIL-IN AND BREXIT

### 35.1 Bail-in

Notwithstanding any other term of any Finance Document or any other agreement, arrangement or understanding between the parties to a Finance Document, each Party acknowledges and accepts that any liability of any party to a Finance Document 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, membership interests 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.

### 35.2 Brexit

The Original Lender is authorised by the Obligors, at any time during the Security Period, by written notice (including, without limitation, by e-mail communication) to the Obligors, to designate another office or branch of the Original Lender (such office or branch, the “**Designee**”) as the office or branch through which it will perform its obligations, functions or responsibilities or exercise its rights under this Agreement. To the extent permitted by applicable laws and regulations, the Original Lender and, if applicable, any Designee is authorised by the Obligors to delegate the performance of any such obligations, functions or responsibilities to its Affiliates (a “**Delegate**”). For the avoidance of doubt, the Original Lender may disclose any non-public information in relation to any Transaction Obligor, any of its Affiliates or this Agreement to any Designee or Delegate, and any such Designee or Delegate may disclose any such non-public information to its Affiliates and its and their respective officers, directors and employees.

## 36 NOTICES

### 36.1 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.

### 36.2 Addresses

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents are:

- (a) in the case of the Borrower, that specified in Schedule 1 (*The Parties*);

- (b) in the case of each Lender or any other Obligor, that specified in Schedule 1 (*The Parties*) or, if it becomes a Party after the date of this Agreement, that notified in writing to the Facility Agent on or before the date on which it becomes a Party;
- (c) in the case of the Facility Agent, that specified in Schedule 1 (*The Parties*); and
- (d) in the case of the Security Agent, that specified in Schedule 1 (*The Parties*),

or any substitute address, fax number or department or officer as the Party may notify to the Facility Agent (or the Facility Agent may notify to the other Parties, if a change is made by the Facility Agent) by not less than five Business Days' notice.

### 36.3

#### 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 36.2 (*Addresses*), if addressed to that department or officer.

- (b) Any communication or document to be made or delivered to a Servicing Party will be effective only when actually received by that Servicing Party and then only if it is expressly marked for the attention of the department or officer of that Servicing Party specified in Schedule 1 (*The Parties*) (or any substitute department or officer as that Servicing Party shall specify for this purpose).
- (c) All notices from or to a Transaction Obligor shall be sent through the Facility Agent unless otherwise specified in any Finance Document.
- (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 Transaction Obligors.
- (e) Any communication or document which becomes effective, in accordance with paragraphs (a) to (d) above, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

### 36.4

#### 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 36.2 (*Addresses*) or changing its own address or fax number, the Facility Agent shall notify the other Parties.

**36.5****Electronic communication**

- (a) Any communication to be made between any two Parties under or in connection with the Finance Documents may be made 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 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.
- (c) Any such electronic communication as specified in paragraph (a) above made between any two Parties will be effective only when actually received (or made available) in readable form and in the case of any electronic communication made by a Party to the Facility Agent or the Security Agent only if it is addressed in such a manner as the Facility Agent or the Security Agent shall specify for this purpose.
- (d) Any electronic communication 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 is sent or made available has its address for the purpose of this Agreement 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 shall be construed to include that communication being made available in accordance with this Clause 36.5 (*Electronic communication*).

**36.6****English language**

- (a) Any notice given under or in connection with any Finance Document must be in English.
- (b) All other documents provided under or in connection with any Finance Document must be:
  - (i) in English; or
  - (ii) if not in English, and if so required by the Facility Agent (acting on the instructions of the Majority Lenders), accompanied by a certified English translation prepared by a translator approved by the Facility Agent (acting on the instructions of the Majority Lenders) and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

## **37 CALCULATIONS AND CERTIFICATES**

### **37.1 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.

### **37.2 Certificates and determinations**

Any certification or determination by a Finance Party 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.

### **37.3 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 365 days or, in any case where the practice in the Relevant Interbank Market differs, in accordance with that market practice.

## **38 PARTIAL INVALIDITY**

If, at any time, any provision of a Finance Document 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 under the law of that jurisdiction nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

## **39 REMEDIES AND WAIVERS**

No failure to exercise, nor any delay in exercising, on the part of any Secured 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 Finance Document. No election to affirm any Finance Document on the part of a Secured 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 each Finance Document are cumulative and not exclusive of any rights or remedies provided by law.

## **40 SETTLEMENT OR DISCHARGE CONDITIONAL**

Any settlement or discharge under any Finance Document between any Finance Party and any Transaction Obligor shall be conditional upon no security or payment to any Finance Party by any Transaction Obligor or any other person being set aside, adjusted or ordered to be repaid, whether under any insolvency law or otherwise.

## **41 IRREVOCABLE PAYMENT**

If the Facility Agent considers that an amount paid or discharged by, or on behalf of, a Transaction Obligor or by any other person in purported payment or discharge of an obligation of that Transaction Obligor to a Secured Party under the Finance Documents is capable of being avoided or otherwise set aside on the liquidation or administration of that Transaction Obligor

or otherwise, then that amount shall not be considered to have been unconditionally and irrevocably paid or discharged for the purposes of the Finance Documents.

## **42 AMENDMENTS AND WAIVERS**

### **42.1 Required consents**

- (a) Subject to Clause 42.2 (*All Lender matters*) and Clause 42.3 (*Other exceptions*) any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and, in the case of an amendment, the Obligors and any such amendment or waiver will be binding on all Parties.
- (b) The Facility Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause 42 (*Amendments and Waivers*).
- (c) Without prejudice to the generality of Clause 29.8 (*Rights and discretions*), the Facility Agent may at the Borrower's cost engage, and rely on the services of lawyers in determining the consent level required for and effecting any amendment, waiver or consent under this Agreement.
- (d) Paragraph (c) of Clause 27.9 (*Pro rata interest settlement*) shall apply to this Clause 42 (*Amendments and Waivers*).

### **42.2 All Lender matters**

Subject to Clause 42.4 (*Replacement of Screen Rate*), an amendment of or waiver or consent in relation to any term of any Finance Document that has the effect of changing or which relates to:

- (a) the definition of "Majority Lenders" in Clause 1.1 (*Definitions*);
- (b) a postponement to or extension of the date of payment of any amount under the Finance Documents;
- (c) a reduction in the Margin or the amount of any payment of principal, interest, fees or commission payable;
- (d) a change in currency of payment of any amount under the Finance Documents;
- (e) an increase in any Commitment or the Total Commitments, an extension of any Availability Period or any requirement that a cancellation of Commitments reduces the Commitments rateably under the Facility;
- (f) a change to any Transaction Obligor other than in accordance with Clause 28 (*Changes to the Obligors*);
- (g) any provision which expressly requires the consent of all the Lenders;
- (h) this Clause 42 (*Amendments and Waivers*);
- (i) any change to the preamble (*Background*), Clause 2 (*The Facility*), Clause 3 (*Purpose*), Clause 5 (*Utilisation*), Clause 6.2 (*Effect of cancellation and prepayment on scheduled repayments*), Clause 7.5 (*Mandatory prepayment on sale or Total Loss*), Clause 8

(Interest), Clause 21.4 (Compliance with laws etc.), Clause 23.12 (Sanctions and Ship trading), Clause 25 (Accounts and application of Earnings), Clause 27 (Changes to the Lenders), Clause 32 (Sharing among the Finance Parties), Clause 46 (Governing Law) or Clause 47 (Enforcement);

- (j) any release of, or material variation to, any Transaction Security, guarantee, indemnity or subordination arrangement set out in a Finance Document;
- (k) (other than as expressly permitted by the provisions of any Finance Document), the nature or scope of:
  - (i) the guarantees and indemnities granted under Clause 17 (*Guarantee and Indemnity*);
  - (ii) the Security Assets; or
  - (iii) the manner in which the proceeds of enforcement of the Transaction Security are distributed,  
  
(except in the case of sub-paragraphs (ii) and (iii) above, insofar as it relates to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is expressly permitted under this Agreement or any other Finance Document);
- (l) the release of the guarantees and indemnities granted under Clause 17 (*Guarantee and Indemnity*) or the release of any Transaction Security unless permitted under this Agreement or any other Finance Document or relating to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is expressly permitted under this Agreement or any other Finance Document,

shall not be made, or given, without the prior consent of all the Lenders.

#### **42.3 Other exceptions**

- (a) An amendment or waiver which relates to the rights or obligations of a Servicing Party, the Arranger or a Reference Bank (each in their capacity as such) may not be effected without the consent of that Servicing Party, the Arranger or that Reference Bank, as the case may be.
- (b) The Borrower and the Facility Agent, the Arranger or the Security Agent, as applicable, may amend or waive a term of a Fee Letter to which they are party.

#### **42.4 Replacement of Screen Rate**

- (a) Subject to Clause 42.3 (*Other exceptions*), if a Screen Rate Replacement Event has occurred in relation to the Screen Rate for dollars any amendment or waiver which relates to:
  - (i) providing for the use of a Replacement Benchmark in relation to that currency in place of (or in addition to) 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 Facility Agent (acting on the instructions of the Majority Lenders) and the Borrower.

- (b) If, as at 1 January 2023, this Agreement provides that the rate of interest for the Loan in dollars 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 for dollars; and
  - (ii) the Facility Agent, (acting on the instructions of the Lenders) and the Borrower shall enter into negotiations in good faith with a view to agreeing the use of a Replacement Benchmark in relation to dollars in place of that Screen Rate from and including a date no later than 31 March 2023.
- (c) If any Lender fails to respond to a request for an amendment or waiver described in paragraph (a) above within 10 Business Days (or such longer time period in relation to any request which the Borrower and the Facility Agent (acting on the instructions of the Majority Lenders) may agree) of that request being made:
  - (i) its Commitment shall not be included for the purpose of calculating the Total Commitments when ascertaining whether any relevant percentage of Total Commitments 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.
- (d) If a Replacement Benchmark is not agreed in accordance with paragraph (b)(ii) of this clause 42.4 (*Replacement of Screen Rate*) by 31 March 2023, the Borrower shall prepay the Loan or relevant part of the Loan on a Business Day no later than 30 June 2023 and

such prepayment shall be applied pro rata to each Lender's participation in that part of the Loan.

#### 42.5 Obligor Intent

Without prejudice to the generality of Clauses 1.2 (*Construction*), 17.4 (*Waiver of defences*), each Obligor expressly confirms that it intends that any guarantee contained in this Agreement or any other Finance Document and any Security created by any Finance Document shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to any of the Finance Documents and/or any facility or amount made available under any of the Finance Documents for the purposes of or in connection with any of the following: business acquisitions of any nature; increasing working capital; enabling investor distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variation or extension of the purposes for which any such facility or amount might be made available from time to time; and any fees, costs and/or expenses associated with any of the foregoing.

#### 42.6 Lenders' anti-boycott restrictions

- (a) In relation to any Lender that is resident in Germany ("**Inlander**") within the meaning of Section 2 Paragraph 15 of the German foreign trade and payments act called AuRenwirtschaftsgesetz ("**AWG**"), therefore subject to Section 7 of the German foreign trade ordinance called AuRenwirtschaftsverordnung ("**AWV**") or a subject required to comply with Council Regulation (EC) No. 2271/96 of 22 November 1996 and that notifies the Facility Agent in writing that it elects for the provisions of this Clause 42.6 (*Lenders' anti-boycott restrictions*) to apply to it (which notice may, for the avoidance of doubt, be given at any time) (each a "**Restricted Lender**"), Clauses 21.4 (*Compliance with laws*), and 23.12 (*Sanctions and Ship trading*) (together the "**Sanctions Related Provisions**") (or any of them as specified by that Restricted Lender in the notice) shall only apply for the benefit of each such Restricted Lender to the extent that application of any Sanctions Related Provision would not result in any violation of, conflict with, or liability under any provision of the Council Regulation (EC) No. 2271/96 of 22 November 1996 or Section 7 AWV (in connection with section 4 paragraph 1 no. 3 AWG) (or any replacement of or any supplement to any of the foregoing).
- (b) On any matter referred to in paragraph (a) above in respect of which the Lenders are to vote but in respect of which a Restricted Lender to whom paragraph (a) above applies shall not vote in accordance with such paragraph:
- (i) for the purposes of determining whether approval of the Majority Lenders is obtained the references in the definition of "Majority Lender" to 66% per cent of the Total Commitments and to 66% per cent of the Loan the outstanding shall for this purpose be construed to refer to 66% per cent of the Total Commitments or, as the case may be, the Loan only taking account of the other Commitments of, or as the case may be, the participation in the Loan of, the Lenders and ignoring the Commitment of or, as the case may be, the participation in the Loan of, such Restricted Lender;
- (ii) an action taken by the Majority Lenders as such definition is modified by this Clause 42.6 (*Lenders' anti-boycott restrictions*) shall be valid in the applicable circumstances and binding on all parties to this Agreement; and

for the purposes of determining whether the approval of all Lenders is obtained, all Lenders shall be construed to mean the other Lenders ignoring such Restricted Lender and an action taken by all Lenders as modified by this Clause 42.6 (*Lenders' anti-boycott restrictions*) shall be valid in the applicable circumstances and binding on all parties to this Agreement.

## 43 CONFIDENTIAL INFORMATION

### 43.1 Confidentiality

Each Finance Party agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by Clause 43.2 (*Disclosure of Confidential Information*) and Clause 43.3 (*Disclosure to numbering service providers*) 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.

### 43.2 Disclosure of Confidential Information

Any Finance Party may disclose:

- (a) to any of its Affiliates and Related Funds and any of its or their officers, directors, employees, professional advisers, 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 paragraph (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 Facility Agent or Security Agent and, in each case, to any of that person's Affiliates, Related Funds, Representatives and professional advisers;
  - (ii) with (or through) whom it enters into (or may potentially enter into), whether directly or indirectly, any sub-participation 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 Transaction Obligors and to any of that person's Affiliates, Related Funds, Representatives and professional advisers;
  - (iii) appointed by any Finance Party or by a person to whom sub-paragraph (i) or (ii) of paragraph (b) above applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf (including, without limitation, any person appointed under paragraph (c) of Clause 29.15 (*Relationship with the other Finance Parties*));
  - (iv) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in sub-paragraph (i) or (ii) of paragraph (b) above;

- (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, arbitrations, 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 27.8 (*Security over Lenders' rights*);
- (viii) who is a Party, a member of the Group or any related entity of a Transaction Obligor;
- (ix) as a result of the registration of any Finance Document as contemplated by any Finance Document or any legal opinion obtained in connection with any Finance Document; and
- (x) with the consent of Guarantor D;

in each case, such Confidential Information as that Finance Party shall consider appropriate if:

- (A) in relation to sub-paragraphs (i), (ii) and (iii) of paragraph (b) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking except that there shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information;
  - (B) in relation to sub-paragraph (iv) of paragraph (b) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive and is informed that some or all of such Confidential Information may be price-sensitive information;
  - (C) in relation to sub-paragraphs (v), (vi) and (vii) of paragraph (b) above, the person to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of that Finance Party, it is not practicable so to do in the circumstances;
- (c) to any person appointed by that Finance Party or by a person to whom sub-paragraph (i) or (ii) of paragraph (b) above 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 paragraph (c) if the service provider to whom the Confidential Information is to be given has entered in to 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;

- (d) to any rating agency (including its professional advisers) such Confidential Information as may be required to be disclosed to enable such rating agency to carry out its normal rating activities in relation to the Finance Documents and/or the Transaction Obligors if the rating agency to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information.

### 43.3

#### Disclosure to numbering service providers

- (a) Any Finance Party may disclose to any national or international numbering service provider appointed by that Finance Party to provide identification numbering services in respect of this Agreement, the Facility and/or one or more Transaction Obligors the following information:
  - (i) names of Transaction Obligors;
  - (ii) country of domicile of Transaction Obligors;
  - (iii) place of incorporation or formation of Transaction Obligors;
  - (iv) date of this Agreement;
  - (v) Clause 46 (*Governing Law*);
  - (vi) the names of the Facility Agent and the Arranger;
  - (vii) date of each amendment and restatement of this Agreement;
  - (viii) amount of Total Commitments;
  - (ix) currency of the Facility;
  - (x) type of Facility;
  - (xi) ranking of Facility;
  - (xii) Termination Date for Facility;
  - (xiii) changes to any of the information previously supplied pursuant to sub-paragraphs (i) to (xii) above; and
  - (xiv) such other information agreed between such Finance Party and the Borrower,to enable such numbering service provider to provide its usual syndicated loan numbering identification services.
- (b) The Parties acknowledge and agree that each identification number assigned to this Agreement, the Facility and/or one or more Transaction Obligors by a numbering service provider and the information associated with each such number may be disclosed to users of its services in accordance with the standard terms and conditions of that numbering service provider.

- (c) Each Obligor represents, on behalf of itself and the other Transaction Obligors, that none of the information set out in subparagraphs (i) to (xiv) of paragraph (a) above is, nor will at any time be, unpublished price-sensitive information.
- (d) The Facility Agent shall notify Guarantor D and the other Finance Parties of:
  - (i) the name of any numbering service provider appointed by the Facility Agent in respect of this Agreement, the Facility and/or one or more Transaction Obligors; and
  - (ii) the number or, as the case may be, numbers assigned to this Agreement, the Facility and/or one or more Transaction Obligors by such numbering service provider.

**43.4 Entire agreement**

This Clause 43 (*Confidential Information*) 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.

**43.5 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.

**43.6 Notification of disclosure**

Each of the Finance Parties agrees (to the extent permitted by law and regulation) to inform the Borrower:

- (a) of the circumstances of any disclosure of Confidential Information made pursuant to subparagraph (v) of paragraph (b) of Clause 43.2 (*Disclosure of Confidential Information*) except where such disclosure is made to any of the persons referred to in that paragraph 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 43 (*Confidential Information*).

**43.7 Continuing obligations**

The obligations in this Clause 43 (*Confidential Information*) are continuing and, in particular, shall survive and remain binding on each Finance Party for a period of 12 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.

## 44.1

**Confidentiality and disclosure**

- (a) The Facility Agent and each Obligor agree to keep each Funding Rate (and, in the case of the Facility Agent, each Reference Bank Quotation) confidential and not to disclose it to anyone, save to the extent permitted by paragraphs (b), (c) and (d) below.
- (b) The Facility Agent may disclose:
- (i) any Funding Rate (but not, for the avoidance of doubt, any Reference Bank Quotation) to the Borrower pursuant to Clause 8.4 (*Notification of rates of interest*); and
  - (ii) any Funding Rate or any Reference Bank Quotation to any person appointed by it to provide administration services in respect of one or more of the Finance Documents to the extent necessary to enable such service provider to provide those services if the service provider to whom that 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 Facility Agent and the relevant Lender or Reference Bank, as the case may be.
- (c) The Facility Agent may disclose any Funding Rate or any Reference Bank Quotation, and each Obligor may disclose any Funding Rate, to:
- (i) any of its Affiliates and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives, if any person to whom that Funding Rate or Reference Bank Quotation is to be given pursuant to this sub-paragraph (i) is informed in writing of its confidential nature and that it 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 that Funding Rate or Reference Bank Quotation or is otherwise bound by requirements of confidentiality in relation to it;
  - (ii) any person 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 if the person to whom that Funding Rate or Reference Bank Quotation is to be given is informed in writing of its confidential nature and that it may be price sensitive information except that there shall be no requirement to so inform if, in the opinion of the Facility Agent or the relevant Obligor, as the case may be, it is not practicable to do so in the circumstances;
  - (iii) any person 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 if the person to whom that Funding Rate or Reference Bank Quotation is to be given is informed in writing of its confidential nature and that it may be price sensitive information except that there shall be no requirement to so inform if, in the opinion of the Facility Agent or the relevant Obligor, as the case may be, it is not practicable to do so in the circumstances; and
  - (iv) any person with the consent of the relevant Lender or Reference Bank, as the case may be.

- (d) The Facility Agent's obligations in this Clause 44 (*Confidentiality of Funding Rates and Reference Bank Quotations*) relating to Reference Bank Quotations are without prejudice to its obligations to make notifications under Clause 8.4 (*Notification of rates of interest*) **Provided that** (other than pursuant to sub-paragraph (i) of paragraph (b) above) the Facility Agent shall not include the details of any individual Reference Bank Quotation as part of any such notification.

#### **44.2 Related obligations**

- (a) The Facility Agent and each Obligor acknowledge that each Funding Rate (and, in the case of the Facility Agent, each Reference Bank Quotation) is or may be price sensitive information and that its use may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and the Facility Agent and each Obligor undertake not to use any Funding Rate or, in the case of the Facility Agent, any Reference Bank Quotation for any unlawful purpose.
- (b) The Facility Agent and each Obligor agree (to the extent permitted by law and regulation) to inform the relevant Lender or Reference Bank, as the case may be:
- (i) of the circumstances of any disclosure made pursuant to sub-paragraph (ii) of paragraph (c) of Clause 44.1 (*Confidentiality and disclosure*) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and
  - (ii) upon becoming aware that any information has been disclosed in breach of this Clause 44 (*Confidentiality of Funding Rates and Reference Bank Quotations*).

#### **44.3 No Event of Default**

No Event of Default will occur under Clause 26.4 (*Other obligations*) by reason only of an Obligor's failure to comply with this Clause 44 (*Confidentiality of Funding Rates and Reference Bank Quotations*).

#### **45 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.

## SECTION 12

### GOVERNING LAW AND ENFORCEMENT

#### 46 GOVERNING LAW

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

#### 47 ENFORCEMENT

##### 47.1 Jurisdiction

- (a) Unless specifically provided in another Finance Document in relation to that Finance Document, the courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with any Finance Document (including a dispute regarding the existence, validity or termination of any Finance Document or any non-contractual obligation arising out of or in connection with any Finance Document) (a **"Dispute"**).
- (b) The Obligors accept that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Obligor will argue to the contrary.
- (c) This Clause 47.1 (*Jurisdiction*) is for the benefit of the Secured Parties only. As a result, no Secured Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Secured Parties may take concurrent proceedings in any number of jurisdictions.

##### 47.2 Service of process

- (a) Without prejudice to any other mode of service allowed under any relevant law, each Obligor (other than an Obligor incorporated or formed in England and Wales):
  - (i) irrevocably appoints Saville & Co. at its registered office for the time being, presently at One Carey Lane, London EC2V 8AE, England as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document; and
  - (ii) agrees that failure by a process agent to notify the relevant Obligor of the process will not invalidate the proceedings concerned.
- (b) If any person appointed as an agent for service of process is unable for any reason to act as agent for service of process, the Borrower (on behalf of all the Obligors) must immediately (and in any event within 3 days of such event taking place) appoint another agent on terms acceptable to the Facility Agent. Failing this, the Facility 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 A  
THE OBLIGORS**

<b>Name of Borrower</b>	<b>Place of Formation</b>	<b>Registration number (or equivalent, if any)</b>	<b>Address for Communication</b>
LAERTIS MARINE LLC	Marshall Islands	962564	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece  Fax no: +30 210 80 84 224
<b>Name of Guarantor</b>	<b>Place of Formation</b>	<b>Registration number (or equivalent, if any)</b>	<b>Address for Communication</b>
POSEIDON CONTAINERS HOLDINGS LLC	Marshall Islands	961853	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece  Fax no: +30 210 80 84 224
ODYSSIA CONTAINERS HOLDINGS LLC	Marshall Islands	962559	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece  Fax no: +30 210 80 84 224
K&T MARINE LLC	Marshall Islands	962273	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece  Fax no: +30 210 80 84 224

GLOBAL SHIP LEASE, INC.

Marshall Islands

28891

c/o Technomar Shipping Inc.  
3-5 Menandrou Street  
145 61 Kifissia  
Greece

Fax no: +30 210 80 84 224

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**PART B**

**THE ORIGINAL LENDERS**

**Name of Original Lender Commitment**

DEUTSCHE BANK AG FILIALE DEUTSCHLANDGESCHAFT

**Address for Communication**

Adolphsplatz 7, 20457, Hamburg, Germany

Tel No: +49 403 701 3003

Email: joern.scheller@db.com

FAO: Global Credit Trading — Shipping

**PART C**

**THE SERVICING PARTIES**

**Name of Facility Agent**

DEUTSCHE BANK AG FILIALE DEUTSCHLANDGESCHAFT

**Address for Communication**

Adolphsplatz 7, 20457, Hamburg, Germany

Tel No: +49 403 701 3003

Email: joern.scheller@db.com

FAO: Global Credit Trading — Shipping

**Name of Security Agent**

DEUTSCHE BANK AG FILIALE DEUTSCHLANDGESCHAFT

**Address for Communication**

Adolphsplatz 7, 20457, Hamburg, Germany

Tel No: +49 403 701 3003

Email: joern.scheller@db.com

FAO: Global Credit Trading — Shipping

**SCHEDULE 2**  
**CONDITIONS PRECEDENT**

**PART A**

**CONDITIONS PRECEDENT TO INITIAL UTILISATION REQUEST**

**1 Obligors**

- 1.1 A copy of the constitutional documents of each Transaction Obligor.
- 1.2 A copy of a resolution of the member or board of directors (as applicable) of each Transaction Obligor:
  - (a) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute the Finance Documents to which it is a party;
  - (b) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and
  - (c) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, a Utilisation Request and each Selection Notice) to be signed and/or despatched by it under, or in connection with, the Finance Documents to which it is a party.
- 1.3 An original of the power of attorney of any Transaction Obligor authorising a specified person or persons to execute the Finance Documents to which it is a party.
- 1.4 A specimen of the signature of each person authorised by the resolution referred to in paragraph 1.2 above.
- 1.5 A copy of a resolution signed by Odyssea NB as the holder of all issued LLC Shares in the Borrower, approving the terms of, and the transactions contemplated by, the Finance Documents to which the Borrower is a party.
- 1.6 A certificate of each Transaction Obligor (signed by an officer) confirming that borrowing or guaranteeing, as appropriate, the Total Commitments would not cause any borrowing, guaranteeing or similar limit binding on that Transaction Obligor to be exceeded.
- 1.7 A certificate of each Transaction Obligor that is incorporated or formed outside the UK (signed by an officer) certifying either that (i) it has not delivered particulars of any UK Establishment to the Registrar of Companies as required under the Overseas Regulations or (ii) it has a UK Establishment and specifying the name and registered number under which it is registered with the Registrar of Companies.
- 1.8 A certificate of an authorised signatory of the relevant Transaction Obligor certifying that each copy document relating to it specified in this Part A of Schedule 2 (*Conditions Precedent*) is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

**2 Finance Documents**

- 2.1 A duly executed original of the Subordination Agreement and copies of each Subordinated Finance Document (if applicable).
- 2.2 A duly executed original of any Finance Document not otherwise referred to in this Schedule 2 (*Conditions Precedent*).
- 2.3 A duly executed original of any other document required to be delivered by each Finance Document if not otherwise referred to this Schedule 2 (*Conditions Precedent*).

### **3 Security**

- 3.1 A duly executed original of the Account Security in relation to each Account and of the Shares Security in respect of the Borrower (and of each document to be delivered under each of them).
- 3.2 A duly executed original of the Subordinated Debt Security (if applicable).

### **4 Legal opinions**

- 4.1 A legal opinion of Watson Farley & Williams, legal advisers to the Arranger, the Facility Agent and the Security Agent in England, substantially in the form distributed to the Original Lenders before signing this Agreement.
- 4.2 If a Transaction Obligor is incorporated or formed in a jurisdiction other than England and Wales, a legal opinion of the legal advisers to the Arranger, the Facility Agent and the Security Agent in the relevant jurisdiction, substantially in the form distributed to the Original Lenders before signing this Agreement.

### **5 Other documents and evidence**

- 5.1 Evidence that any process agent referred to in Clause 47.2 (*Service of process*), if not an Obligor, has accepted its appointment.
- 5.2 A copy of any other Authorisation or other document, opinion or assurance which the Facility Agent (acting on the instructions of the Majority Lenders) considers to be necessary or desirable if the Facility Agent (acting on the instructions of the Majority Lenders) has notified the Borrower accordingly in connection with the entry into and performance of the transactions contemplated by any Transaction Document or for the validity and enforceability of any Transaction Document.
- 5.3 The Original Financial Statements.
- 5.4 The original of any mandates or other documents required in connection with the opening or operation of the Accounts.
- 5.5 Evidence that the fees, 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 Utilisation Date.
- 5.6 Such evidence as may be required for the Finance Parties to be able to satisfy each of their "anti-money laundering", "FATCA", "know your customer", "common reporting standards" or similar identification procedures in relation to the transactions contemplated by the Finance Documents.

## PART B

### CONDITIONS PRECEDENT TO UTILISATION

#### 1 Borrower

A certificate of an authorised signatory of the Borrower certifying that each copy document which it is required to provide under this Part B of Schedule 2 (*Conditions Precedent*) is correct, complete and in full force and effect as at the Utilisation Date.

#### 2 Ship and other security

- 2.1 A duly executed original of the Mortgage, the General Assignment and any Charterparty Assignment in respect of the Ship and of each document to be delivered under or pursuant to each of them together with documentary evidence that the Mortgage has been duly registered or (as the case may be) recorded as a valid first preferred or (as the case may be) priority ship mortgage in accordance with the laws of the jurisdiction of its Approved Flag.
- 2.2 Documentary evidence that the Ship:
- (a) is definitively and permanently registered in the name of the Borrower under the Approved Flag;
  - (b) is in the absolute and unencumbered ownership of the Borrower save as contemplated by the Finance Documents;
  - (c) maintains the Approved Classification with the Approved Classification Society free of all recommendations and conditions of the Approved Classification Society; and
  - (d) is insured in accordance with the provisions of this Agreement and all requirements in this Agreement in respect of insurances have been complied with.
- 2.3 Documents establishing that the Ship will, as from the Utilisation Date, be managed commercially by the Approved Commercial Manager and managed technically by the Approved Technical Manager on terms acceptable to the Facility Agent acting with the authorisation of all of the Lenders, together with:
- (a) a Manager's Undertaking for each of the Approved Technical Manager and the Approved Commercial Manager of the Ship; and
  - (b) copies of the Approved Technical Manager's Document of Compliance and of the Ship's Safety Management Certificate (together with any other details of the applicable Safety Management System which the Facility Agent (acting on the instructions of the Majority Lenders) requires) and of any other documents required under the ISM Code and the ISPS Code in relation to the Ship, including without limitation an ISSC.
- 2.4 An opinion from an independent insurance consultant acceptable to the Facility Agent (acting on the instructions of the Majority Lenders) on such matters relating to the Insurances as the Facility Agent may (acting on the instructions of the Majority Lenders) require.
- 2.5 One valuation of the Ship, addressed to the Facility Agent on behalf of the Finance Parties, stated to be for the purposes of this Agreement and dated not earlier than 30 days before the Utilisation Date, from Maersk Brokers and if such valuation sets the market value as ranging

between a lower and a higher figure, the value to be used for such valuation will be the lower of such figures.

2.6 Copies of the Initial Charter duly executed by the parties thereto and of each document delivered pursuant to it, together with such documentary evidence as the Facility Agent and its legal advisers may require in relation to the due authorisation and execution of that Assignable Charter by each of the parties thereto.

2.7 An independent legal review of the Initial Charter has been carried out in all respects acceptable to the Facility Agent.

### **3 Legal opinions**

Legal opinions of the legal advisers to the Arranger, the Facility Agent and the Security Agent in the jurisdiction of the Approved Flag of the Ship and such other relevant jurisdictions as the Facility Agent may require.

### **4 Minimum Liquidity**

Evidence that the Borrower is in compliance with its obligations under Clause 20.1 (*Borrower's minimum liquidity*).

### **5 Release of Existing Security**

Documentary evidence that the Existing Indebtedness in respect of the Ship has been duly paid or will be paid in full (as agreed in the closing arrangements) on the Utilisation Date and an executed original of a Deed of Release (and of each document to be delivered under or pursuant to it) in respect of the Existing Security under each Existing Facility Agreement together with evidence satisfactory to the Facility Agent (acting on the instructions of the Majority Lenders) of its due execution by the parties to it.

### **6 Other documents and evidence**

Evidence that the fees, 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 Utilisation Date.

**SCHEDULE 3**  
**REQUESTS**  
**PART A**  
**UTILISATION REQUEST**

From: **LAERTIS MARINE LLC**

To: **DEUTSCHE BANK AG FILIALE DEUTSCHLANDGESCHAFT**

Dated: [●]

Dear Sirs

**Laertis Marine LLC — US\$51,670,000 Facility Agreement dated [●] 2021 (the “Agreement”)**

- 1 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.
- 2 We wish to borrow the Loan on the following terms:
- Proposed Utilisation Date: [●] (or, if that is not a Business Day, the next Business Day)
- Amount: [●] or, if less, the Available Facility
- Interest Period: [●]
- 3 We confirm that each condition specified in Clause 4.1 (*Initial conditions precedent*) and Clause 4.2 (*Further conditions precedent*) of the Agreement as they relate to the Advance to which this Utilisation Request refers is satisfied on the date of this Utilisation Request.
- 4 The [net] proceeds of the Loan should be credited to [account].
- 5 This Utilisation Request is irrevocable.

Yours faithfully

---

[●]  
authorised signatory for  
**LAERTIS MARINE LLC**

**PART B**  
**SELECTION NOTICE**

From: **LAERTIS MARINE LLC**

To: **DEUTSCHE BANK AG FILIALE DEUTSCHLANDGESCHAFT**

Dated: [•]

Dear Sirs

**Laertis Marine LLC — US\$51,670,000 Facility Agreement dated [•] 2021 (the “Agreement”)**

- 1 We refer to the Agreement. This is a Selection Notice. Terms defined in the Agreement have the same meaning in this Selection Notice unless given a different meaning in this Selection Notice.
- 2 We request [that the next Interest Period for the Loan be [•]] OR [an Interest Period for a part of the Loan in an amount equal to [•] (which is the amount of the Repayment Instalment next due) ending on [•] (which is the Repayment Date relating to that Repayment Instalment) and that the Interest Period for the remaining part of the Loan shall be [•].
- 3 This Selection Notice is irrevocable.

Yours faithfully

---

[•]  
authorised signatory for  
**LAERTIS MARINE LLC**

SCHEDULE 4

FORM OF TRANSFER CERTIFICATE

To: **DEUTSCHE BANK AG FILIALE DEUTSCHLANDGESCHAFT** as Facility Agent  
From: [The Existing Lender] (the “Existing Lender”) and [The New Lender] (the “New Lender”)

Dated: [●]

Dear Sirs

**Laertis Marine LLC — US\$51,670,000 Facility Agreement dated [●] 2021 (the “Agreement”)**

- 1 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.
- 2 We refer to Clause 27.5 (*Procedure for transfer*) of the Agreement:
  - (a) The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation all of the Existing Lender’s rights and obligations under the Agreement and the other Finance Documents which relate to that portion of the Existing Lender’s Commitment and participation in the Loan under the Agreement as specified in the Schedule in accordance with Clause 27.5 (*Procedure for transfer*) of the Agreement.
  - (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 36.2 (*Addresses*) of the Agreement are set out in the Schedule.
- 3 The New Lender expressly acknowledges the limitations on the Existing Lender’s obligations set out in paragraph (c) of Clause 27.4 (*Limitation of responsibility of Existing Lenders*) of the Agreement.
- 4 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.
- 5 This Transfer Certificate and any non-contractual obligations arising out of or in connection with it are governed by English law.
- 6 This Transfer Certificate has been entered into on the date stated at the beginning of this Transfer Certificate.

**Note: The execution of this Transfer Certificate may not transfer a proportionate share of the Existing Lender’s interest in the Transaction Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to perfect a transfer of such a share in the Existing Lender’s Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.**

**THE SCHEDULE**

**Commitment/rights and obligations to be transferred**

*[insert relevant details]*

[Facility Office address, fax number and attention details  
for notices and account details for payments.]

[Existing Lender]

[New Lender]

By: [●]

By: [●]

This Transfer Certificate is accepted by the Facility Agent and the Transfer Date is confirmed as [●].

**DEUTSCHE BANK AG FILIALE DEUTSCHLANDGESCHAFT**

By: [●]

SCHEDULE 5

FORM OF ASSIGNMENT AGREEMENT

To: **DEUTSCHE BANK AG FILIALE DEUTSCHLANDGESCHAFT** as Facility Agent and [●] and [●] as Borrowers, for and on behalf of each [Transaction] Obligor

From: [The Existing Lender] (the “Existing Lender”) and [The New Lender] (the “New Lender”)

Dated: [●]

Dear Sirs

**Laertis Marine LLC — US\$51,670,000 Facility Agreement dated [●] 2021 (the “Agreement”)**

- 1 We refer to the Agreement. This is an Assignment Agreement. Terms defined in the Agreement have the same meaning in this Assignment Agreement unless given a different meaning in this Assignment Agreement.
- 2 We refer to Clause 27.6 (*Procedure for assignment*) of the Agreement:
  - (a) The Existing Lender assigns absolutely to the New Lender all the rights of the Existing Lender under the Agreement, the other Finance Documents and in respect of the Transaction Security which correspond to that portion of the Existing Lender’s Commitment and participations in the Loan under the Agreement as specified in the Schedule.
  - (b) The Existing Lender is released from all the obligations of the Existing Lender which correspond to that portion of the Existing Lender’s Commitments and participations in the Loan under the Agreement specified in the Schedule.
  - (c) The New Lender becomes a Party as a Lender and is bound by obligations equivalent to those from which the Existing Lender is released under paragraph (b) above.
  - (d) All rights and interests (present, future or contingent) which the Existing Lender has under or by virtue of the Finance Documents are assigned to the New Lender absolutely, free of any defects in the Existing Lender’s title and of any rights or equities which the Borrower or any other [Transaction] Obligor had against the Existing Lender.
- 3 The proposed Transfer Date is [●].
- 4 On the Transfer Date the New Lender becomes Party to the Finance Documents as a Lender.
- 5 The Facility Office and address, fax, number and attention details for notices of the New Lender for the purposes of Clause 36.2 (*Addresses*) of the Agreement are set out in the Schedule.
- 6 The New Lender expressly acknowledges the limitations on the Existing Lender’s obligations set out in paragraph (c) of Clause 27.4 (*Limitation of responsibility of Existing Lenders*) of the Agreement.
- 7 This Assignment Agreement acts as notice to the Facility Agent (on behalf of each Finance Party) and, upon delivery in accordance with Clause 27.7 (*Copy of Transfer Certificate or*

*Assignment Agreement to Borrower*) of the Agreement, to the Borrower (on behalf of each [Transaction] Obligor) of the assignment referred to in this Assignment Agreement.

- 8 This Assignment Agreement 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 Assignment Agreement.
- 9 This Assignment Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.
- 10 This Assignment Agreement has been entered into on the date stated at the beginning of this Assignment Agreement.

**Note: The execution of this Assignment Agreement may not transfer a proportionate share of the Existing Lender's interest in the Transaction Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to perfect a transfer of such a share in the Existing Lender's Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.**

**THE SCHEDULE**

**Commitment rights and obligations to be transferred by assignment, release and accession**

*[insert relevant details]*

[Facility office address, fax number and attention details for notices  
and account details for payments]

[Existing Lender]

[New Lender]

By: [●]

By: [●]

This Assignment Agreement is accepted by the Facility Agent and the Transfer Date is confirmed as [●].

Signature of this Assignment Agreement by the Facility Agent constitutes confirmation by the Facility Agent of receipt of notice of the assignment referred to herein, which notice the Facility Agent receives on behalf of each Finance Party.

**DEUTSCHE BANK AG FILIALE DEUTSCHLANDGESCHAFT**

By:

SCHEDULE 6

FORM OF COMPLIANCE CERTIFICATE

To: **DEUTSCHE BANK AG FILIALE DEUTSCHLANDGESCHAFT** as Facility Agent

From: [●]

Dated: [●]

Dear Sirs

**Laertis Marine LLC — US\$51,670,000 Facility Agreement dated [●] 2021 (the “Agreement”)**

1 I 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.

2 I confirm that as of *[insert date]*:  
*[Insert details of covenants to be certified]*  
(i) The amount standing to the credit of the Earnings Account of the Borrower is USD [...].<sup>2</sup>  
(ii) the Value Adjusted Leverage Ratio of Guarantor A is [...].<sup>3</sup>  
(iii) the Minimum Net Worth of Guarantor A is USD [...].<sup>4</sup>  
(iv) the unrestricted cash and Cash Equivalents of Guarantor D is USD [...] on a consolidated basis.<sup>5</sup>

3 I confirm that the Market Value of the Ship is [...] % of the Loan.<sup>6</sup>

4 [I confirm that no Default is continuing.]

5 I confirm that I have the authority to make the confirmations set out above and issue this Compliance Certificate on behalf of the Borrower, Guarantor A and Guarantor D.

Please refer to the attached calculation of the financial covenants and the accompanying Financial Statements and Fleet Market Values.

Signed: \_\_\_\_\_  
Chief Financial Officer  
of **Global Ship Lease, Inc.**

[insert applicable certification language]

---

<sup>2</sup> More than USD500,000  
<sup>3</sup> Does not exceed 75 per cent.  
<sup>4</sup> More than USD 50,000,000  
<sup>5</sup> More than USD 20,000,000  
<sup>6</sup> More than [130][140] per cent.

---

for and on behalf of

**LAERTIS MARINE LLC**  
**Poseidon Containers Holdings LLC**  
**Global Ship Lease, Inc.**

**SCHEDULE 7**

**DETAILS OF THE SHIP**

Ship name	Name of the Borrower owner	Type	GRT	NRT	Approved Flag	Approved Classification Society	Approved Classification	Approved Commercial Manager	Approved Technical Manager
UASC AL KHOR	Laertis Maritime LLC	Container vessel	94416	54249	Liberia	DNV-GL	<u>Hull</u> 100 AS HLP RSD(F25) IW BWM(D2) DG Container Ship, LC, RSCS  <u>Machinery</u> MC AUT CM-PS EP-D	Conchart Commercial Inc	Technomar Shipping Inc.

**SCHEDULE 8  
TIMETABLES**

Delivery of a duly completed Utilisation Request (Clause 5.1 ( <i>Delivery of a Utilisation Request</i> )) or a Selection Notice (Clause 9.1 ( <i>Selection of Interest Periods</i> ))	Three Business Days before the intended Utilisation Date (Clause 5.1 ( <i>Delivery of a Utilisation Request</i> )) or the expiry of the preceding Interest Period (Clause 9.1 ( <i>Selection of Interest Periods</i> ))
Facility Agent notifies the Lenders of the Advance in accordance with Clause 5.4 ( <i>Lenders' participation</i> )	Three Business Days before the intended Utilisation Date.
LIBOR is fixed	Quotation Day as of 11:00 am London time
Reference Bank Rate calculated by reference to available quotations in accordance with Clause 10.2 ( <i>Calculation of Reference Bank Rate</i> )	Noon on the Quotation Day

**EXECUTION PAGES**

**BORROWER**

**SIGNED** by Despoina Kakava ) /s/ Despoina Kakava  
duly authorised )  
attorney-in-fact )  
for and on behalf of )  
**LAERTIS MARINE LLC** )  
in the presence of: )

Witness' signature: ) /s/ Chrysanthi Klisiari  
Witness' name: ) Attorney At Law  
Witness' address: ) Piraeus Bar Association  
3-5 Menandrou Str. Kifisla, 14561 Athens, Greece  
Tel +306981256494

**GUARANTORS**

**SIGNED** by Despoina Kakava ) /s/ Despoina Kakava  
duly authorised )  
attorney-in-fact )  
for and on behalf of )  
**POSEIDON CONTAINER HOLDINGS LLC** )  
in the presence of: )

Witness' signature: ) /s/ Chrysanthi Klisiari  
Witness' name: ) Attorney At Law  
Witness' address: ) Piraeus Bar Association  
3-5 Menandrou Str. Kifisla, 14561 Athens, Greece  
Tel +306981256494

**SIGNED** by Despoina Kakava ) /s/ Despoina Kakava  
duly authorised )  
attorney-in-fact )  
for and on behalf of )  
**ODYSSIA CONTAINERS HOLDINGS LLC** )  
in the presence of: )

Witness' signature: ) /s/ Chrysanthi Klisiari  
Witness' name: ) Attorney At Law  
Witness' address: ) Piraeus Bar Association  
3-5 Menandrou Str. Kifisla, 14561 Athens, Greece  
Tel +306981256494

**SIGNED** by Despoina Kakava ) /s/ Despoina Kakava  
duly authorised )  
attorney-in-fact )  
for and on behalf of )  
**K&T MARINE LLC** )  
in the presence of: )

Witness' signature: ) /s/ Chrysanthi Klisiari  
Witness' name: ) Attorney At Law  
Witness' address: ) Piraeus Bar Association  
3-5 Menandrou Str. Kifisla, 14561 Athens, Greece  
Tel +306981256494

**SIGNED** by Despoina Kakava ) /s/ Despoina Kakava  
duly authorised )  
attorney-in-fact )  
for and on behalf of )  
**GLOBAL SHIP LEASE, INC.** )  
in the presence of: )

Witness' signature: ) /s/ Chrysanthi Klisiari  
Witness' name: ) Attorney At Law  
Witness' address: ) Piraeus Bar Association  
3-5 Menandrou Str. Kifisla, 14561 Athens, Greece  
Tel +306981256494

**ORIGINAL LENDERS**

**SIGNED** by Alex George Demoundos ) /s/ Alex George Demoundos  
duly authorised )  
attorney-in-fact )  
for and on behalf of )  
**DEUTSCHE BANK AG FILIALE** )  
**DEUTSCHLANDGESCHAFT** )  
in the presence of: )

Witness' signature: ) /s/ Pat Skala  
Witness' name: ) Watson, Farley & Williams  
Witness' address: ) 348 Syngrou Avenue  
176 74 Kallithea  
Athens – Greece

**ARRANGER**

**SIGNED** by Alex George Demoundos ) /s/ Alex George Demoundos  
duly authorised )  
attorney-in-fact )  
for and on behalf of )  
**DEUTSCHE BANK AG FILIALE** )  
**DEUTSCHLANDGESCHAFT** )  
in the presence of: )

Witness' signature: ) /s/ Pat Skala  
Witness' name: ) Watson, Farley & Williams  
Witness' address: ) 348 Syngrou Avenue  
176 74 Kallithea  
Athens – Greece

**FACILITY AGENT**

**SIGNED** by Alex George Demoundos ) /s/ Alex George Demoundos  
duly authorised )  
attorney-in-fact )  
for and on behalf of )  
**DEUTSCHE BANK AG FILIALE** )  
**DEUTSCHLANDGESCHAFT** )  
in the presence of: )

Witness' signature: ) /s/ Pat Skala  
Witness' name: ) Watson, Farley & Williams  
Witness' address: ) 348 Syngrou Avenue  
176 74 Kallithea  
Athens – Greece

**SECURITY AGENT**

**SIGNED** by Alex George Demoundos ) /s/ Alex George Demoundos  
duly authorised )  
attorney-in-fact )  
for and on behalf of )  
**DEUTSCHE BANK AG FILIALE** )  
**DEUTSCHLANDGESCHAFT** )  
in the presence of: )

Witness' signature: ) /s/ Pat Skala  
Witness' name: ) Watson, Farley & Williams  
Witness' address: ) 348 Syngrou Avenue  
176 74 Kallithea  
Athens – Greece

WATSON FARLEY

&

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UTILISATION REQUEST

From: LAERTIS MARINE LLC

To: DEUTSCHE BANK AG FILIALE DEUTSCHLANDGESCHAFT

Dated: 06 May 2021

Dear Sirs

**Laertis Marine LLC — US\$51,670,000 Facility Agreement dated [●] 2021 (the “Agreement”)**

1 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.

2 We wish to borrow the Loan on the following terms:

Proposed Utilisation Date: 7 May 2021 (or, if that is not a Business Day, the next Business Day)

Amount: US\$51,670,000 or, if less, the Available Facility

Interest Period: until 30 July 2021

3 We confirm that each condition specified in Clause 4.1 (*Initial conditions precedent*) and Clause 4.2 (*Further conditions precedent*) of the Agreement as they relate to the Advance to which this Utilisation Request refers is satisfied on the date of this Utilisation Request.

4 Payment instructions

The proceeds of the Loan are to be credited to the Borrower’s Earnings Account with IBAN number DE53 2007 0000 0130 7115 00

and subsequently:

(a) Payment to Wilmington Trust

the Earnings Account to be debited with an amount of US\$ 49,521,194.12 (the “**Prepayment Amount**”) and the Prepayment Amount to be remitted, or, as the case may be, transferred to the following account of Wilmington Trust (in its capacity as facility agent under the Existing Facility Agreements) for the purposes of pre-paying the Existing Indebtedness in respect of the Ship in full:

Beneficiary:	WILMINGTON TRUST (LONDON) LIMITED
Account Name:	POSEIDON CONTAINERS – USD – WT
IBAN -	GB12CHAS60924210009558
Bank Account Name:	JPMorgan Chase Bank, N.A. London
SWIFT:	CHASGB2L
Correspondent Bank:	JPMorgan Chase Bank, New York
SWIFT:	CHASUS33

(b) Payment of Fees

following the transfer of the Prepayment Amount in accordance with paragraph (a), the Earnings Account to be debited with an amount of US\$ 776,915.86, which includes US\$ 775,050.00 arrangement fee and US\$ 1,865.86 commitment fee, (the "**Fees**") in respect of the fees set out in the Fee Letter and the Fees to be transferred to the following account:

Beneficiary:	Deutsche Bank AG, Deutsche Shipping
IBAN	DE67 2007 0000 0016 0200 00
Beneficiary Bank	Deutsche Bank AG
SWIFT (Field 57)	DEUTDEHHXXX
Correspondent Bank:	Deutsche Bank AG, New York
SWIFT:	DEUTUS33XXX
Reference	Global Ship Lease/Laertis Marine LLC ZKN 1307164 10

(c) Surplus

following the payments set out in paragraphs (a) and (b) the remaining balance of the proceeds of the Loan in the amount of US\$ 1,371,890.02 (the "Surplus Amount") to remain in the Earnings Account and upon documentary evidence that the Mortgage has been duly registered in line with the conditions precedent as per Schedule 2 Part B of the Agreement the Surplus Amount to be debited from the Earnings Account and to be remitted, or as the case may be, transferred to the following account:

Beneficiary:	Poseidon Containers Holdings, LLC
Bank:	Credit Agricole Corporate & Investment Bank
Branch:	12 Place Des Etats Unis – CS70052 – 92547 Montrouge Cedex, France
SWIFT Code:	BSUIFRPP
Account NO:	00.249.809.823
IBAN NO:	FR76 3148 9000 1000 249 809 823 47
Correspondent Bank:	J.P. MORGAN CHASE, NEW YORK, U.S.A.
SWIFT Code:	CHASUS33
FED ABA:	0210-0002-1
CHIPS ABA:	002
Account NO:	786419036
Reference:	Surplus of Laertis loan agreement

5 This Utilisation Request is irrevocable.

Yours faithfully  
/s/ Despoina Kakava  
Despoina Kakava  
authorised signatory for  
**LAERTIS MARINE LLC**

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CERTIFICATE OF CORRECTNESS OF COPY DOCUMENTS

To: Deutsche Bank AG Filiale Deutschlandgeschäft  
Adolphsplatz 7  
20457, Hamburg  
Germany

6 May 2021

Dear Sirs

We refer to a facility agreement dated 6 May 2021 (the "Facility Agreement") and made between (i) Laertis Marine LLC, (ii) Poseidon Containers Holdings LLC, Odysia Containers Holdings LLC, K&T Marine LLC and Global Ship Lease, Inc. as guarantors, (iii) the financial institutions listed in Part B of Schedule 1 therein as original lenders, (iv) Deutsche Bank AG Filiale Deutschlandgeschäft as arranger, (v) Deutsche Bank AG Filiale Deutschlandgeschäft as facility agent and (vi) Deutsche Bank AG Filiale Deutschlandgeschäft as security agent in relation to a term loan facility of \$51,670,000 to refinance certain existing indebtedness secured on m.v. "UASC AL KHOR".

Words and expressions defined in the Facility Agreement have the same meanings when used in this certificate.

Pursuant to Schedule 2 (*Conditions Precedent*), Part A, paragraph 1.8 of the Facility Agreement, we confirm that each copy document which we are required to provide under Part A of Schedule 2 (*Conditions Precedent*) is correct, complete and in full force and effect as at the date hereof.

This certificate may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

/s/ Aikaterini Emmanouil  
Officer  
for and on behalf of  
**LAERTIS MARINE LLC**

/s/ Georgios Giouroukos  
Officer  
for and on behalf of  
**POSEIDON CONTAINERS HOLDINGS LLC**

/s/ Dimitrios Tsiaklagkanos  
Officer  
for and on behalf of  
**ODYSSIA CONTAINERS HOLDINGS LLC**

/s/ Georgios Giouroukos  
Officer  
for and on behalf of  
**K&T MARINE LLC**

/s/ Georgios Giouroukos  
Director  
for and on behalf of  
**GLOBAL SHIP LEASE, INC.**

/s/ Aikaterini Emmanouil  
Officer  
for and on behalf of  
**ODYSSIA NB LLC**

/s/ Dimitrios Tsiaklagkanos

---

Director  
for and on behalf of  
**CONCHART COMMERCIAL INC.**

/s/ Georgios Giouroukos

---

Director  
for and on behalf of  
**TECHNOMAR SHIPPING INC.**

WATSON FARLEY

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**CERTIFICATE OF CORRECTNESS OF COPY DOCUMENTS**

To: Deutsche Bank AG Filiale Deutschlandgeschäft  
Adolphsplatz 7  
20457, Hamburg  
Germany

7 May 2021

Dear Sirs

**We refer to a facility agreement dated 6 May 2021 (the “Facility Agreement”) and made between (i) Laertis Marine LLC, (ii) Poseidon Containers Holdings LLC, Odyssea Containers Holdings LLC, K&T Marine LLC and Global Ship Lease, Inc. as guarantors, (iii) the financial institutions listed in Part B of Schedule 1 therein as original lenders, (iv) Deutsche Bank AG Filiale Deutschlandgeschäft as arranger, (v) Deutsche Bank AG Filiale Deutschlandgeschäft as facility agent and (vi) Deutsche Bank AG Filiale Deutschlandgeschäft as security agent in relation to a term loan facility of \$51,670,000 to refinance certain existing indebtedness secured on m.v. “UASC AL KHOR”.**

Words and expressions defined in the Facility Agreement have the same meanings when used in this certificate.

Pursuant to Schedule 2 (*Conditions Precedent*), Part B, paragraph 1 of the Facility Agreement, we confirm that each copy document which we are required to provide under Part B of Schedule 2 (*Conditions Precedent*) is correct, complete and in full force and effect as at the date hereof.

/s/ Aikaterini Emmanouil

Officer  
for and on behalf of  
**LAERTIS MARINE LLC**

Dated 6 July 2021

GLOBAL SHIP LEASE 55 LLC  
 GLOBAL SHIP LEASE 57 LLC  
 GLOBAL SHIP LEASE 58 LLC  
 GLOBAL SHIP LEASE 59 LLC  
 GLOBAL SHIP LEASE 60 LLC  
 GLOBAL SHIP LEASE 61 LLC  
 GLOBAL SHIP LEASE 62 LLC  
 GLOBAL SHIP LEASE 63 LLC  
 GLOBAL SHIP LEASE 64 LLC  
 GLOBAL SHIP LEASE 65 LLC  
 GLOBAL SHIP LEASE 66 LLC and  
 GLOBAL SHIP LEASE 67 LLC  
 as joint and several Borrowers

and

GLOBAL SHIP LEASE, INC.  
 as Parent Guarantor

and

THE BANKS AND FINANCIAL INSTITUTIONS  
 listed in Part B of Schedule 1  
 as Lenders

and

CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK  
 HAMBURG COMMERCIAL BANK AG

as Mandated Lead Arrangers

and

CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK  
 as Facility Agent

and

CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK  
 as Security Agent

#### FACILITY AGREEMENT

relating to the financing of part of the acquisition cost of m.vs. "BOMAR MILIONE", "BOMAR ROSSI",  
 "NORDIC MACAU", "NORDIC HONG KONG", "BOMAR BEIJING", "MOZART", "BOMAR BELLINI",  
 "BOMAR HAMBURG", "HAYDN", "BEETHOVEN", "RAVEL" and "BOMAR REBECCA"

WATSON FARLEY  
 &  
 WILLIAMS

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THIS AGREEMENT is made on July 2021

## PARTIES

- (1) **GLOBAL SHIP LEASE 55 LLC**, a limited liability company formed in the Republic of Liberia with registration number LLC-960215 whose registered address is at 80 Broad Street, Monrovia, Republic of Liberia, as a borrower ("**Borrower A**")
- (2) **GLOBAL SHIP LEASE 57 LLC**, a limited liability company formed in the Republic of Liberia with registration number LLC-960216 whose registered address is at 80 Broad Street, Monrovia, Republic of Liberia, as a borrower ("**Borrower B**")
- (3) **GLOBAL SHIP LEASE 58 LLC**, a limited liability company formed in the Republic of Liberia with registration number LLC-960217 whose registered address is at 80 Broad Street, Monrovia, Republic of Liberia, as a borrower ("**Borrower C**")
- (4) **GLOBAL SHIP LEASE 59 LLC**, a limited liability company formed in the Republic of Liberia with registration number LLC-960218 whose registered address is at 80 Broad Street, Monrovia, Republic of Liberia, as a borrower ("**Borrower D**")
- (5) **GLOBAL SHIP LEASE 60 LLC**, a limited liability company formed in the Republic of Liberia with registration number LLC-960219 whose registered address is at 80 Broad Street, Monrovia, Republic of Liberia, as a borrower ("**Borrower E**")
- (6) **GLOBAL SHIP LEASE 61 LLC**, a limited liability company formed in the Republic of Liberia with registration number LLC-960220 whose registered address is at 80 Broad Street, Monrovia, Republic of Liberia, as a borrower ("**Borrower F**")
- (7) **GLOBAL SHIP LEASE 62 LLC**, a limited liability company formed in the Republic of Liberia with registration number LLC-960221 whose registered address is at 80 Broad Street, Monrovia, Republic of Liberia, as a borrower ("**Borrower G**")
- (8) **GLOBAL SHIP LEASE 63 LLC**, a limited liability company formed in the Republic of Liberia with registration number LLC-960222 whose registered address is at 80 Broad Street, Monrovia, Republic of Liberia, as a borrower ("**Borrower H**")
- (9) **GLOBAL SHIP LEASE 64 LLC**, a limited liability company formed in the Republic of Liberia with registration number LLC-960223 whose registered address is at 80 Broad Street, Monrovia, Republic of Liberia, as a borrower ("**Borrower I**")
- (10) **GLOBAL SHIP LEASE 65 LLC**, a limited liability company formed in the Republic of Liberia with registration number LLC-960224 whose registered address is at 80 Broad Street, Monrovia, Republic of Liberia, as a borrower ("**Borrower J**")
- (11) **GLOBAL SHIP LEASE 66 LLC**, a limited liability company formed in the Republic of Liberia with registration number LLC-960225 whose registered address is at 80 Broad Street, Monrovia, Republic of Liberia, as a borrower ("**Borrower K**")
- (12) **GLOBAL SHIP LEASE 67 LLC**, a limited liability company formed in the Republic of Liberia with registration number LLC-960226 whose registered address is at 80 Broad Street, Monrovia, Republic of Liberia, as a borrower ("**Borrower L**")

- (13) **GLOBAL SHIP LEASE, INC.**, a corporation incorporated in the Republic of the Marshall Islands, whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 as the parent guarantor (the "**Parent Guarantor**")
- (14) **THE BANKS AND FINANCIAL INSTITUTIONS** listed in Part B of Schedule 1 (*The Parties*) as lenders (the "**Original Lenders**")
- (15) **CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK** and **HAMBURG COMMERCIAL BANK AG**, as mandated lead arrangers (the "**Mandated Lead Arrangers**")
- (16) **CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK** as agent of the other Finance Parties (the "**Facility Agent**")
- (17) **CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK** as security agent for the Secured Parties (the "**Security Agent**")

## **BACKGROUND**

The Lenders have agreed to make available to the Borrowers a senior secured term loan facility in an aggregate amount of up to the lower of (i) \$140,000,000 and (ii) 52.5 per cent. of the aggregate Initial Market Value of the Ships for the purpose of partly financing the acquisition cost of each Ship, divided into 12 Tranches, as follows:

- (a) Tranche A, comprising the Amortizing Portion and the Balloon Portion, in an aggregate amount of up to the lesser of (A) \$16,359,090 and (B) 52.5 per cent. of the Initial Market Value of Ship A;
- (b) Tranche B, comprising the Amortizing Portion and the Balloon Portion, in an aggregate amount of up to the lesser of (A) \$14,463,670 and (B) 52.5 per cent. of the Initial Market Value of Ship B;
- (c) Tranche C, comprising the Amortizing Portion and the Balloon Portion, in an aggregate amount of up to the lesser of (A) \$15,396,800 and (B) 52.5 per cent. of the Initial Market Value of Ship C;
- (d) Tranche D, comprising the Amortizing Portion and the Balloon Portion, in an aggregate amount of up to the lesser of (A) \$14,930,240 and (B) 52.5 per cent. of the Initial Market Value of Ship D;
- (e) Tranche E, comprising the Amortizing Portion and the Balloon Portion, in an aggregate amount of up to the lesser of (A) \$14,930,240 and (B) 52.5 per cent. of the Initial Market Value of Ship E;
- (f) Tranche F, comprising the Amortizing Portion and the Balloon Portion, in an aggregate amount of up to the lesser of (A) \$9,797,970 and (B) 52.5 per cent. of the Initial Market Value of Ship F;
- (g) Tranche G, comprising the Amortizing Portion and the Balloon Portion, in an aggregate amount of up to the lesser of (A) \$9,797,970 and (B) 52.5 per cent. of the Initial Market Value of Ship G;

- (h) Tranche H, comprising the Amortizing Portion and the Balloon Portion, in an aggregate amount of up to the lesser of (A) \$9,331,400 and (B) 52.5 per cent. of the Initial Market Value of Ship H;
- (i) Tranche I in an amount of up to the lesser of (A) \$8,864,800 and (B) 52.5 per cent. of the Initial Market Value of Ship I;
- (j) Tranche J, comprising the Amortizing Portion and the Balloon Portion, in an aggregate amount of up to the lesser of (A) \$11,197,600 and (B) 52.5 per cent. of the Initial Market Value of Ship J;
- (k) Tranche K, comprising the Amortizing Portion and the Balloon Portion, in an aggregate amount of up to the lesser of (A) \$12,130,820 and (B) 52.5 per cent. of the Initial Market Value of Ship K; and
- (l) Tranche L, comprising the Amortizing Portion and the Balloon Portion, in an aggregate amount of up to the lesser of (A) \$2,799,400 and (B) 52.5 per cent. of the Initial Market Value of Ship L.

**OPERATIVE PROVISIONS**

## SECTION 1

## INTERPRETATION

## 1 DEFINITIONS AND INTERPRETATION

## 1.1 Definitions

In this Agreement:

"**Account Bank**" means:

- (a) in relation to each of the Earnings Accounts and the Retention Account, Crédit Agricole Corporate and Investment Bank, a French société anonyme, acting in such capacity through its office at 12, place des Etats-Unis, CS 70052, 92547 Montrouge Cedex, France, registered under the SIREN No. 304 187 701 of the Registre du Commerce et des Sociétés of Nanterre;
- (b) in relation to each of the Minimum Liquidity Account, the Dry-Docking Reserve Account and the Special Reserve Account, Hamburg Commercial Bank AG, acting in such capacity through its office at Gerhart-Hauptmann-Platz 50, 20095 Hamburg, Germany; or
- (c) any replacement bank or other financial institution as may be approved by the Facility Agent acting with the authorisation of the Majority Lenders.

"**Accounts**" means the Earnings Accounts, the Retention Account, the Minimum Liquidity Account, the Dry-Docking Reserve Account and the Special Reserve Account as specified in Schedule 8 (*Accounts*).

"**Account Security**" means a document creating Security over any Account in agreed form.

"**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.

"**Amortizing Portion**" means:

- (a) in relation to Tranche A, that part of Tranche A made or to be made available to the Borrowers to finance part of the acquisition cost of Ship A by Borrower A in a principal amount not exceeding \$12,259,938;
- (b) in relation to Tranche B, that part of Tranche B made or to be made available to the Borrowers to finance part of the acquisition cost of Ship B by Borrower B in a principal amount not exceeding \$10,778,662;
- (c) in relation to Tranche C, that part of Tranche C made or to be made available to the Borrowers to finance part of the acquisition cost of Ship C by Borrower C in a principal amount not exceeding \$10,278,338;
- (d) in relation to Tranche D, that part of Tranche D made or to be made available to the Borrowers to finance part of the acquisition cost of Ship D by Borrower D in a principal amount not exceeding \$9,930,654;

- in relation to Tranche E, that part of Tranche E made or to be made available to the Borrowers to finance part of the acquisition cost of Ship E by Borrower E in a principal amount not exceeding \$9,930,654;
- (f) in relation to Tranche F, that part of Tranche F made or to be made available to the Borrowers to finance part of the acquisition cost of Ship F by Borrower F in a principal amount not exceeding \$8,321,676;
  - (g) in relation to Tranche G, that part of Tranche G made or to be made available to the Borrowers to finance part of the acquisition cost of Ship G by Borrower G in a principal amount not exceeding \$8,201,676;
  - (h) in relation to Tranche H, that part of Tranche H made or to be made available to the Borrowers to finance part of the acquisition cost of Ship H by Borrower H in a principal amount not exceeding \$8,753,972;
  - (i) in relation to Tranche J, that part of Tranche J made or to be made available to the Borrowers to finance part of the acquisition cost of Ship J by Borrower J in a principal amount not exceeding \$7,149,002;
  - (j) in relation to Tranche K, that part of Tranche K made or to be made available to the Borrowers to finance part of the acquisition cost of Ship K by Borrower K in a principal amount not exceeding \$7,844,458; and
  - (k) in relation to Tranche L, that part of Tranche L made or to be made available to the Borrowers to finance part of the acquisition cost of Ship L by Borrower L in a principal amount not exceeding \$2,086,170.

"**Applicable Lender**" has the meaning given in Clause 8.1 (*Calculation of interest*).

"**Approved Brokers**" means any firm or firms of insurance brokers approved in writing by the Facility Agent, such approval not to be unreasonably withheld.

"**Approved Classification**" means, in relation to a Ship, as at the date of this Agreement, the classification in relation to that Ship specified in Schedule 7 (*Details of the Ships*) or the equivalent classification with another Approved Classification Society.

"**Approved Classification Society**" means, in relation to a Ship, as at the date of this Agreement, the classification society in relation to that Ship specified in Schedule 7 (*Details of the Ships*) or any other classification society which is a member of the International Association of Classification Societies (but excluding the Russian Register of Shipping, China Classification Society and the Indian Register of Shipping) approved in writing by the Facility Agent acting with the authorisation of the Majority Lenders (such approval not to be unreasonably withheld).

"**Approved Commercial Manager**" means, in relation to a Ship, as at the date of this Agreement, Conchart Commercial Inc. or any other person approved in writing by the Facility Agent acting with the authorisation of the Majority Lenders as the commercial manager of that Ship.

"**Approved Crewing Manager**" means, in relation to a Ship, as at the date of this Agreement, Northern Light Crew Management Limited of 812 Silvercord, Tower 1, 30 Canton Road,

Tsimshatsui, Kowloon, Hong Kong or any other person approved in writing by the Facility Agent acting with the authorisation of the Majority Lenders as the crewing manager of that Ship.

"**Approved Flag**" means, in relation to a Ship, as at the date of this Agreement, the flag of the Republic of Liberia, the Republic of the Marshall Islands, and of the Hellenic Republic and, for a period of 3 Months from the Utilisation Date in relation to a Tranche, the flag of Malta or Madeira or such other flag approved in writing by the Facility Agent acting with the authorisation of the Lenders (such consent not to be unreasonably withheld).

"**Approved Manager**" means, in relation to a Ship, the Approved Commercial Manager or the Approved Technical Manager or the Approved Crewing Manager of that Ship.

"**Approved Technical Manager**" means as at the date of this Agreement:

- (a) in relation to each of Ship A, Ship F, Ship G, Ship H, Ship J and Ship L, Boden Denizcilic AS, a company incorporated in Turkey whose registered address is at Sahrayicedid Mah. Halk Sok. No: 52/8, Siddiklar Is Merkezi, 34734 Kradikoy, Istanbul, Turkey (and which shall be overviewed by Technomar Shipping Inc.); and
- (b) in relation to each of Ship B, Ship C, Ship D, Ship E, Ship I and Ship K:
  - (i) for the period commencing on the Delivery Date in respect of that Ship and ending on the date falling six months from the Delivery Date of that Ship:
    - (A) Bernard Schulte Shipmanagement GmbH & Co. KG;
    - (B) Thomas Schulte Ship Management Pte. Ltd.; or
    - (C) Nordic Hamburg Shipmanagement (HK) Ltd.; and
  - (ii) at all times thereafter during the Security Period, Technomar Shipping Inc.; or
- (c) any other person approved in writing by the Facility Agent acting with the authorisation of the Majority Lenders as the technical manager of the Ship.

"**Approved Valuer**" means any of Arrow Shipbroking, Barry Rogliano Salles, Clarksons, Fearnleys AS, Maersk Brokers K/S and Howe Robinson Partners and, in the event that three or more (or, in relation to the proviso contained in the definition of Market Value, two or more) of such sale and purchase shipbrokers cease, or are unable, to provide a valuation:

- (d) in relation to a Ship, any other firm or firms of independent and reputable sale and purchase shipbrokers which have knowledge and experience of valuing new design de beam-high specification-reefers or containerships; or
- (e) in relation to any other vessel which does not have the same characteristics as the Ship, any other firm or firms of independent and reputable sale and purchase shipbrokers, which is, or as the case may be, are mutually agreed in writing by the Borrowers and the Facility Agent (with the authorisation of the Lenders with such approval not to be unreasonably withheld).

"**Article 55 BRRD**" means Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms.

"**Assignable Charter**" means a Charter in respect of the Ship (including an Initial Charter, if applicable) which has or is capable of having, by virtue of any optional extensions, a duration of 12 months or more or any bareboat charter in respect of that Ship and any guarantee of the obligations of the bareboat charterer under such bareboat charter, entered or to be entered into by the Borrower which is the owner thereof and a charterer or, as the context may require, bareboat charterer and, in the plural, means all of them.

"**Assignment Agreement**" means an agreement substantially in the form set out in Schedule 5 (*Form of Assignment Agreement*) or any other form agreed between the relevant assignor and assignee.

"**Authorisation**" means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation, legalisation or registration.

"**Availability Period**" means, in relation to each Tranche, the period from and including the date of this Agreement to and including the earlier of:

- (a) 30 September 2021;
- (b) the Utilisation Date in respect of that Tranche; and
- (c) the date on which the Lenders' obligation to advance the Loan is cancelled or terminated,

or such longer period as the Facility Agent may accept in writing on the instruction of all the Lenders.

"**Available Commitment**" means a Lender's Commitment minus:

- (d) the amount of its participation in the outstanding Loan; and
- (e) in relation to any proposed Utilisation, the amount of its participation in any Advance that is due to be made on or before the proposed Utilisation Date.

"**Available Facility**" means the aggregate for the time being of each Lender's Commitment in respect of the Loan.

"**Bail-In Action**" means the exercise of any Write-down and Conversion Powers.

"**Bail-In Legislation**" means:

- (a) in relation to an EEA Member Country which has implemented, or which at any time implements, Article 55 BRRD, the relevant implementing law or regulation as described in the EU Bail-In Legislation Schedule from time to time;
- (b) in relation to any state other than such an EEA Member Country and the United Kingdom, any analogous law or regulation from time to time which requires contractual recognition of any Write-down and Conversion Powers contained in that law or regulation; and

(c) in relation to the United Kingdom, the UK Bail-In Legislation.

**"Balloon Portion"** means:

- (d) in relation to Tranche A, that part of Tranche A made or to be made available to the Borrowers to finance part of the acquisition cost of Ship A by Borrower A in a principal amount not exceeding \$4,099,152;
- (e) in relation to Tranche B, that part of Tranche B made or to be made available to the Borrowers to finance part of the acquisition cost of Ship B by Borrower B in a principal amount not exceeding \$3,685,008;
- (f) in relation to Tranche C, that part of Tranche C made or to be made available to the Borrowers to finance part of the acquisition cost of Ship C by Borrower C in a principal amount not exceeding \$5,118,462;
- (g) in relation to Tranche D, that part of Tranche D made or to be made available to the Borrowers to finance part of the acquisition cost of Ship D by Borrower D in a principal amount not exceeding \$4,999,586;
- (h) in relation to Tranche E, that part of Tranche E made or to be made available to the Borrowers to finance part of the acquisition cost of Ship E by Borrower E in a principal amount not exceeding \$4,999,586;
- (i) in relation to Tranche F, that part of Tranche F made or to be made available to the Borrowers to finance part of the acquisition cost of Ship F by Borrower F in a principal amount not exceeding \$1,476,294;
- (j) in relation to Tranche G, that part of Tranche G made or to be made available to the Borrowers to finance part of the acquisition cost of Ship G by Borrower G in a principal amount not exceeding \$1,596,294;
- (k) in relation to Tranche H, that part of Tranche H made or to be made available to the Borrowers to finance part of the acquisition cost of Ship H by Borrower H in a principal amount not exceeding \$577,428;
- (l) in relation to Tranche J, that part of Tranche J made or to be made available to the Borrowers to finance part of the acquisition cost of Ship J by Borrower J in a principal amount not exceeding \$4,048,598;
- (m) in relation to Tranche K, that part of Tranche K made or to be made available to the Borrowers to finance part of the acquisition cost of Ship K by Borrower K in a principal amount not exceeding \$4,286.362; and
- (n) in relation to Tranche L, that part of Tranche L made or to be made available to the Borrowers to finance part of the acquisition cost of Ship L by Borrower L in a principal amount not exceeding \$713,230

**"Borrower"** means Borrower A, Borrower B, Borrower C, Borrower D, Borrower E, Borrower F, Borrower G, Borrower H, Borrower I, Borrower J, Borrower K or Borrower L.

**"Break Costs"** means the amount (if any) by which:

- (a) the interest which a Lender should have received for the period from the date of receipt of all or any part of its participation in the Loan or an **Unpaid Sum** to the last day of the current Interest Period in relation to the Loan, the relevant part of the Loan or that 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 Relevant 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:

- (a) in Hamburg, Paris and London regarding the fixing of any interest rate which is required to be determined under this Agreement or any Finance Document;
- (b) in Hamburg, Paris and New York in respect of any payment which is required to be made under a Finance Document; and
- (c) in Hamburg, Paris, Athens and Piraeus regarding any other action to be taken under this Agreement or any other Finance Document.

"**Carbon Intensity and Climate Alignment Certificate**" means a certificate from a Recognised Organisation relating to a Ship and a calendar year setting out:

- (d) the average efficiency ratio of that Ship 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; and
- (e) the climate alignment of that Ship for such calendar year,

in each case as calculated in accordance with the Poseidon Principles.

"**Charter**" means, in relation to a Ship, any charter relating to that Ship (including, without limitation, the Initial Charter or any Assignable Charter relating to that Ship), or other contract for its employment, whether or not already in existence.

"**Charter Guarantee**" means any guarantee, bond, letter of credit or other instrument (if any and whether or not already issued) supporting a Charter, the form of which shall not be subject to the Facility Agent's prior approval.

"**Charterparty Assignment**" means, in relation to an Initial Charter or an Assignable Charter of a Ship, a specific deed of assignment of the rights, title and interests of the relevant Borrower under the Initial Charter or that Assignable Charter (as the case may be) in the agreed form.

"**Code**" means the US Internal Revenue Code of 1986.

"**Commercial Management Agreement**" means, in relation to a Ship, the agreement entered into between the Borrower owning that Ship and the Approved Commercial Manager regarding the commercial management of that Ship.

"**Commitment**" means:

- (a) in relation to an Original Lender, the amount set opposite its name under the heading "Commitment" in Part B of Schedule 1 (*The Parties*) and the amount of any other Commitment transferred to it under this Agreement; and
- (b) in relation to any other Lender, the amount of any Commitment transferred to it under this Agreement,

to the extent not cancelled, reduced or transferred by it under this Agreement.

"**Compliance Certificate**" means a certificate in the form set out in Schedule 6 (*Form of Compliance Certificate*) or in any other form agreed between the Parent Guarantor and the Facility Agent.

"**Confidential Information**" means all information relating to any Transaction 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:

- (i) information that:
  - (A) is or becomes public information other than as a direct or indirect result of any breach by that Finance Party of Clause 44 (*Confidential Information*); or
  - (B) is identified in writing at the time of delivery as non-confidential by any member of the Group or any of its advisers; or
  - (C) is known by that Finance Party before the date the information is disclosed to it in accordance with paragraphs (a) or (b) 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; and
- (ii) any Funding Rate or Reference Bank Quotation.

"**Confidentiality Undertaking**" means a confidentiality undertaking in substantially the appropriate form recommended by the LMA from time to time or in any other form agreed between the Borrowers and the Facility Agent.

"**Corresponding Debt**" means any amount, other than any Parallel Debt, which an Obligor owes to a Secured Party under or in connection with the Finance Documents.

"**Correction Rate**" means, at any relevant time in relation to an Applicable Lender, the amount (expressed as a rate per annum) by which that Applicable Lender's Cost of Funding exceeds LIBOR.

"**Cost of Funding**" means, in relation to a Lender, the rate per annum determined by that Lender to be the rate at which deposits in Dollars are offered to that Lender by leading banks in the Relevant Interbank Market at that Lender's request at or about the Specified Time on the Quotation Day for an Interest Period and for a period equal to that Interest Period and for delivery on the first Business Day of it, or, if that Lender uses other ways to fund deposits in Dollars, such rate as determined by that Lender to be the Lender's cost of funding deposits in Dollars for that Interest Period, such determination being conclusive and binding in the absence of manifest error.

"**Crewing Management Agreement**" means, in relation to a Ship, the agreement entered into between the Borrower owning that Ship and the Approved Crewing Manager regarding the manning of that Ship.

"**Default**" means an Event of Default or a Potential Event of Default.

"**Delegate**" means any delegate, agent, attorney or co-trustee appointed by the Security Agent.

"**Delivery Date**" means, in relation to a Ship, the date on which that Ship is delivered by the relevant Seller to the Borrower acquiring that Ship under the relevant MOA.

"**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, if applicable, any Transaction Obligor; 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 or, if applicable, any Transaction Obligor preventing that, or any other, Party or, if applicable, any Transaction Obligor:
  - (i) from performing its payment obligations under the Finance Documents; or
  - (ii) from communicating with other Parties or, if applicable, any Transaction Obligor 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 or, if applicable, any Transaction Obligor whose operations are disrupted.

**"Dividend Payment"** means, in relation to an Obligor, any of the following:

- (a) a declaration, making or payment of any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its equity interests;
- (b) a repayment or distribution of any dividend or share premium reserve; or
- (c) a redemption, repurchase, defeasance, retirement or repayment of any of its issued shares or a resolution to do any of the foregoing.

**"Document of Compliance"** has the meaning given to it in the ISM Code.

**"dollars"** and **"\$"** mean the lawful currency, for the time being, of the United States of America.

**"Dry-Docking Reserve Account"** means:

- (d) an account in the joint names of the Borrowers with the relevant Account Bank designated " Dry-Docking Reserve Account";
- (e) any other account in the name of the Borrowers with an Account Bank which may, with the prior written consent of the Facility Agent, be opened in the place of the account referred to in paragraph (a) above, irrespective of the number or designation of such replacement account; or
- (f) any sub-account of any account referred to in paragraphs (a) or (b) above.

**"Earnings"** means, in relation to a Ship, all moneys whatsoever which are now, or later become, payable (actually or contingently) to a Borrower or the Security Agent and which arise out of or in connection with or relate to the use or operation of that Ship, including (but not limited to):

- (a) the following, save to the extent that any of them is, with the prior written consent of the Facility Agent, pooled or shared with any other person:
  - (i) all freight, hire and passage moneys including, without limitation, all moneys payable under, arising out of or in connection with a Charter or a Charter Guarantee;
  - (ii) the proceeds of the exercise of any lien on sub-freights;
  - (iii) compensation payable to a Borrower or the Security Agent in the event of requisition of that Ship for hire or use;
  - (iv) remuneration for salvage and towage services;
  - (v) demurrage and detention moneys;
  - (vi) without prejudice to the generality of sub-paragraph (i) above, damages for breach (or payments for variation or termination) of any charterparty or other contract for the employment of that Ship;
  - (vii) all moneys which are at any time payable under any Insurances in relation to loss of hire;

- (viii) all monies which are at any time payable to a Borrower in relation to general average contribution; and
- (b) if and whenever that Ship is employed on terms whereby any moneys falling within sub-paragraphs (i) to (viii) of paragraph (a) above are pooled or shared with any other person, that proportion of the net receipts of the relevant pooling or sharing arrangement which is attributable to that Ship.

**"Earnings Account"** means, in relation to a Borrower:

- (a) an account in the name of that Borrower with the relevant Account Bank designated "Earnings Account";
- (b) any other account in the name of that Borrower with an Account Bank which may, with the prior written consent of the Facility Agent, be opened in the place of the account referred to in paragraph (a) above, irrespective of the number or designation of such replacement account; or
- (c) any sub-account of any account referred to in paragraphs (a) or (b) above.

**"EEA Member Country"** means any member state of the European Union, Iceland, Liechtenstein and Norway.

**"Environmental Approval"** means any present or future permit, ruling, variance or other Authorisation required under Environmental Law.

**"Environmental Claim"** means any claim by any governmental, judicial or regulatory authority or any other person which arises out of an Environmental Incident or an alleged Environmental Incident or which relates to any Environmental Law and, for this purpose, **"claim"** includes a claim for damages, compensation, contribution, injury, fines, losses and penalties or any other payment of any kind, including in relation to clean-up and removal, whether or not similar to the foregoing; an order or direction to take, or not to take, certain action or to desist from or suspend certain action; and any form of enforcement or regulatory action, including the arrest or attachment of any asset.

**"Environmental Incident"** means:

- (a) any release, emission, spill or discharge of Environmentally Sensitive Material whether within a Ship or from a Ship into any other vessel or into or upon the air, water, land or soils (including the seabed) or surface water; or
- (b) any incident in which Environmentally Sensitive Material is released, emitted, spilled or discharged into or upon the air, water, land or soils (including the seabed) or surface water from a vessel other than any Ship and which involves a collision between any Ship and such other vessel or some other incident of navigation or operation, in either case, in connection with which a Ship is actually or potentially liable to be arrested, attached, detained or injuncted and/or a Ship and/or any Transaction Obligor and/or any operator or manager of a Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action; or
- (c) any other incident in which Environmentally Sensitive Material is released, emitted, spilled or discharged into or upon the air, water, land or soils (including the seabed) or surface water otherwise than from a Ship and in connection with which a Ship is

actually or potentially liable to be arrested and/or where any Transaction Obligor and/or any operator or manager of a Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action, other than in accordance with an Environmental Approval.

"**Environmental Law**" means any present or future law relating to pollution or protection of human health or the environment, to conditions in the workplace, to the carriage, generation, handling, storage, use, release or spillage of Environmentally Sensitive Material or to actual or threatened releases of Environmentally Sensitive Material.

"**Environmentally Sensitive Material**" means and includes all contaminants, oil, oil products, toxic substances and any other substance (including any chemical, gas or other hazardous or noxious substance) which is (or is capable of being or becoming) polluting, toxic or hazardous.

"**EU Bail-In Legislation Schedule**" means the document described as such and published by the LMA from time to time.

"**Event of Default**" means any event or circumstance specified as such in Clause 27 (*Events of Default*).

"**Facility**" means the term loan facility made available under this Agreement as described in Clause 2 (*The Facility*).

"**Facility Office**" means the office or offices notified by a Lender to the Facility Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than 5 Business Days' written notice) as the office or offices through which it will perform its obligations under this Agreement.

"**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 FATCA.

"**FATCA Deduction**" means a deduction or withholding from a payment under a Finance Document required by FATCA.

"**FATCA Exempt Party**" means a Party that is entitled to receive payments free from any FATCA Deduction.

"**Fee Letter**" means any letter or letters dated on or about the date of this Agreement between any of the Mandated Lead Arrangers, the Facility Agent and the Security Agent and any Obligor setting out the amount of any of the fees referred to in Clause 11 (*Fees*) and the time of payment of the same.

"**Finance Document**" means:

- (a) this Agreement;
- (b) any Fee Letter;
- (c) each Utilisation Request;
- (d) any Security Document;
- (e) any Managers' Undertaking;
- (f) any Subordination Agreement;
- (g) any other document which is executed for the purpose of establishing any priority or subordination arrangement in relation to the Secured Liabilities; or
- (h) any other document designated as such by the Facility Agent and the Borrowers.

"**Finance Party**" means the Facility Agent, the Security Agent, the Mandated Lead Arrangers, an Account Bank and/or a Lender.

"**Financial Indebtedness**" means any indebtedness for or in relation to:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit 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 amount raised under any other transaction (including any forward sale or purchase agreement) of a type not referred to in any other paragraph of this definition having the commercial effect of a borrowing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any

derivative 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 derivative transaction, that amount) shall be taken into account);

- (h) any counter-indemnity obligation in relation to a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (i) the amount of any liability in relation to any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

"**Funding Rate**" means any individual rate notified by a Lender to the Facility Agent pursuant to paragraph Clause 10 (*Changes to the calculation of interest*).

"**GAAP**" means generally accepted accounting principles in the United States of America including IFRS.

"**General Assignment**" means, in relation to a Ship, the general assignment creating first ranking Security over:

- (a) that Ship's Earnings, its Insurances and any Requisition Compensation in relation to that Ship; and
- (b) any Assignable Charter and any Charter Guarantee in relation to any Assignable Charter in respect of that Ship, in agreed form.

"**Green Passport**" means, in relation to a Ship, a green passport statement of compliance or any other equivalent or superseding document acceptable to the Facility Agent (acting on the instructions of the Majority Lenders), issued by a classification society being a member of the International Association of Classification Societies (IACS) which includes a list of any and all materials known to be potentially hazardous utilised in the construction of that Ship and specifies their precise location on board that Ship.

"**Group**" means the Parent Guarantor and its Subsidiaries for the time being.

"**Holding Company**" means, in relation to a person, any other person in relation to which it is a Subsidiary.

"**IFRS**" means international accounting standards within the meaning of the IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

"**Indemnified Person**" has the meaning given to it in Clause 14.2 (*Other indemnities*).

"**Initial Market Value**" means, in relation to a Ship, the Market Value thereof determined pursuant to paragraph 6.3 of Part A of Schedule 2 (*Conditions Precedent*).

"**Initial Charter**" means:

- (a) in relation to Ship A, a time charter dated 3 January 2021 (as amended and supplemented from time to time) and made between Seller A and the relevant Initial Charterer (and which shall be novated pursuant to a novation agreement from Seller

A to Borrower A), in relation to the employment of that Ship for a minimum duration ending on 30 August 2022, at a gross charter hire rate of \$22,000 per day;

- (b) in relation to Ship C, a time charter dated 6 August 2019 (as amended and supplemented from time to time) and made between Seller C and the relevant Initial Charterer (and which shall be novated pursuant to a novation agreement from Seller C to Borrower C), in relation to the employment of that Ship for a minimum duration ending on 20 January 2023, at a gross charter hire rate of \$21,500 per day;
- (c) in relation to Ship D, a time charter dated 30 August 2019 (as amended and supplemented from time to time) and made between Seller D and the relevant Initial Charterer (and which shall be novated pursuant to a novation agreement from Seller D to Borrower D), in relation to the employment of that Ship for a minimum duration ending during the second quarter of 2023, at a gross charter hire rate of \$24,500 per day;
- (d) in relation to Ship G, a time charter dated 15 February 2020 (as amended and supplemented from time to time) and made between Seller G and the relevant Initial Charterer (and which shall be novated pursuant to a novation agreement from Seller G to Borrower G), in relation to the employment of that Ship for a minimum duration ending on 15 April 2022, at a gross charter hire rate of \$20,250 per day;
- (e) in relation to Ship H, a time charter dated 18 February 2021 (as amended and supplemented from time to time) and made between Seller H and the relevant Initial Charterer (and which shall be novated pursuant to a novation agreement from Seller H to Borrower H), in relation to the employment of that Ship for a minimum duration ending on 15 September 2023, at a gross charter hire rate of \$18,500 per day;
- (f) in relation to Ship I, a time charter dated 18 February 2021 (as amended and supplemented from time to time) and made between Seller I and the relevant Initial Charterer (and which shall be novated pursuant to a novation agreement from Seller I to Borrower I), in relation to the employment of that Ship for a minimum duration ending on 15 September 2022, at a gross charter hire rate of \$18,500 per day;
- (g) in relation to Ship K, a time charter dated 8 February 2021 (as amended and supplemented from time to time) and made between Seller K and the relevant Initial Charterer (and which shall be novated pursuant to a novation agreement from Seller K to Borrower K), in relation to the employment of that Ship for a minimum duration ending on 25 December 2022, at a gross charter hire rate of \$19,250 per day; and
- (h) in relation to Ship L, a time charter dated 28 April 2021 (as amended and supplemented from time to time) and made between Seller L and the relevant Initial Charterer (and which shall be novated pursuant to a novation agreement from Seller L to Borrower L), in relation to the employment of that Ship for a minimum duration ending on 10 July 2023, at a gross charter hire rate of \$11,900 per day.

**"Initial Charterer"** means:

- (a) in relation to Ship A, Ship C and Ship L, CMA CGM S.A., of Marseille, France;
- (b) in relation to Ship D, Maersk A/S, trading as Sealand Americas, of Esplanaden 50, 1098 Copenhagen, Denmark;

- (c) in relation to Ship G, Matson of 555, 12<sup>th</sup> Street, Oakland, California, USA;
- (d) in relation to Ship H and Ship I, Ocean Network Express Pte. Ltd., of 7 Straits View, Marine One East Tower, #16-01, Singapore, 018936; and
- (e) in relation Ship K, Westwood Shipping Lines Inc., of Puyallup, Washington, USA.

"**Insurances**" means, in relation to a Ship:

- (a) all policies and contracts of insurance and reinsurance, including entries of that Ship in any protection and indemnity or war risks association, effected in relation to that Ship, that Ship's Earnings or otherwise in relation to that Ship whether before, on or after the date of this Agreement; and
- (b) all rights (including, without limitation, any and all rights or claims which the Borrower owning that Ship may have under or in connection with any cut-through clause relative to any reinsurance contract relating to the aforesaid policies or contracts of insurance) and other assets relating to, or derived from, any of such policies, contracts or entries, including any rights to a return of premium and any rights in relation to any claim whether or not the relevant policy, contract of insurance or entry has expired on or before the date of this Agreement.

"**Interest Payment Date**" has the meaning given to it in paragraph (a) of Clause 8.2 (*Payment of interest*).

"**Interest Period**" means, in relation to the Loan or any part of the 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 8.3 (*Default interest*).

"**Interpolated Screen Rate**" means, in relation to the Loan or any part of the Loan, the rate (rounded to the same number of decimal places as the two relevant Screen Rates) 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 the Loan or that part of the Loan; and
- (b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the Interest Period of the Loan or that part of the Loan, each as of the Specified Time for dollars.

"**ISM Code**" means the International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention (including the guidelines on its implementation), adopted by the International Maritime Organisation, as the same may be amended or supplemented from time to time.

"**ISPS Code**" means the International Ship and Port Facility Security (ISPS) Code as adopted by the International Maritime Organization's (IMO) Diplomatic Conference of December 2002, as the same may be amended or supplemented from time to time.

"**ISSC**" means an International Ship Security Certificate issued under the ISPS Code.

"**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 Acts, 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;
- (c) similar principles, rights and defences under the laws of any Relevant Jurisdiction; and
- (d) any other matters which are set out as qualifications or reservations as to matters of law of general application in any legal opinion delivered pursuant to Clause 4 (*Conditions of Utilisation*).

"**Lender**" means:

- (a) any Original Lender; and
- (b) any bank, financial institution, trust, fund or other entity which has become a Party as a Lender in accordance with Clause 28 (*Changes to the Lenders*),

which in each case has not ceased to be a Party as such in accordance with this Agreement.

"**LIBOR**" means, in relation to the Loan or any part of the Loan:

- (a) the applicable Screen Rate as of the Specified Time for dollars and for a period equal in length to the Interest Period of the Loan or that part of the Loan; or
- (b) as otherwise determined pursuant to Clause 43.5 (*Replacement of Screen Rate*),

and if, in either case, that rate is less than zero, LIBOR shall be deemed to be zero.

"**LLC Shares**" shall have, in respect of each Borrower, the meaning ascribed thereto in that Borrower's limited liability company agreement.

"**LMA**" means the Loan Market Association or any successor organisation.

"**Loan**" means the loan to be made available under the Facility or the aggregate principal amount outstanding for the time being of the borrowings under the Facility and a "**part of the Loan**" means a Tranche, a part of a Tranche or any other part of the Loan as the context may require.

"**Major Casualty**" means, in relation to a Ship, any casualty to that Ship in relation to which the claim or the aggregate of the claims against all insurers, before adjustment for any relevant franchise or deductible, exceeds \$1,000,000 or the equivalent in any other currency.

"**Majority Lenders**" means:

- (a) if no Tranche has yet been advanced, a Lender or Lenders whose Commitments aggregate more than 67 per cent. of the Total Commitments; or

- (b) at any other time, a Lender or Lenders whose participations in the Loan aggregate more than 67 per cent. of the amount of the Loan then outstanding or, if the Loan has been repaid or prepaid in full, a Lender or Lenders whose participations in the Loan immediately before repayment or prepayment aggregate more than 67 per cent. of the Loan immediately before such repayment.

**"Management Agreement"** means a Technical Management Agreement or a Commercial Management Agreement or a Crewing Management Agreement.

**"Manager's Undertaking"** means, in relation to a Ship, the letter of undertaking from the Approved Technical Manager, the letter of undertaking from the Approved Crewing Manager and the letter of undertaking from the Approved Commercial Manager subordinating the rights of the Approved Technical Manager, the Approved Crewing Manager and the Approved Commercial Manager respectively against that Ship and the relevant Borrower to the rights of the Finance Parties in agreed form.

**"Margin"** means 3.25 per cent. per annum.

**"Market Value"** means, in relation to a Ship or any other vessel, at any date, an amount equal to the market value of that Ship or that vessel shown by a valuation addressed and provided to the Facility Agent and prepared:

- (a) as at a date not more than 30 days previously;
- (b) by an Approved Valuer selected and appointed by the Facility Agent;
- (c) with or without physical inspection of that Ship or that vessel (as the Facility Agent may require (acting on the instructions of the Majority Lenders)); and
- (d) on the basis of a sale for prompt delivery for cash on normal arm's length commercial terms as between a willing seller and a willing buyer, free of any Charter.

if the Borrowers disagree with the valuation obtained by the Facility Agent as above, they shall be entitled to obtain a second valuation from an Approved Valuer selected by the Borrowers and appointed by the Facility Agent and prepared in accordance with paragraphs (a) (d) above. In that case, the Market Value of that Ship shall be the arithmetic mean of the two valuations issued (one from the Approved Valuer selected by the Borrowers and appointed by the Facility Agent and one from the Approved Valuer selected and appointed by the Facility Agent). If the Borrowers do not select an Approved Valuer within 14 days after the Facility Agent's request to receive a valuation of a Ship, the Market Value of that Ship shall be that shown in the sole valuation obtained by the Facility Agent.

**"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 as a whole; or
- (b) the ability of any Transaction Obligor to perform its obligations under any Finance Document to which it is a party; or

- (c) the validity or enforceability of, or the effectiveness or ranking of any Security granted or intended 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.

"**Member**" means GSL KALAMATA LLC, a Liberian limited liability company, as holder of all 500 LLC Shares in each Borrower, which is a wholly owned Subsidiary of the Parent Guarantor.

"**Merger**" means a reverse triangular merger involving the Parent Guarantor and Poseidon Containers Holdings LLC, as a result of which Poseidon Containers Holdings LLC became the indirect, wholly-owned Subsidiary of the Parent Guarantor.

"**Minimum Liquidity Account**" means:

- (a) an account in the joint names of the Borrowers with the relevant Account Bank designated "Minimum Liquidity Account";
- (b) any other account in the name of the Borrowers with an Account Bank which may, with the prior written consent of the Facility Agent, be opened in the place of the account referred to in paragraph (a) above, irrespective of the number or designation of such replacement account; or
- (c) any sub-account of any account referred to in paragraphs (a) or (b) above.

"**Minimum Liquidity Amount**" has the meaning given in Clause 21.1 (*Borrower liquidity*).

"**MOA**" means MOA A, MOA B, MOA C, MOA D, MOA E, MOA F, MOA G, MOA H, MOA I, MOA J, MOA K or MOA L.

"**MOA A**" means the memorandum of agreement dated 3 June 2021 and made between (i) Borrower A as buyer and (ii) Seller A for the purchase of Ship A (as the same may be amended and supplemented from time to time).

"**MOA B**" means the memorandum of agreement dated 3 June 2021 and made between (i) Borrower B as buyer and (ii) Seller B for the purchase of Ship B (as the same may be amended and supplemented from time to time).

"**MOA C**" means the memorandum of agreement dated 3 June 2021 and made between (i) Borrower C as buyer and (ii) Seller C for the purchase of Ship C (as the same may be amended and supplemented from time to time).

"**MOA D**" means the memorandum of agreement dated 3 June 2021 and made between (i) Borrower D as buyer and (ii) Seller D for the purchase of Ship D (as the same may be amended and supplemented from time to time).

"**MOA E**" means the memorandum of agreement dated 3 June 2021 and made between (i) Borrower E as buyer and (ii) Seller E for the purchase of Ship E (as the same may be amended and supplemented from time to time).

"**MOA F**" means the memorandum of agreement dated 3 June 2021 and made between (i) Borrower F as buyer and (ii) Seller F for the purchase of Ship F (as the same may be amended and supplemented from time to time).

"**MOA G**" means the memorandum of agreement dated 3 June 2021 and made between (i) Borrower Gas buyer and (ii) Seller G for the purchase of Ship G (as the same may be amended and supplemented from time to time).

"**MOA H**" means the memorandum of agreement dated 3 June 2021 and made between (i) Borrower H as buyer and (ii) Seller H for the purchase of Ship H (as the same may be amended and supplemented from time to time).

"**MOA I**" means the memorandum of agreement dated 3 June 2021 and made between (i) Borrower I as buyer and (ii) Seller I for the purchase of Ship I (as the same may be amended and supplemented from time to time).

"**MOA J**" means the memorandum of agreement dated 3 June 2021 and made between (i) Borrower J as buyer and (ii) Seller J for the purchase of Ship J (as the same may be amended and supplemented from time to time).

"**MOA K**" means the memorandum of agreement dated 3 June 2021 and made between (i) Borrower K as buyer and (ii) Seller K for the purchase of Ship K (as the same may be amended and supplemented from time to time).

"**MOA L**" means the memorandum of agreement dated 3 June 2021 and made between (i) Borrower L as buyer and (ii) Seller L for the purchase of Ship L (as the same may be amended and supplemented from time to time).

"**Month**" means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

- (a) (subject to paragraph (c) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;
- (b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and
- (c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end.

The above rules will only apply to the last Month of any period.

"**Mortgage**" means, in relation to a Ship, a first preferred Liberian ship mortgage or, as the case may be, a first preferred or priority ship mortgage at the applicable ship registry of the Approved Flag on that Ship in agreed form.

"**Obligor**" means the Borrower or the Parent Guarantor.

"**Operating Expenses**" means the aggregate expenditure necessarily incurred by each Borrower in operating, insuring, maintaining, repairing and generally trading the Ship owned by it (including, without limitation any crewing fees paid under a Management Agreement) and general and administrative expenses paid in respect of that Ship.

"**Original Financial Statements**" means, in relation to the Parent Guarantor, the audited consolidated financial statements of the Group for its financial year ended 2020.

"**Original Jurisdiction**" means, in relation to an Obligor, the jurisdiction under whose laws that Obligor is formed as at the date of this Agreement.

"**Overseas Regulations**" means the Overseas Companies Regulations 2009 (SI 2009/1801).

"**Parallel Debt**" means any amount which an Obligor owes to the Security Agent under Clause 31.2 (*Parallel Debt (Covenant to pay the Security Agent)*) or under that Clause as incorporated by reference or in full in any other Finance Document.

"**Participating Member State**" means any member state of the European Union that has the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

"**Party**" means a party to this Agreement.

"**Perfection Requirements**" means the making or procuring of filings, stampings, registrations, notarisations, endorsements, translations and/or notifications of any Finance Document (and/or any Security created under it) necessary for the validity, enforceability (as against the relevant Obligor or any relevant third party) and/or perfection of that Finance Document.

"**Permitted Charter**" means, in relation to a Ship, a Charter (other than an Initial Charter or an Assignable Charter relative thereto):

- (a) which is a time, voyage or consecutive voyage charter;
- (b) the duration of which does not exceed and is not capable of exceeding, by virtue of any optional extensions, 12 months plus a redelivery allowance of not more than 30 days unless prior approval has been obtained from the Facility Agent;
- (c) which is entered into on *bona fide* arm's length terms at the time at which that Ship is fixed; and
- (d) in relation to which not more than two months' hire is payable in advance,

and any other Charter which is approved in writing by the Facility Agent acting with the authorisation of the Majority Lenders which authorisation no Lender shall unreasonably withhold or delay.

"**Permitted Financial Indebtedness**" means:

- (a) any Financial Indebtedness incurred under the Finance Documents;
- (b) any Financial Indebtedness that is subordinated to all Financial Indebtedness incurred under the Finance Documents pursuant to a Subordination Agreement and which is, in the case of any such Financial Indebtedness of the Borrower, the subject of Subordinated Debt Security; and
- (c) any normal trading debt of each Borrower incurred in the ordinary course of its business operations of owning and operating the relevant Ship and issuing guarantees thereunder.

"**Permitted Security**" means:

- (a) Security created by the Finance Documents;
- (b) liens for unpaid master's and crew's wages in accordance with first class ship ownership and management practice and not being enforced through arrest;

- (c) liens for salvage;
- (d) liens for master's disbursements incurred in the ordinary course of trading in accordance with first class ship ownership and management practice; and
- (e) any other lien arising by operation of law or otherwise in the ordinary course of the operation, repair or maintenance of any Ship:
  - (i) not as a result of any default or omission by any Borrower; and
  - (ii) subject, in the case of liens for repair or maintenance, to Clause 24.14 (*Restrictions on chartering, appointment of managers etc.*),

provided such lien does not secure amounts more than 60 days overdue (unless the overdue amount is being contested in good faith by appropriate steps and for the payment of which adequate reserves are held and provided further that such proceedings do not give rise to a material risk of the relevant Ship or any interest in it being seized, sold, forfeited or lost).

**"Poseidon Principles"** means the financial industry framework for assessing and disclosing the climate alignment of ship finance portfolios published in 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.

**"Potential Event of Default"** means any event or circumstance specified in Clause 27 (*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 any of the foregoing) be an Event of Default.

**"Prohibited Person"** means a person that is:

- (a) listed on, or owned or controlled by a person listed on any Sanctions List;
- (b) located in, incorporated under the laws of, or owned or controlled by, or acting on behalf of, a person located in or organised under the laws of a Sanctioned Country; or
- (c) otherwise a target of Sanctions

**"Protected Party"** has the meaning given to it in Clause 12.1 (*Definitions*).

**"Quotation Day"** means, in relation to any period for which an interest rate is to be determined, two Business Days (in London, England) before the first day of that period unless market practice differs in the Relevant Interbank Market in which case the Quotation Day will be determined by the Facility Agent in accordance with market practice in the Relevant Interbank Market (and if quotations would normally be given by leading banks in the Relevant Interbank Market on more than one day, the Quotation Day will be the last of those days).

**"Receiver"** means a receiver or receiver and manager or administrative receiver of the whole or any part of the Security Assets.

"**Recognised Organisation**" means an organisation representing any Ship's flag state and, for the purposes of Clause 24.21 (*Poseidon Principles*) duly authorized to determine whether the relevant Borrower has complied with regulation 22A of Annex VI.

"**Reference Bank Quotation**" means any quotation supplied to the Facility Agent by a Reference Bank.

"**Reference Bank Rate**" means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Facility Agent at its request by the Reference Banks:

- (a) if:
  - (i) the Reference Bank is a contributor to the Screen Rate; and
  - (ii) it consists of a single figure,
    - as the rate (applied to the relevant Reference Bank and the relevant currency and period) which contributors to the Screen Rate are asked to submit to the relevant administrator; or
- (b) in any other case, as the rate at which the relevant Reference Bank could fund itself in dollars for the relevant period with reference to the unsecured wholesale funding market.

"**Reference Banks**" means the Hamburg branch of Hamburg Commercial Bank AG, the head office of any other bank which is a Lender at the relevant time (unless such Lender has advised the Facility Agent in writing that it does not wish to be a Reference Bank) and any of their respective successors and any banks as may be appointed by the Facility Agent (acting on the instructions of the Majority Lenders) in consultation with the Borrowers.

"**Related Fund**" in relation to a fund (the "first fund"), means a fund which is managed or advised by the same investment manager or investment adviser as the first fund or, if it is managed by a different investment manager or investment adviser, a fund whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the first fund.

"**Relevant Interbank Market**" means the London interbank market.

"**Relevant Jurisdiction**" means, in relation to a Transaction Obligor:

- (a) its Original Jurisdiction;
- (b) any jurisdiction where any asset subject to, or intended to be subject to, any of the Transaction Security created, or intended to be created, by it is situated;
- (c) any jurisdiction where it conducts its business; and
- (d) the 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.

"**Repayment Date**" means each date on which a Repayment Instalment is required to be paid under Clause 6.1 (*Repayment of Loan*).

"**Repayment Instalment**" has the meaning given to it in Clause 6.1 (*Repayment of Loan*).

"**Repeating Representation**" means each of the representations set out in Clause 19 (*Representations*) except Clause 19.10 (*Insolvency*), Clause 19.11 (*No filing or stamp taxes*), Clause 19.12 (*Deduction of Tax*), Clause 19.18 (*Validity and completeness of the MOAs*), Clause 19.22 (*Initial Charter*) and any representation of any Transaction Obligor made in any other Finance Document that is expressed to be a "Repeating Representation" or is otherwise expressed to be repeated.

"**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 Borrowers, 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 Borrowers, an appropriate successor to a Screen Rate.

"**Representative**" means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.

"**Requisition**" means in relation to a Ship:

- (a) any expropriation, confiscation, requisition (excluding a requisition for hire or use which does not involve a requisition for title) or acquisition of that Ship, whether for full consideration, a consideration less than its proper value, a nominal consideration or without any consideration, which is effected (whether *de jure* or *de facto*) by any government or official authority or by any person or persons claiming to be or to represent a government or official authority unless it is within 45 days redelivered to the full control of the relevant Borrower (or any other longer period as the Facility Agent may agree at the request of the relevant Borrower); and
- (b) any capture or seizure of that Ship (including any hijacking or theft) by any person whatsoever (unless it is within 45 days redelivered to the full control of the relevant Borrower (or any other longer period as the Facility Agent may agree at the request of the relevant Borrower)).

"**Requisition Compensation**" includes all compensation or other moneys payable to a Borrower by reason of any Requisition or any arrest or detention of a Ship in the exercise or purported exercise of any lien or claim.

"**Resolution Authority**" means any body which has authority to exercise any Write-down and Conversion Powers.

"**Retention Account**" means:

- (a) an account in the joint names of the Borrowers with the relevant Account Bank designated "Retention Account";
- (b) any other account in the name of the Borrowers with an Account Bank which may, with the prior written consent of the Facility Agent, be opened in the place of the account referred to in paragraph (a) above, irrespective of the number or designation of such replacement account; or
- (c) any sub-account of any account referred to in paragraphs (a) or (b) above. "**Safety Management Certificate**" has the meaning given to it in the ISM Code. "**Safety Management System**" has the meaning given to it in the ISM Code.

"**Sanctions**" means any trade, economic or financial sanctions laws, regulations, embargoes or restrictive measures administered, enacted or enforced by a Sanctions Authority.

"**Sanctions Authority**" means:

- (a) the Security Council of the United Nations;
- (b) the United States;
- (c) the United Kingdom;
- (d) the European Union;
- (e) any member state of the European Union (including, without limitation, The Netherlands and France);
- (f) any country to which any member of the Group or an Approved Manager is registered or has material (financial or otherwise) interests or operations; and
- (g) the governments and official institutions or agencies of any of the foregoing paragraphs, including without limitation the U.S. Office of Foreign Asset Control ("**OFAC**"), the U.S. Department of State, and Her Majesty's Treasury ("**HMT**").

"**Sanctioned Country**" means a country or territory that is the subject or the target of Sanctions (including, without limitation, Cuba, Iran, North Korea, Syria and Crimea).

"**Sanctions List**" means the Specially Designated Nationals and Blocked Persons list maintained by OFAC, the Consolidated List of Financial Sanctions Targets maintained by HMT, or any similar list maintained by, or public announcement of a Sanctions designation made by, a Sanctions Authority, each as amended, supplemented or substituted from time to time.

"**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 for the relevant period displayed (before any correction, recalculation or republication by the administrator) on page LIBOR01 or LIBOR02 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on 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 Facility Agent may specify another page or service displaying the relevant rate after consultation with the Borrowers.

"**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 Borrowers, materially changed; or
- (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, 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,
    - (C) provided that, in each case, at that time, there is no successor administrator to continue to provide that Screen Rate; or
  - (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; or
  - (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 Borrowers) temporary; or
  - (ii) that Screen Rate is calculated in accordance with any such policy or arrangement for a period no less than 15 Business Days; or

in the opinion of the Majority Lenders and the Borrowers, that Screen Rate is otherwise no longer appropriate for the purposes of calculating interest under this Agreement.

"**Secured Liabilities**" means all present and future obligations and liabilities, (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Transaction Obligor to any Secured Party under or in connection with each Finance Document.

"**Secured Party**" means each Finance Party from time to time party to this Agreement, a Receiver or any Delegate.

"**Security**" means a mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having the effect of conferring security.

"**Security Assets**" means all of the assets of the Transaction Obligors which from time to time are, or are expressed to be, the subject of the Transaction Security.

"**Security Cover Ratio**" means, at any relevant time, the aggregate of:

- (a) the aggregate Market Value of the Ships then subject to a Mortgage; plus
- (b) the net realisable value of additional Security previously provided under Clause 25 (*Security Cover*),

expressed as a percentage of the Loan, as at that time.

"**Security Document**" means:

- (c) any Shares Security;
- (d) any Mortgage;
- (e) any General Assignment;
- (f) any Charterparty Assignment;
- (g) any Account Security;
- (h) any Subordinated Debt Security;
- (i) any other document (whether or not it creates Security) which is executed as security for the Secured Liabilities; or
- (j) any other document designated as such by the Facility Agent and the Borrowers.

"**Security Period**" means the period starting on the date of this Agreement and ending on the date on which the Facility Agent is satisfied that there is no outstanding Commitment in force and that the Secured Liabilities have been irrevocably and unconditionally paid and discharged in full.

"**Security Property**" means:

- (a) the Transaction Security expressed to be granted in favour of the Security Agent as trustee for the Secured Parties and all proceeds of that Transaction Security;

- (b) all obligations expressed to be undertaken by a Transaction Obligor to pay amounts in relation to the Secured Liabilities to the Security Agent as trustee for the Secured Parties and secured by the Transaction Security together with all representations and warranties expressed to be given by a Transaction Obligor or any other person in favour of the Security Agent as trustee for the Secured Parties;
- (c) the Security Agent's interest in any turnover trust created under the Finance Documents;
- (d) any other amounts or property, whether rights, entitlements, choses in action or otherwise, actual or contingent, which the Security Agent is required by the terms of the Finance Documents to hold as trustee on trust for the Secured Parties,

except:

- (i) rights intended for the sole benefit of the Security Agent; and
- (ii) any moneys or other assets which the Security Agent has transferred to the Facility Agent or (being entitled to do so) has retained in accordance with the provisions of this Agreement.

"**Selection Notice**" means a notice substantially in the form set out in Part B of Schedule 3 (*Requests*) given in accordance with Clause 9 (*Interest Periods*).

"**Seller**" means Seller A, Seller B, Seller C, Seller D, Seller E, Seller F, Seller G, Seller H, Seller I, Seller J, Seller K or Seller L.

"**Seller A**" means Bomar Puccini LLC of Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH 96960.

"**Seller B**" means Bomar Golf LLC of Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH 96960.

"**Seller C**" means Bomar Echo LLC of Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH 96960.

"**Seller D**" means Bomar Charlie LLC of Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH 96960.

"**Seller E**" means Bomar Bravo LLC of Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH 96960.

"**Seller F**" means Bomar Mozart LLC of Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH 96960.

"**Seller G**" means Bomar Bellini LLC of Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH 96960.

"**Seller H**" means Bomar Hamburg LLC of Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH 96960.

"**Seller I**" means Bomar Haydn LLC of Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH 96960.

"**Seller J**" means Bomar Beethoven LLC of Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH 96960.

"**Seller K**" means Bomar Juliet LLC of Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH 96960.

"**Seller L**" means Bomar Delta LLC of Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH 96960.

"**Seller's Bank**" means, in relation to each MOA, the bank to which the purchase price of the relevant Ship should be paid in accordance with the terms of that MOA.

"**Servicing Party**" means the Facility Agent or the Security Agent.

"**Shares Security**" means, in relation to a Borrower, a document creating Security over the LLC Shares in that Borrower in agreed form.

"**Ship**" means Ship A, Ship B, Ship C, Ship D, Ship E, Ship F, Ship G, Ship H, Ship I, Ship J, Ship K or Ship L.

"**Ship A**" means m.v. "BOMAR MILIONE", currently registered in the ownership of Seller A and which is to be purchased by Borrower A under MOA A and which, on delivery, is to be registered in the ownership of Borrower A under an Approved Flag, further details of which are set out opposite its name in Schedule 7 (*Details of the Ships*).

"**Ship B**" means m.v. "BOMAR ROSSI", currently registered in the ownership of Seller B and which is to be purchased by Borrower B under MOA B and which, on delivery, is to be registered in the ownership of Borrower B under an Approved Flag, further details of which are set out opposite its name in Schedule 7 (*Details of the Ships*).

"**Ship C**" means m.v. "NORDIC MACAU", currently registered in the ownership of Seller C and which is to be purchased by Borrower C under MOA C and which, on delivery, is to be registered in the ownership of Borrower C under an Approved Flag, further details of which are set out opposite its name in Schedule 7 (*Details of the Ships*).

"**Ship D**" means m.v. "NORDIC HONG KONG", currently registered in the ownership of Seller D and which is to be purchased by Borrower D under MOA D and which, on delivery, is to be registered in the ownership of Borrower D under an Approved Flag, further details of which are set out opposite its name in Schedule 7 (*Details of the Ships*).

"**Ship E**" means m.v. "BOMAR BEIJING", currently registered in the ownership of Seller E and which is to be purchased by Borrower E under MOA E and which, on delivery, is to be registered in the ownership of Borrower E under an Approved Flag, further details of which are set out opposite its name in Schedule 7 (*Details of the Ships*).

"**Ship F**" means m.v. "MOZART", currently registered in the ownership of Seller F and which is to be purchased by Borrower F under MOA F and which, on delivery, is to be registered in the ownership of Borrower F under an Approved Flag, further details of which are set out opposite its name in Schedule 7 (*Details of the Ships*).

"**Ship G**" means m.v. "BOMAR BELLINI", currently registered in the ownership of Seller G and which is to be purchased by Borrower G under MOA G and which, on delivery, is to be

registered in the ownership of Borrower G under an Approved Flag, further details of which are set out opposite its name in Schedule 7 (*Details of the Ships*).

"**Ship H**" means m.v. "BOMAR HAMBURG", currently registered in the ownership of Seller H and which is to be purchased by Borrower H under MOA H and which, on delivery, is to be registered in the ownership of Borrower H under an Approved Flag, further details of which are set out opposite its name in Schedule 7 (*Details of the Ships*).

"**Ship I**" means m.v. "HAYDN", currently registered in the ownership of Seller I and which is to be purchased by Borrower I under MOA I and which, on delivery, is to be registered in the ownership of Borrower I under an Approved Flag, further details of which are set out opposite its name in Schedule 7 (*Details of the Ships*).

"**Ship J**" means m.v. "BEETHOVEN", currently registered in the ownership of Seller J and which is to be purchased by Borrower J under MOA J and which, on delivery, is to be registered in the ownership of Borrower J under an Approved Flag, further details of which are set out opposite its name in Schedule 7 (*Details of the Ships*).

"**Ship K**" means m.v. "RAVEL", currently registered in the ownership of Seller K and which is to be purchased by Borrower K under MOA K and which, on delivery, is to be registered in the ownership of Borrower K under an Approved Flag, further details of which are set out opposite its name in Schedule 7 (*Details of the Ships*).

"**Ship L**" means m.v. "BOMAR REBECCA", currently registered in the ownership of Seller L and which is to be purchased by Borrower L under MOA L and which, on delivery, is to be registered in the ownership of Borrower L under an Approved Flag, further details of which are set out opposite its name in Schedule 7 (*Details of the Ships*).

"**Special Reserve Account**" means:

- (a) an account in the joint names of the Borrowers with the relevant Account Bank designated "Special Reserve Account";
- (b) any other account in the name of the Borrowers with an Account Bank which may, with the prior written consent of the Facility Agent, be opened in the place of the account referred to in paragraph (a) above, irrespective of the number or designation of such replacement account; or
- (c) any sub-account of any account referred to in paragraphs (a) or (b) above.

"**Specified Time**" means a day or time determined in accordance with Schedule 9 (*Timetables*).

"**Subordinated Creditor**" means:

- (a) a Transaction Obligor; or
- (b) any other person who becomes a Subordinated Creditor in accordance with this Agreement.

"**Subordinated Debt Security**" means a Security over Subordinated Liabilities entered into or to be entered into by a Subordinated Creditor in favour of the Security Agent in an agreed form.

"**Subordinated Finance Document**" means:

- (a) a Subordinated Loan Agreement; and
- (b) any other document relating to or evidencing Subordinated Liabilities.

"**Subordinated Liabilities**" means all indebtedness owed or expressed to be owed by the Borrowers to a Subordinated Creditor whether under the Subordinated Finance Documents or otherwise.

"**Subordinated Loan Agreement**" means any loan agreement made between (i) a Borrower and (ii) a Subordinated Creditor.

"**Subordination Agreement**" means a subordination agreement entered into or to be entered into by a Subordinated Creditor and the Security Agent, subordinating, *inter alia* all the Subordinated Creditor's rights and interests under any Subordinated Loan Agreement to the rights and interests of the Finance Parties in agreed form.

"**Subsidiary**" means a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006.

"**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**" has the meaning given to it in Clause 12.1 (*Definitions*).

"**Tax Deduction**" has the meaning given to it in Clause 12.1 (*Definitions*).

"**Tax Payment**" has the meaning given to it in Clause 12.1 (*Definitions*).

"**Technical Management Agreement**" means the agreement entered into between a Borrower and an Approved Technical Manager regarding the technical management of a Ship.

"**Termination Date**" means the date falling on the earlier of (i) the fifth anniversary of the first Utilisation Date to occur and (ii) 30 September 2026.

"**Testing Date**" means each date falling on the earlier of (a) the date on which the audited or, as the case may be, unaudited, financial statements referred to in Clause 20.2 (*Financial statements*) are actually delivered to the Facility Agent pursuant to the provisions of that Clause and (b) the latest date by which each such financial statements are required to be delivered to the Facility Agent pursuant to Clause 20.2 (*Financial statements*), commencing with the financial statements for the 3-month period ending on 30 June 2021 in relation to the Parent Guarantor.

"**Third Parties Act**" has the meaning given to it in Clause 1.5 (*Third party rights*).

"**Total Commitments**" means the aggregate of the Commitments, being \$140,000,000 at the date of the Agreement.

"**Total Loss**" means, in relation to a Ship:

- (a) actual, constructive, compromised, agreed or arranged total loss of that Ship; or

- (b) any Requisition of that Ship unless that Ship is returned to the full control of the relevant Borrower within 45 days of such Requisition (or such longer period as may be requested by the Borrowers and agreed to by the Facility Agent).

"**Total Loss Date**" means, in relation to the Total Loss of a Ship:

- (a) in the case of an actual loss of that Ship, the date on which it occurred or, if that is unknown, the date when that Ship was last heard of;
- (b) in the case of a constructive, compromised, agreed or arranged total loss of that Ship, the earlier of:
- (i) the date on which a notice of abandonment is given (or deemed or agreed to be given) to the insurers; and
  - (ii) the date of any compromise, arrangement or agreement made by or on behalf of the relevant Borrower with that Ship's insurers in which the insurers agree to treat that Ship as a total loss; and
- (c) in the case of any other type of Total Loss, the date (or the most likely date) on which it appears to the Facility Agent that the event constituting the total loss occurred.

"**Tranche**" means Tranche A, Tranche B, Tranche C, Tranche D, Tranche E, Tranche F, Tranche G, Tranche H, Tranche I, Tranche J, Tranche K, or Tranche L.

"**Tranche A**" means, together, the Amortizing Portion and the Balloon Portion in relation to that Tranche.

"**Tranche B**" means, together, the Amortizing Portion and the Balloon Portion in relation to that Tranche.

"**Tranche C**" means, together, the Amortizing Portion and the Balloon Portion in relation to that Tranche.

"**Tranche D**" means, together, the Amortizing Portion and the Balloon Portion in relation to that Tranche.

"**Tranche E**" means, together, the Amortizing Portion and the Balloon Portion in relation to that Tranche.

"**Tranche F**" means, together, the Amortizing Portion and the Balloon Portion in relation to that Tranche.

"**Tranche G**" means, together, the Amortizing Portion and the Balloon Portion in relation to that Tranche.

"**Tranche H**" means, together, the Amortizing Portion and the Balloon Portion in relation to that Tranche.

"**Tranche I**" means that part of the Loan made or to be made available to the Borrowers to finance part of the acquisition cost of Ship I by Borrower I in a principal amount not exceeding \$8,864,800.

"**Tranche J**" means, together, the Amortizing Portion and the Balloon Portion in relation to that Tranche.

"**Tranche K**" means, together, the Amortizing Portion and the Balloon Portion in relation to that Tranche.

"**Tranche L**" means, together, the Amortizing Portion and the Balloon Portion in relation to that Tranche.

"**Transaction Document**" means:

- (a) a Finance Document;
- (b) a Subordinated Finance Document;
- (c) any Assignable Charter;
- (d) any MOA; or
- (e) any other document designated as such by the Facility Agent and a Borrower.

"**Transaction Obligor**" means an Obligor or any other member of the Group who executes a Transaction Document.

"**Transaction Security**" means the Security created or evidenced or expressed to be created or evidenced under the Security Documents.

"**Transfer Certificate**" means a certificate substantially in the form set out in Schedule 4 (*Form of Transfer Certificate*) or any other form agreed between the Facility Agent and the Borrowers.

"**Transfer Date**" means, in relation to an assignment or a transfer, the later of:

- (a) the proposed Transfer Date specified in the relevant Assignment Agreement or Transfer Certificate; and
- (b) the date on which the Facility Agent executes the relevant Assignment Agreement or Transfer Certificate.

"**UK Bail-In Legislation**" means Part 1 of the United Kingdom Banking Act 2009 and any other law or regulation applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutes or their affiliates (otherwise than through liquidation, administration or other insolvency proceedings).

"**UK Establishment**" means a UK establishment as defined in the Overseas Regulations.

"**Unpaid Sum**" means any sum due and payable but unpaid by a Transaction Obligor under the Finance Documents.

"**US**" means the United States of America.

"**US Tax Obligor**" means:

- (a) a person which is resident for tax purposes in the US; or

(b) a person some or all of whose payments under the Finance Documents are from sources within the US for US federal income tax purposes.

"**Utilisation**" means the utilisation of any part of the Facility.

"**Utilisation Date**" means the date of a Utilisation, being the date on which the relevant Tranche is to be made.

"**Utilisation Request**" means a notice substantially in the form set out in Part A of Schedule 3 (*Requests*).

"**VAT**" means:

- (a) any value added tax imposed by the Value Added Tax Act 1994;
- (b) 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
- (c) 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;
- (b) in relation to any other applicable Bail-In Legislation other than the UK 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
  - (ii) any similar or analogous powers under that Bail-In Legislation; and
- (c) in relation to any UK Bail In Legislation, any powers under that UK 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 UK Bail-In Legislation that are related to or ancillary to any of those powers.

## 1.2

### Construction

(a)

Unless a contrary indication appears, a reference in this Agreement to:

- (i) any "**Account Bank**", the "**Mandated Lead Arrangers**", the "**Facility Agent**", any "**Finance Party**", any "**Lender**", any "**Obligor**", any "**Party**", any "**Secured Party**", the "**Security Agent**", any "**Transaction Obligor**" or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees to, or of, its rights and/or obligations under the Finance Documents;
- (ii) "**assets**" includes present and future properties, revenues and rights of every description;
- (iii) a liability which is "**contingent**" means a liability which is not certain to arise and/or the amount of which remains unascertained;
- (iv) "**document**" includes a deed and also a letter, fax, email or telex;
- (v) "**expense**" means any kind of cost, charge or expense (including all legal costs, charges and expenses) and any applicable Tax including VAT;
- (vi) a "**Finance Document**", a "**Security Document**" or "**Transaction Document**" or any other agreement or instrument is a reference to that Finance Document, Security Document or Transaction Document or other agreement or instrument as amended, replaced, novated, supplemented, extended or restated;
- (vii) a "**group of Lenders**" includes all the Lenders;
- (viii) "**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;
- (ix) "**law**" includes any order or decree, any form of delegated legislation, any treaty or international convention and any regulation or resolution of the Council of the European Union, the European Commission, the United Nations or its Security Council;
- (x) "**proceedings**" means, in relation to any enforcement provision of a Finance Document, proceedings of any kind, including an application for a provisional or protective measure;
- (xi) a "**person**" includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium, partnership or other entity (whether or not having separate legal personality);
- (xii) 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;
- (xiii) a provision of law is a reference to that provision as amended or re-enacted from time to time;

- (xiv) a time of day is a reference to London time;
  - (xv) any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall, in respect of a jurisdiction other than England, be deemed to include that which most nearly approximates in that jurisdiction to the English legal term;
  - (xvi) words denoting the singular number shall include the plural and vice versa; and
  - (xvii) "**including**" and "**in particular**" (and other similar expressions) shall be construed as not limiting any general words or expressions in connection with which they are used.
- (b) The determination of the extent to which a rate is "**for a period equal in length**" to an Interest Period shall disregard any inconsistency arising from the last day of that Interest Period being determined pursuant to the terms of this Agreement.
  - (c) Section, Clause and Schedule headings are for ease of reference only and are not to be used for the purposes of construction or interpretation of the Finance Documents.
  - (d) 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.
  - (e) A Potential 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 the Facility Agent deems that is capable of remedy, has not been remedied within the period of time specified by the Facility Agent.

### 1.3 Construction of insurance terms

In this Agreement:

"**approved**" means, for the purposes of Clause 23 (*Insurance Undertakings*), approved in writing by the Facility Agent.

"**excess risks**" means, in respect of a Ship, the proportion of claims for general average, salvage and salvage charges not recoverable under the hull and machinery policies in respect of that Ship in consequence of its insured value being less than the value at which that Ship is assessed for the purpose of such claims.

"**obligatory insurances**" means all insurances effected, or which any Borrower is obliged to effect, under Clause 23 (*Insurance Undertakings*) or any other provision of this Agreement or of another Finance Document.

"**policy**" includes a slip, cover note, certificate of entry or other document evidencing the contract of insurance or its terms.

"**protection and indemnity risks**" means the usual risks covered by a protection and indemnity association managed in London, including pollution risks and the proportion (if any) of any sums payable to any other person or persons in case of collision which are not recoverable under the hull and machinery policies by reason of the incorporation in them of clause 6 of the International Hull Clauses (1/11/02) (1/11/03), clause 8 of the Institute Time Clauses (Hulls) (1/10/83) (1/11/95) or the Institute Amended Running Down Clause (1/10/71) or any equivalent provision.

"war risks" includes the risk of mines and all risks excluded by clauses 29, 30 or 31 of the International Hull Clauses (1/11/02), clauses 29 or 30 of the International Hull Clauses (1/11/03), clauses 24, 25 or 26 of the Institute Time Clauses (Hulls) (1/11/95) or clauses 23, 24 or 25 of the Institute Time Clauses (Hulls) (1/10/83) or any equivalent provision.

#### 1.4 **Agreed forms of Finance Documents**

References in Clause 1.1 (*Definitions*) to any Finance Document being in "agreed form" are to that Finance Document:

- (a) in a form attached to a certificate dated the same date as this Agreement (and signed by each Borrower and the Facility Agent); or
- (b) in any other form agreed in writing between each Borrower and the Facility Agent acting with the authorisation of the Majority Lenders or, where Clause 43.2 (*All Lender matters*) applies, all the Lenders.

#### 1.5 **Third party rights**

- (a) Unless expressly provided to the contrary in a Finance Document, a person who is not a Party 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 this Agreement.
- (b) Subject to Clause 43.3 (*Other exceptions*) but otherwise notwithstanding any term of any Finance Document, the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.
- (c) Any Affiliate, Receiver, Delegate or any other person described in paragraph (d) of Clause 14.2 (*Other indemnities*), paragraph (b) of Clause 30.10 (*Exclusion of liability*), or paragraph (b) of Clause 31.11 (*Exclusion of liability*), Clause 30.18 (*Role of Reference Banks*), Clause 30.19 (*Third Party Reference Banks*) or paragraph (b) of Clause 30.10 (*Exclusion of liability*), may subject to this Clause 1.5 (*Third party rights*) and the Third Parties Act, rely on any Clause of this Agreement which expressly confers rights on it.

**SECTION 2****THE FACILITY****2 THE FACILITY****2.1 The Facility**

Subject to the terms of this Agreement, the Lenders make available to the Borrowers a dollar term loan facility in 12 Tranches in an aggregate amount not exceeding the Total Commitments.

**2.2 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 a Transaction Obligor is a separate and independent debt in respect of which a Finance Party shall be entitled to enforce its rights 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 the Loan or any other amount owed by a Transaction 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 Facility Agent on its behalf) is a debt owing to that Finance Party by that Transaction Obligor.
- (c) A Finance Party may, except as specifically provided in the Finance Documents, separately enforce its rights under or in connection with the Finance Documents.

**2.3 Borrowers' Agent**

- (a) Each Borrower by its execution of this Agreement irrevocably appoints the Parent Guarantor to act on its behalf as its agent in relation to the Finance Documents and irrevocably authorises:
  - (i) the Parent Guarantor on its behalf to supply all information concerning itself contemplated by this Agreement to the Finance Parties and to give all notices and instructions (including Utilisation Requests), to make such agreements and to effect the relevant amendments, supplements and variations capable of being given, made or effected by any Borrower notwithstanding that they may affect that Borrower, without further reference to or the consent of that Borrower; and
  - (ii) each Finance Party to give any notice, demand or other communication to that Borrower pursuant to the Finance Documents to the Parent Guarantor, and in each case each Borrower shall be bound as though the Borrowers themselves had given the notices and instructions (including, without limitation, any Utilisation Requests) or executed or made the agreements or effected the amendments, supplements or variations, or received the relevant notice, demand or other communication.

- (b) Every act, omission, agreement, undertaking, settlement, waiver, amendment, supplement, variation, notice or other communication given or made by the Parent Guarantor or given to the Parent Guarantor under any Finance Document on behalf of a Borrower or in connection with any Finance Document (whether or not known to any Borrower) shall be binding for all purposes on that Borrower as if that Borrower had expressly made, given or concurred with it. In the event of any conflict between any notices or other communications of the Parent Guarantor and any Borrower, those of the Parent Guarantor shall prevail.

### 3 PURPOSE

#### 3.1 Purpose

Each Borrower shall apply all amounts borrowed by it under the Facility only for the purposes stated in the preamble (Background) to this Agreement.

#### 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 Borrowers may not deliver a Utilisation Request unless the Facility Agent has received all of the documents and other evidence listed in Part A of Schedule 2 (*Conditions Precedent*) in form and substance satisfactory to the Facility Agent.

#### 4.2 Further conditions precedent

The Lenders will only be obliged to comply with Clause 5.4 (*Lenders' participation*) if:

- (a) on the date of a Utilisation Request and on the proposed Utilisation Date and before the relevant Tranche is made available:
- (i) no Default is continuing or would result from the proposed making of that Tranche;
  - (ii) the Repeating Representations to be made by each Obligor on its own behalf or on behalf of any other Transaction Obligor or any Approved Manager are true;
  - (iii) the know-your-customer checks for each of the Obligors have been conducted to the Facility Agent's and the Lenders' satisfaction; and
- (b) the Facility Agent has received on or before the relevant Utilisation Date, or is satisfied it will receive when the relevant Tranche is made available, all of the documents and other evidence listed in Part B of Schedule 2 (*Conditions Precedent*) in form and substance satisfactory to the Facility Agent.

#### 4.3 Notification of satisfaction of conditions precedent

- (a) The Facility Agent shall notify the Borrowers and the Lenders promptly upon being satisfied as to the satisfaction of the conditions precedent referred to in Clause 4.1 (*Initial conditions precedent*) and Clause 4.2 (*Further conditions precedent*).

- (b) Other than to the extent that the Majority Lenders notify the Facility Agent in writing to the contrary before the Facility Agent gives the notification described in paragraph (a) above, the Lenders authorise (but do not require) the Facility Agent to give that notification. The Facility Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving any such notification.

#### **4.4 Waiver of conditions precedent**

If the Majority Lenders, at their discretion, permit a Tranche to be borrowed before any of the conditions precedent referred to in Clause 4.1 (*Initial conditions precedent*) or Clause 4.2 (*Further conditions precedent*) has been satisfied, the Borrowers shall ensure that that condition is satisfied within 10 Business Days after the relevant Utilisation Date or such later date as the Facility Agent, acting with the authorisation of the Majority Lenders, may agree in writing with the Borrowers.

**SECTION 3****UTILISATION****5 UTILISATION****5.1 Delivery of a Utilisation Request**

- (a) The Borrowers may utilise the Facility by delivery to the Facility Agent of a duly completed Utilisation Request not later than the Specified Time.
- (b) The Borrowers may not deliver more than one Utilisation Request in respect of each Tranche.

**5.2 Completion of a Utilisation Request**

Each Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:

- (i) the proposed Utilisation Date is a Business Day within the relevant Availability Period;
- (ii) the currency and amount of the Utilisation comply with Clause 5.3 (*Currency and amount*);
- (iii) all applicable deductible items have been completed; and
- (iv) 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) The amount of the proposed Tranche shall not exceed:
  - (i) in respect of Tranche A, the lesser of (A) \$16,359,090 and (B) 52.5 per cent. of the Initial Market Value of Ship A;
  - (ii) in respect of Tranche B, the lesser of (A) \$14,463,670 and (B) 52.5 per cent. of the Initial Market Value of Ship B;
  - (iii) in respect of Tranche C, the lesser of (A) \$15,396,800 and (B) 52.5 per cent. of the Initial Market Value of Ship C;
  - (iv) in respect of Tranche D, the lesser of (A) \$14,930,240 and (B) 52.5 per cent. of the Initial Market Value of Ship D;
  - (v) in respect of Tranche E, the lesser of (A) \$14,930,240 and (B) 52.5 per cent. of the Initial Market Value of Ship E;
  - (vi) in respect of Tranche F, the lesser of (A) \$9,797,970 and (B) 52.5 per cent. of the Initial Market Value of Ship F;
  - (vii) in respect of Tranche G, the lesser of (A) \$9,797,970 and (B) 52.5 per cent. of the Initial Market Value of Ship G;

- (viii) in respect of Tranche H, the lesser of (A) \$9,331,400 and (B) 52.5 per cent. of the Initial Market Value of Ship H;
- (ix) in respect of Tranche I, the lesser of (A) \$8,864,800 and (B) 52.5 per cent. of the Initial Market Value of Ship I;
- (x) in respect of Tranche J, the lesser of (A) \$11,197,600 and (B) 52.5 per cent. of the Initial Market Value of Ship J;
- (xi) in respect of Tranche K, the lesser of (A) \$12,130,820 and (B) 52.5 per cent. of the Initial Market Value of Ship K; and
- (xii) in respect of Tranche L, the lesser of (A) \$2,799,400 and (B) 52.5 per cent. of the Initial Market Value of Ship L.

(c) The amount of the proposed Tranche must be an amount which is not more than the Available Facility.

#### 5.4 Lenders' participation

- (a) If the conditions set out in this Agreement have been met, each Lender shall make its participation in each Tranche available by the relevant Utilisation Date through its Facility Office.
- (b) The amount of each Lender's participation in each Tranche will be equal to the proportion borne by its Available Commitment to the Available Facility immediately before making that Tranche.
- (c) The Facility Agent shall notify each Lender of the amount of each Tranche and the amount of its participation in that Tranche by the Specified Time.

#### 5.5 Cancellation of Commitments

The Commitments in respect of any Tranche which are not utilised at the end of the Availability Period for such Tranche shall then be cancelled.

#### 5.6 Payment to third parties

Each Borrower irrevocably authorises the Facility Agent on each Utilisation Date, to pay to, or for the account of, the Borrower which is to utilise the relevant Tranche, the amounts which the Facility Agent receives from the Lenders in respect of the relevant Tranche. That payment shall be made in like funds as the Facility Agent received from the Lenders to the account of the Sellers' Bank which the Borrowers specify in the relevant Utilisation Request.

#### 5.7 Disbursement of a Tranche to third party

Payment by the Facility Agent under Clause 5.6 (*Payment to third parties*) to a person other than a Borrower shall constitute the making of the relevant Tranche and the Borrowers shall at that time become indebted, as principal and direct obligors, to each Lender in an amount equal to that Lender's participation in that Tranche.

**5.8 Prepositioning of funds**

If required, in respect of any proposed Tranche, the Lenders, at the request of the Borrowers and on terms acceptable to all the Lenders and in their absolute discretion, preposition funds with any bank, each Borrower and the Parent Guarantor:

- (a) agree to pay interest on the amount of the funds so prepositioned at the rate described in Clause 8.1 (*Calculation of interest*) on the basis of successive interest periods of one day and so that interest shall be paid together with the first payment of interest on such Tranche after the Utilisation Date in respect of it or, if such Utilisation Date does not occur, within three Business Days of demand by the Facility Agent; and
- (b) shall, without duplication, indemnify each Finance Party against any costs, loss or liability it may incur in connection with such arrangement.

## SECTION 4

## REPAYMENT, PREPAYMENT AND CANCELLATION

## 6 REPAYMENT

## 6.1 Repayment of Loan

The Borrowers shall repay the Loan as follows:

## (a) in relation to Tranche A:

- (i) the Amortizing Portion shall be repaid by 20 consecutive quarterly instalments, of which the first six (6) instalments shall be each in an amount of \$912,304, the following eight (8) such instalments shall be each in an amount of \$674,868 and the following six (6) such instalments shall be each in an amount of \$231,195 (each an "**Instalment A**"), the first of which shall be repaid on the date falling 3 Months after the first Utilisation Date to occur, each subsequent Instalment A shall be repaid at quarterly intervals thereafter and the last Instalment A shall be repaid on the Termination Date; and
- (ii) the Balloon Portion shall be repaid by one instalment in an amount of \$4,099,152 (the "**Balloon Instalment A**" and together with the Instalments A, the "**Repayment Instalments A**") which shall be repaid, together with the last Instalment A, on the Termination Date;

## (b) in relation to Tranche B:

- (i) the Amortizing Portion shall be repaid by 20 consecutive quarterly instalments, of which the first six (6) instalments shall be each in an amount of \$829,128, the following eight (8) such instalments shall be each in an amount of \$552,752 and the following six (6) such instalments shall be each in an amount of \$230,313 (each an "**Instalment B**"), the first of which shall be repaid on the date falling 3 Months after the first Utilisation Date to occur, each subsequent Instalment B shall be repaid at quarterly intervals thereafter and the last Instalment B shall be repaid on the Termination Date; and
- (ii) the Balloon Portion shall be repaid by one instalment in an amount of \$3,685,008 (the "**Balloon Instalment B**" and together with the Instalments B, the "**Repayment Instalments B**") which shall be repaid, together with the last Instalment B, on the Termination Date;

## (c) in relation to Tranche C:

- (i) the Amortizing Portion shall be repaid by 20 consecutive quarterly instalments, of which the first six (6) instalments shall be each in an amount of \$703,619, the following eight (8) such instalments shall be each in an amount of \$573,199 and the following six (6) such instalments shall be each in an amount of \$245,172 (each an "**Instalment C**"), the first of which shall be repaid on the date falling 3 Months after the first Utilisation Date to occur, each subsequent Instalment C shall be repaid at quarterly intervals thereafter and the last Instalment C shall be repaid on the Termination Date; and

- (ii) the Balloon Portion shall be repaid by one instalment in an amount of \$5,118,462 (the "**Balloon Instalment C**" and together with the Instalments C, the "**Repayment Instalments C**") which shall be repaid, together with the last Instalment C, on the Termination Date;

(d) in relation to Tranche D:

- (i) the Amortizing Portion shall be repaid by 20 consecutive quarterly instalments, of which the first six (6) instalments shall be each in an amount of \$676,874, the following eight (8) such instalments shall be each in an amount of \$555,369 and the following six (6) such instalments shall be each in an amount of \$237,743 (each an "**Instalment D**"), the first of which shall be repaid on the date falling 3 Months after the first Utilisation Date to occur, each subsequent Instalment D shall be repaid at quarterly intervals thereafter and the last Instalment D shall be repaid on the Termination Date; and
- (ii) the Balloon Portion shall be repaid by one instalment in an amount of \$4,999,586 (the "**Balloon Instalment D**" and together with the Instalments D, the "**Repayment Instalments D**") which shall be repaid, together with the last Instalment D, on the Termination Date;

(e) in relation to Tranche E:

- (i) the Amortizing Portion shall be repaid by 20 consecutive quarterly instalments, of which the first six (6) instalments shall be each in an amount of \$676,874, the following eight (8) such instalments shall be each in an amount of \$555,369 and the following six (6) such instalments shall be each in an amount of \$237,743 (each an "**Instalment E**"), the first of which shall be repaid on the date falling 3 Months after the first Utilisation Date to occur, each subsequent Instalment E shall be repaid at quarterly intervals thereafter and the last Instalment E shall be repaid on the Termination Date; and
- (ii) the Balloon Portion shall be repaid by one instalment in an amount of \$4,999,586 (the "**Balloon Instalment E**" and together with the Instalments E, the "**Repayment Instalments E**") which shall be repaid, together with the last Instalment E, on the Termination Date;

(f) in relation to Tranche F:

- (i) the Amortizing Portion shall be repaid by 20 consecutive quarterly instalments, of which the first six (6) instalments shall be each in an amount of \$731,667, the following eight (8) such instalments shall be each in an amount of \$374,445 and the following six (6) such instalments shall be each in an amount of \$156,019 (each an "**Instalment F**"), the first of which shall be repaid on the date falling 3 Months after the first Utilisation Date to occur, each subsequent Instalment F shall be repaid at quarterly intervals thereafter and the last Instalment F shall be repaid on the Termination Date; and
- (ii) the Balloon Portion shall be repaid by one instalment in an amount of \$1,476,294 (the "**Balloon Instalment F**" and together with the Instalments F, the "**Repayment Instalments F**") which shall be repaid, together with the last Instalment F, on the Termination Date;

- (g) in relation to Tranche G:
- (i) the Amortizing Portion shall be repaid by 20 consecutive quarterly instalments, of which the first six (6) instalments shall be each in an amount of \$711,667, the following eight (8) such instalments shall be each in an amount of \$374,445 and the following six (6) such instalments shall be each in an amount of \$156,019 (each an "**Instalment G**"), the first of which shall be repaid on the date falling 3 Months after the first Utilisation Date to occur, each subsequent Instalment G shall be repaid at quarterly intervals thereafter and the last Instalment G shall be repaid on the Termination Date; and
  - (ii) the Balloon Portion shall be repaid by one instalment in an amount of \$1,596,294 (the "**Balloon Instalment G**" and together with the Instalments G, the "**Repayment Instalments G**") which shall be repaid, together with the last Instalment G, on the Termination Date;
- (h) in relation to Tranche H:
- (i) the Amortizing Portion shall be repaid by 20 consecutive quarterly instalments, of which the first six (6) instalments shall be each in an amount of \$834,921, the following eight (8) such instalments shall be each in an amount of \$356,614 and the following six (6) such instalments shall be each in an amount of \$148,589 (each an "**Instalment H**"), the first of which shall be repaid on the date falling 3 Months after the first Utilisation Date to occur, each subsequent Instalment H shall be repaid at quarterly intervals thereafter and the last Instalment H shall be repaid on the Termination Date; and
  - (ii) the Balloon Portion shall be repaid by one instalment in an amount of \$577,428 (the "**Balloon Instalment H**" and together with the Instalments H, the "**Repayment Instalments H**") which shall be repaid, together with the last Instalment H, on the Termination Date;
- (i) Tranche I shall be repaid by 20 consecutive quarterly instalments, of which the first six (6) instalments shall be each in an amount of \$783,173, the following eight (8) such instalments shall be each in an amount of \$414,851 and the following six (6) such instalments shall be each in an amount of \$141,159 (each a "**Repayment Instalment I**"), the first of which shall be repaid on the date falling 3 Months after the first Utilisation Date to occur, each subsequent Repayment Instalment I shall be repaid at quarterly intervals thereafter and the last Repayment Instalment I shall be repaid on the Termination Date;
- (j) in relation to Tranche J:
- (i) the Amortizing Portion shall be repaid by 20 consecutive quarterly instalments, of which the first six (6) instalments shall be each in an amount of \$462,901, the following eight (8) such instalments shall be each in an amount of \$412,720 and the following six (6) such instalments shall be each in an amount of \$178,306 (each an "**Instalment J**"), the first of which shall be repaid on the date falling 3 Months after the first Utilisation Date to occur, each subsequent Instalment J shall be repaid at quarterly intervals thereafter and the last Instalment J shall be repaid on the Termination Date; and
  - (ii) the Balloon Portion shall be repaid by one instalment in an amount of \$4,048,598 (the "**Balloon Instalment J**" and together with the Instalments J, the "**Repayment**

**Instalments J**") which shall be repaid, together with the last Instalment J, on the Termination Date;

(k) in relation to Tranche K:

- (i) the Amortizing Portion shall be repaid by 20 consecutive quarterly instalments, of which the first six (6) instalments shall be each in an amount of \$516,397, the following eight (8) such instalments shall be each in an amount of \$448,385 and the following six (6) such instalments shall be each in an amount of \$193,166 (each an "**Instalment K**"), the first of which shall be repaid on the date falling 3 Months after the first Utilisation Date to occur, each subsequent Instalment K shall be repaid at quarterly intervals thereafter and the last Instalment K shall be repaid on the Termination Date; and
- (ii) the Balloon Portion shall be repaid by one instalment in an amount of \$4,286,362 (the "**Balloon Instalment K**" and together with the Instalments K, the "**Repayment Instalments K**") which shall be repaid, together with the last Instalment K, on the Termination Date; and

(l) in relation to Tranche L:

- (i) the Amortizing Portion shall be repaid by 20 consecutive quarterly instalments, of which the first six (6) instalments shall be each in an amount of \$160,475, the following eight (8) such instalments shall be each in an amount of \$106,983 and the following six (6) such instalments shall be each in an amount of \$44,576 (each an "**Instalment L**"), the first of which shall be repaid on the date falling 3 Months after the first Utilisation Date to occur, each subsequent Instalment L shall be repaid at quarterly intervals thereafter and the last Instalment L shall be repaid on the Termination Date; and
- (ii) the Balloon Portion shall be repaid by one instalment in an amount of \$713,230 (the "**Balloon Instalment L**" and together with the Instalments L, the "**Repayment Instalments L**") which shall be repaid, together with the last Instalment L, on the Termination Date,

and each of:

- (A) Balloon Instalment A, Balloon Instalment B, Balloon Instalment C, Balloon Instalment D, Balloon Instalment E, Balloon Instalment F, Balloon Instalment G, Balloon Instalment H, Balloon Instalment J, Balloon Instalment K and Balloon Instalment L **Balloon Instalment**";
- (B) Repayment Instalments A, Repayment Instalments B, Repayment Instalments C, Repayment Instalments D, Repayment Instalments E, Repayment Instalments F, Repayment Instalments G, Repayment Instalments H, Repayment Instalments I, Repayment Instalments J, Repayment Instalments K and Repayment Instalments L shall be a "**Repayment Instalment**".

## 6.2 Effect of cancellation and prepayment on scheduled repayments

- (a) If the Borrowers cancel the whole or any part of any Commitment in accordance with Clause 7.6 (*Right of repayment and cancellation in relation to a single Lender*) or Clause 7.2 (*Voluntary cancellation*) or if the Available Commitment of any Lender is cancelled under Clause 7.1

(*Illegality*) then the Repayment Instalments (including the Balloon Instalments) for each Repayment Date falling after that cancellation will be reduced *pro rata* by the amount of the Available Commitments so cancelled.

- (b) If any part of any Commitment is cancelled pursuant to Clause 5.5 (*Cancellation of Commitments*), the Repayment Instalments (including the Balloon Instalments) for each Repayment Date falling after that cancellation will be reduced *pro rata* by the amount of the Commitments so cancelled.
- (c) If any part of the Loan is repaid or prepaid in accordance with Clause 7.6 (*Right of repayment and cancellation in relation to a single Lender*) or Clause 7.1 (*Illegality*) then the Repayment Instalments (including the Balloon Instalments) for each Repayment Date falling due after that repayment or prepayment will be reduced *pro rata* by the amount of the Loan repaid or prepaid.
- (d) If any part of the Loan is prepaid in accordance with Clause 7.3 (*Voluntary prepayment of Loan*) then the Repayment Instalments (including the Balloon Instalments) for each Repayment Date falling after that prepayment will be reduced in inverse order of maturity starting with the Balloon Instalments.

### 6.3 Termination Date

On the Termination Date, the Borrowers shall additionally pay to the Facility Agent for the account of the Finance Parties all other sums then accrued and owing under the Finance Documents.

### 6.4 Reborrowing

No Borrower may reborrow any part of the Facility which is repaid.

## 7 PREPAYMENT AND CANCELLATION

### 7.1 Illegality

If it becomes unlawful in any applicable jurisdiction for a Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in a Tranche or the Loan or any part of the Loan or any part thereof or it becomes unlawful for any Affiliate of a Lender for that Lender to do so:

- (a) that Lender shall promptly notify the Facility Agent upon becoming aware of that event;
- (b) upon the Facility Agent notifying the Borrowers, the Available Commitment of that Lender will be immediately cancelled; and
- (c) the Borrowers shall prepay that Lender's participation in the Loan on the last day of the Interest Period applicable to the Loan occurring after the Facility Agent has notified the Borrowers or, if earlier, the date specified by that Lender in the notice delivered to the Facility Agent (being no earlier than the last day of any applicable grace period permitted by law) and that Lender's corresponding Commitment shall be cancelled in the amount of the participation prepaid.

### 7.2 Voluntary cancellation

The Borrowers may, if they give the Facility Agent not less than 5 Business Days' (or such shorter period as the Majority Lenders may agree) prior notice, cancel the whole or any part (being a minimum amount of \$1,000,000 or a multiple of that amount) of the Available Facility.

### 7.3 Voluntary prepayment of Loan

The Borrowers may, if they give the Facility Agent not less than 5 Business Days' prior irrevocable written notice, prepay the whole or any part of the Loan (but, if in part, being a minimum amount of \$1,000,000 or a multiple of that amount) on the last day of an Interest Period.

### 7.4 Mandatory prepayment on sale or Total Loss

- (a) If a Ship is sold (without prejudice to paragraph (a) of Clause 22.12 (*Disposals*)) or becomes a Total Loss the Borrowers shall, on the Relevant Date, prepay the Relevant Amount.
- (b) Provided that no Default has occurred and is continuing, any remaining proceeds of the sale or Total Loss of a Ship after the prepayment referred to in paragraph (a) above has been made, together with all other amounts that are payable on any such prepayment pursuant to the Finance Documents, shall be paid to the Borrowers.
- (c) Each Borrower undertakes, in the case of a sale or Total Loss of the Ship owned by it, to deposit the sale proceeds relating to such sale or the insurance proceeds relating to such Total Loss (as the case may be) to the Earnings Account in respect of that Borrower to be applied towards the prepayment of the Loan as required to be made by the Borrowers pursuant to paragraph
- (d) and (b) above.

In this Clause 7.4 (Mandatory prepayment on sale or Total Loss):

"**Relevant Amount**" means:

- (a) any amount outstanding, at the time, under the Tranche relating to the Ship which has been sold or become a Total Loss; and
- (b) an additional amount (if necessary) which after the application of the prepayment in paragraph (a) above to be made pursuant to this Clause 7.4 (*Mandatory prepayment on sale or Total Loss*) results in the Security Cover Ratio being the higher of:
  - (i) 130 per cent.; and
  - (ii) the percentage which applied immediately prior to the relevant Total Loss or the sale (as applicable).

For the avoidance of doubt, the additional amount under (b) shall be applied pro rata against the Loan outstanding under the remaining Tranches in inverse order of maturity.

"**Relevant Date**" means:

- (a) in the case of a sale of a Ship, the date falling on the earlier of:
  - (i) the date on which the sale is completed by delivery of that Ship to the buyer of that Ship; and

(ii) the date of receipt by the relevant Borrower or the Security Agent of the proceeds relating to such sale;

(b) in the case of a Total Loss of a Ship, the date falling on the earlier of:

(i) the date falling 120 days after the Total Loss Date; and

(ii) the date of receipt by the Security Agent of the proceeds of insurance relating to such Total Loss.

## 7.5 **Change of Control**

If a Change of Control occurs the Borrowers and the Parent Guarantor shall promptly notify the Facility Agent upon becoming aware of that event and if the Majority Lenders so require, the Facility Agent shall (acting on the instructions of the Majority Lenders), by not less than 15 days' notice to the Borrowers, cancel the Facility and declare the Loan, together with accrued interest, and all other amounts accrued under the Finance Documents immediately due and payable, whereupon the Facility will be cancelled and the Loan and all such outstanding interest and other amounts will become immediately due and payable.

For the purpose of this clause, a "**Change of Control**" occurs if, during the Security Period:

(a) a change occurs in the direct or indirect legal or beneficial ownership or control of any Borrower (other than a change in the legal or beneficial ownership or control of the Parent Guarantor which does not otherwise constitute a Change of Control in accordance with this definition);

(b) Mr George Giouroukos ceases to own at least 50 per cent. of the number of shares of the Parent Guarantor (either directly or through one or more affiliates) held by him on the date of the completion of the Merger (excluding any share split or reverse split) other than by reason of death or other incapacity in managing his affairs;

(c) Mr George Giouroukos ceases to be the Executive Chairman of (or to hold an equivalent executive officer position in) the Parent Guarantor other than by reason of death or other incapacity in managing his affairs; or

(d) any person(s) own(s) more than 35 per cent. of the shares in the Parent Guarantor, unless such person(s) owned such shares on the date of the completion of the Merger.

## 7.6 **Right of repayment and cancellation in relation to a single Lender**

(a) If:

(i) any sum payable to any Lender by a Transaction Obligor is required to be increased under paragraph (c) of Clause 12.2 (*Tax gross-up*) or under that Clause as incorporated by reference or in full in any other Finance Document; or

(ii) any Lender claims indemnification from a Borrower under Clause 12.3 (*Tax indemnity*) or Clause 13.1 (*Increased costs*),

that Borrower may, whilst the circumstance giving rise to the requirement for that increase or indemnification continues, give the Facility Agent notice of cancellation of the Commitment of

that Lender and its intention to procure the repayment of that Lender's participation in the Loan.

- (b) On receipt of a notice of cancellation referred to in paragraph (a) above, the Commitment of that Lender shall immediately be reduced to zero.
- (c) On the last day of each Interest Period which ends after the Borrowers have given notice of cancellation under paragraph (a) above in relation to a Lender (or, if earlier, the date specified by the Borrowers in that notice), the Borrowers shall repay that Lender's participation in the Loan.

#### 7.7 Termination of Initial Charter

- (a) If, in respect of a Ship, the Initial Charter relating to that Ship is frustrated, terminated (except by mere effluxion of time or in the case of Total Loss of that Ship), cancelled or rescinded or purported to be cancelled or rescinded prior to its expiration date, the Borrowers shall prepay the Tranche in respect of that Ship.
- (b) No such prepayment will need to be made if, as soon as possible after (and in any event within 60 days after) such cancellation, rescission, termination or withdrawal the Borrower owning that Ship has entered into a charter (which shall, without limitation, include a binding and unconditional recapitulation of terms, a "**Replacement Charter**") in respect of that Ship on terms (including, without limitation as to the tenor and charter hire) acceptable to the Facility Agent in its absolute discretion and, promptly after the entry into such Replacement Charter, that Borrower has granted in favour of the Security Agent a Charterparty Assignment in respect of such Replacement Charter.

#### 7.8 Restrictions

- (a) Any notice of cancellation or prepayment given by any Party under this Clause 7 (*Prepayment and Cancellation*) 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, the amount of that cancellation or prepayment and, if relevant, the part of the Loan to be prepaid or cancelled.
- (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.
- (c) No Borrower may reborrow any part of the Facility which is prepaid.
- (d) No Borrower shall repay or prepay all or any part of the 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) No amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.
- (f) If the Facility Agent receives a notice under this Clause 7 (*Prepayment and Cancellation*) it shall promptly forward a copy of that notice to either the Borrowers and/or the affected Lenders, as appropriate.
- (g) If all or part of any Lender's participation in the Loan is repaid or prepaid, an amount of that Lender's Commitment (equal to the amount of the participation which is repaid or prepaid) will be deemed to be cancelled on the date of repayment or prepayment.

**7.9****Application of prepayments**

Subject to Clause 6.2 (d) (*Effect of cancellation and prepayment on scheduled repayments*), any prepayment of any part of the Loan (other than a prepayment pursuant to Clause 7.1 (*Illegality*) or Clause 7.6 (*Right of repayment and cancellation in relation to a single Lender*)) shall be applied pro rata to each Lender's participation in that part of the Loan.

## SECTION 5

## COSTS OF UTILISATION

**8 INTEREST****8.1 Calculation of interest**

The rate of interest on the Loan or any part of the Loan for each Interest Period is the percentage rate per annum which is the aggregate of:

- (a) the Margin; and
- (b) LIBOR; and
- (c) if a Lender (the "**Applicable Lender**") notifies the Facility Agent at least 5 Business Days before the start of that Interest Period that its Cost of Funding exceeds LIBOR (including the amount of such excess) on the Quotation Day for that Interest Period, additionally in respect of that Applicable Lender's Contribution in the relevant Tranche, the Correction Rate applicable to the Applicable Lender for that Interest Period.

**8.2 Payment of interest**

- (a) The Borrowers shall pay accrued interest on the Loan or any part of the Loan on the last day of each Interest Period (each an "**Interest Payment Date**").
- (b) If an Interest Period is longer than three Months, the Borrowers shall also pay interest then accrued on the Loan or the relevant part of the Loan on the dates falling at three Monthly intervals after the first day of the Interest Period.
- (c) If an Interest Period is shorter than three Months, the Borrowers shall also pay any additional funding costs of the Lenders.

**8.3 Default interest**

- (a) If a Transaction Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the Unpaid Sum from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to paragraph (b) below, is 2.50 per cent. per annum higher than the rate which would have been payable if the Unpaid Sum had, during the period of non-payment, constituted part of the Loan in the currency of the Unpaid Sum for successive Interest Periods, each of a duration selected by the Facility Agent. Any interest accruing under this Clause 8.3 (*Default interest*) shall be immediately payable by the Transaction Obligor on demand by the Facility Agent.
- (b) If an Unpaid Sum consists of all or part of the Loan which became due on a day which was not the last day of an Interest Period relating to the Loan or that part of the Loan:
  - (i) the first Interest Period for that Unpaid Sum shall have a duration equal to the unexpired portion of the current Interest Period relating to the Loan or that part of the Loan; and

(ii) the rate of interest applying to that Unpaid Sum during that first Interest Period shall be 2.50 per cent. per annum higher than the rate which would have applied if that Unpaid Sum had not become due.

(c) Default interest (if unpaid) arising on an Unpaid Sum will be compounded with the Unpaid Sum at the end of each Interest Period applicable to that Unpaid Sum but will remain immediately due and payable.

#### **8.4 Notification of rates of interest**

(a) The Facility Agent shall promptly notify the Lenders and the Borrowers of the determination of a rate of interest under this Agreement.

(b) The Facility Agent shall promptly notify the Borrowers of each Funding Rate relating to the Loan, any part of the Loan or any Unpaid Sum.

### **9 INTEREST PERIODS**

#### **9.1 Selection of Interest Periods**

(a) The Borrowers may select the Interest Period for the Loan in the Utilisation Request for the first Tranche. Subject to paragraphs (f) and (h) below and Clause 9.2 (*Changes to Interest Periods*), the Borrowers may select each subsequent Interest Period for the Loan in a Selection Notice.

(b) Each Selection Notice is irrevocable and must be delivered to the Facility Agent by the Borrowers not later than the Specified Time.

(c) If the Borrowers fail to select an Interest Period in the first Utilisation Request or fail to deliver a Selection Notice to the Facility Agent in accordance with paragraphs (a) and (b) above, the relevant Interest Period will, subject to paragraphs (f) and (h) below and Clause 9.2 (*Changes to Interest Periods*), be three Months.

(d) Subject to this Clause 9 (*Interest Periods*), the Borrowers may select an Interest Period of 3 Months or any other period agreed between the Borrowers and the Facility Agent (acting on the instructions of all the Lenders).

(e) An Interest Period in respect of the Loan or any part of the Loan shall not extend beyond the Termination Date.

(f) In respect of a Repayment Instalment, the Borrowers may request in the relevant Selection Notice that an Interest Period for a part of the Loan equal to such Repayment Instalment shall end on the Repayment Date relating to it and, subject to paragraph (d) above, select a longer Interest Period for the remaining part of the Loan.

(g) The first Interest Period for the Loan shall start on the first Utilisation Date and, subject to paragraph (h) below each subsequent Interest Period shall start on the last day of its preceding Interest Period.

(h) The first Interest Period for the second and any subsequent Tranche shall start on the Utilisation Date of such Tranche and end on the last day of the Interest Period applicable to the Loan on the date on which such Tranche is made.

- (i) Except for the purposes of paragraph (f) above and Clause 9.2 (*Changes to Interest Periods*), the Loan shall have one Interest Period only at any time.

## 9.2 Changes to Interest Periods

- (a) In respect of a Repayment Instalment, prior to determining the interest rate for the Loan, the Facility Agent may establish an Interest Period for a part of the Loan equal to such Repayment Instalment to end on the Repayment Date relating to it and the remaining part of the Loan shall have the Interest Period selected in the relevant Selection Notice, subject to paragraph (d) of Clause 9.1 (*Selection of Interest Periods*).
- (b) If the Facility Agent makes any change to an Interest Period referred to in this Clause 9.2 (*Changes to Interest Periods*), it shall promptly notify the Borrowers and the Lenders.

## 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 Market disruption

- (a) This Clause 10 (*Changes to the calculation of interest*) applies if:
- (b) no Screen Rate is quoted in REUTERS BBA Page LIBOR 01 and no adequate and fair means exist for ascertaining the interest rate for a selected Interest Period;
- (c) at least 1 Business Day before the start of an Interest Period, a Lender notifies the Facility Agent that LIBOR fixed by the Facility Agent would not accurately reflect the cost to that Lender of funding its Commitment (or any part of it) during the Interest Period in the London Interbank Market at or about 11.00 a.m. (London time) on the Quotation Day for the Interest Period; or
- (d) at least 1 Business Day before the start of an Interest Period, the Facility Agent is notified by a Lender or Lenders (whose Commitments exceed 50 percent of the Total Commitments) (as the case may be) (the "**Affected Lender**") that for any reason it is unable to obtain Dollars in the London Interbank Market in order to fund its Commitment (or any part of it) during the Interest Period.

### 10.2 Notification of market disruption

The Facility Agent shall promptly notify the Borrowers and each of the Lenders stating the circumstances falling within Clause 10.1 (*Market disruption*) which have caused its notice to be given.

### 10.3 Suspension of drawdown

If the Facility Agent's notice under Clause 10.2 (*Notification of market disruption*) is served before the Loan or part thereof is advanced:

- (a) in a case falling within paragraph (a) of Clause 10.1 (*Market disruption*), the Lenders' obligations to advance the Loan;

(b) in a case falling within paragraph (b) of Clause 10.1 (*Market disruption*), the Lenders' obligations to advance the Loan or as, the case may be, the concerned Lender's obligation to participate in the Loan; and

(c) in a case falling within paragraph (c) of 10.1 (*Market disruption*), the Affected Lender's obligation to participate in the Loan, shall be suspended while the circumstances referred to in the Facility Agent's notice continue.

#### **10.4 Negotiation of alternative rate of interest**

Subject to Clause 43.5 (*Replacement of Screen Rate*), if the Facility Agent's notice under Clause 10.2 (*Notification of market disruption*) is served after the Loan is advanced, the Borrowers, the Facility Agent and the Lenders or (as the case may be) the Affected Lender shall use reasonable endeavours to agree, within 30 days after the date on which the Facility Agent serves its notice under Clause 10.2 (*Notification of market disruption*) (the "**Negotiation Period**"), an alternative interest rate or (as the case may be) an alternative basis for the Lenders or (as the case may be) the Affected Lender to fund or continue to fund their or its Commitment during the Interest Period concerned.

#### **10.5 Application of agreed alternative rate of interest**

Clause 43.5 (*Replacement of Screen Rate*), any alternative interest rate or an alternative basis which is agreed during the Negotiation Period shall take effect in accordance with the terms agreed.

#### **10.6 Alternative rate of interest in absence of agreement**

If an alternative interest rate or alternative basis is not agreed within the Negotiation Period, and the relevant circumstances are continuing at the end of the Negotiation Period, then the Facility Agent shall, with the agreement of each Lender or (as the case may be) the Affected Lender, set an interest period and interest rate representing the cost of funding of the Lenders or (as the case may be) the Affected Lender in Dollars or in any available currency of their or its Commitment plus the Margin; and the procedure provided for by this Clause 10.6 (*Alternative rate of interest in absence of agreement*) shall be repeated if the relevant circumstances are continuing at the end of the interest period so set by the Facility Agent.

#### **10.7 Notice of prepayment**

If the Borrowers do not agree with an interest rate set by the Facility Agent under Clause 10.6 (*Alternative rate of interest in absence of agreement*), the Borrowers may give the Facility Agent not less than 15 Business Days' notice of their intention to prepay at the end of the interest period set by the Facility Agent.

#### **10.8 Prepayment; termination of Commitments**

under Clause 10.7 (*Notice of prepayment*) shall be irrevocable; the Facility Agent shall promptly notify the Lenders or (as the case may require) the Affected Lender of the Borrowers notice of intended prepayment; and:

(a) on the date on which the Facility Agent serves that notice, the Total Commitments or (as the case may require) the Commitment of the Affected Lender shall be cancelled; and

- (b) on the last Business Day of the interest period set by the Facility Agent, the Borrowers shall prepay (without premium or penalty) the Loan or, as the case may be, the Affected Lender's Commitment, together with accrued interest thereon at the applicable rate plus the Margin.

**10.9 Application of prepayment**

The provisions of Clause 7 (*Prepayment and cancellation*) shall apply in relation to the prepayment under Clause 10.8 (*Prepayment; termination of Commitments*) (as applicable).

**10.10 Break Costs**

- (a) The Borrowers 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 the Loan or Unpaid Sum being paid by the Borrowers on a day other than the last day of an Interest Period for the Loan, the relevant part of the Loan or that Unpaid Sum.
- (b) Each Lender shall, as soon as reasonably practicable after a demand by the Facility Agent, provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue.

**11 FEES**

**11.1 Fees**

The Borrowers shall pay certain fees in accordance with 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 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 Credit**" means a credit against, relief or remission for, or repayment of any Tax.

"**Tax Deduction**" means a deduction or withholding for or on account of Tax from a payment under a Finance Document, 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 (*Tax Gross Up and Indemnities*) 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 without any Tax Deduction, unless a Tax Deduction is required by law.

(b) The Borrowers 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 Facility Agent accordingly. Similarly, a Lender shall notify the Facility Agent on becoming so aware in respect of a payment payable to that Lender. If the Facility Agent receives such notification from a Lender it shall notify the Borrowers 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 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 Facility 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.

**12.3 Tax indemnity**

- (a) The Obligors shall (within three Business Days of demand by the Facility 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) Paragraph (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; or
- (ii) to the extent a loss, liability or cost:
- (A) is compensated for by an increased payment under Clause 12.2 (*Tax gross-up*); or
- (B) relates to a FATCA Deduction required to be made by a Party.
- (c) A Protected Party making, or intending to make, a claim under paragraph (a) above shall promptly notify the Facility Agent of the event which will give, or has given, rise to the claim, following which the Facility Agent shall notify the Obligors.
- (d) A Protected Party shall, on receiving a payment from an Obligor under this Clause 12.3 (*Tax indemnity*), notify the Facility 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 to an increased payment of which that Tax Payment forms part, to that Tax Payment or to a Tax Deduction in consequence of which that Tax Payment was received; 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 Stamp taxes**

The Obligors shall pay and, within three Business Days of demand, indemnify each Secured Party against any cost, loss or liability which that Secured Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

**12.6 VAT**

- (a) All amounts expressed to be payable under a Finance Document by any Party to a Finance Document 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 paragraph (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 other than the Recipient (the "**Relevant Party**") is required by the terms of any Finance Document to pay an amount equal to the consideration for that 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 Relevant 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 subparagraph (i) applies) promptly pay to the Relevant 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 Relevant 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 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 of it as represents VAT, save to the extent that such Finance Party reasonably determines that it is entitled to credit or repayment in respect of such VAT from the relevant tax authority.
- (d) Any reference in this Clause 12.6 (VAT) to any Party shall, at any time when that Party is treated as a member of a group or unity (or fiscal unity) for VAT purposes, include (where appropriate and unless the context otherwise requires) a reference to the person who is treated at that time as making the supply, or (as appropriate) receiving the supply, under the grouping rules provided for in Article 11 of Council Directive 2006/112/EC (or as implemented by the relevant member state of the European Union or equivalent provisions imposed elsewhere) so that a reference to a Party shall be construed as a reference to that Party or the relevant group or unity (or fiscal unity) of which that Party is a member for VAT purposes at the relevant time or the relevant representative member (or representative or head) of that group or unity at the relevant time (as the case may be).
- (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.

## 12.7

### FATCA Information

- (a) Subject to paragraph (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; and
  - (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 sub-paragraph (i) of paragraph (a) 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) Paragraph (a) above shall not oblige any Finance Party to do anything and sub-paragraph (iii) of paragraph (a) 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 fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with sub-paragraphs (i) or (ii) of paragraph (a) above (including, for the avoidance of doubt, where paragraph (c) above 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.
- (e) If a Borrower is a US Tax Obligor, or the Facility Agent reasonably believes that its obligations under FATCA or any other applicable law or regulation require it, each Lender shall, within ten Business Days of:
- (i) where a Borrower is a US Tax Obligor and the relevant Lender is an Original Lender, the date of this Agreement;
  - (ii) where a Borrower is a US Tax Obligor on a Transfer Date and the relevant Lender is a New Lender, the relevant Transfer Date; or

- (iii) where a Borrower is not a US Tax Obligor, the date of a request from the Facility Agent, supply to the Facility Agent:
  - (iv) a withholding certificate on Form W-8, Form W-9 or any other relevant form; or
  - (v) any withholding statement or other document, authorisation or waiver as the Facility Agent may require to certify or establish the status of such Lender under FATCA or that other law or regulation.
- (f) The Facility Agent shall provide any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to paragraph (e) above to the Borrowers.
- (g) If any withholding certificate, withholding statement, document, authorisation or waiver provided to the Facility Agent by a Lender pursuant to paragraph (e) above is or becomes materially inaccurate or incomplete, that Lender shall promptly update it and provide such updated withholding certificate, withholding statement, document, authorisation or waiver to the Facility Agent unless it is unlawful for the Lender to do so (in which case the Lender shall promptly notify the Facility Agent). The Facility Agent shall provide any such updated withholding certificate, withholding statement, document, authorisation or waiver to the Borrowers.
- (h) The Facility Agent may rely on any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to paragraph (e) or (g) above without further verification. The Facility Agent shall not be liable for any action taken by it under or in connection with paragraphs (e), (f) or (g) above.

## **12.8 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 each Obligor and the Facility Agent and the Facility Agent shall notify the other Finance Parties.

## **13 INCREASED COSTS**

### **13.1 Increased costs**

- (a) Subject to Clause 13.3 (*Exceptions*), the Borrowers shall, within five days of a demand by the Facility 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 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,

in each case after the date of this Agreement; or

- (iii) the implementation, application of or compliance with the Dodd-Frank Wall Street Reform and Consumer Protection Act, Basel III or CRD IV or any requests, rules, guidelines, directives, law or regulation that implements or applies the Dodd-Frank Wall Street Reform and Consumer Protection Act, Basel III or CRD IV.

(b) In this Agreement:

(i) "**Basel III**" means:

- (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".

(ii) "**CRD IV**" means:

- (A) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending regulation (EU) No. 648/2012, as amended by Regulation (EU) 2019/876;
- (B) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended by Directive (EU) 2019/878; and
- (C) any other law or regulation which implements Basel III.

(iii) "**Increased Costs**" means:

- (A) a reduction in the rate of return from the Facility or on a Finance Party's (or its Affiliate's) overall capital;
- (B) an additional or increased cost; or
- (C) 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 Facility Agent of the event giving rise to the claim, following which the Facility Agent shall promptly notify the Borrowers.
- (b) Each Finance Party shall, as soon as practicable after a demand by the Facility Agent, provide a certificate confirming the amount of its Increased Costs.

### 13.3 Exceptions

Clause 13.1 (*Increased costs*) does not apply to the extent any Increased Cost is:

- (a) attributable to a Tax Deduction required by law to be made by an Obligor;
- (b) attributable to a FATCA Deduction required to be made by a Party;
- (c) 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 paragraph (b) of Clause 12.3 (*Tax indemnity*) applied);
- (d) compensated for by any payment made pursuant to Clause 14.3 (*Mandatory Cost*); or
- (e) attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation.

## 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; 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, on demand, indemnify each Secured Party to which that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) 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**

- (a) Each Obligor shall within 3 Business Days of any demand, indemnify each Secured Party against any cost, loss or liability incurred by it as a result of:
- (i) the occurrence of any Event of Default;
  - (ii) a failure by a Transaction Obligor to pay any amount due under a Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of Clause 33 (*Sharing among the Finance Parties*);
  - (iii) funding, or making arrangements to fund, its participation in a Tranche requested by the Borrowers 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 Secured Party alone); or
  - (iv) the Loan (or part of the Loan) not being prepaid in accordance with a notice of prepayment given by the Borrowers.
- (b) Each Obligor shall, on demand, indemnify each Finance Party, each Affiliate of a Finance Party and each officer or employee of a Finance Party or its Affiliate (each such person for the purposes of this Clause 14.2 (*Other indemnities*) an "**Indemnified Person**"), against any cost, loss or liability incurred by that Indemnified Person pursuant to or in connection with any litigation, arbitration or administrative proceedings or regulatory enquiry, in connection with or arising out of the entry into and the transactions contemplated by the Finance Documents, having the benefit of any Security constituted by the Finance Documents or which relates to the condition or operation of, or any incident occurring in relation to, any Ship unless such cost, loss or liability is caused by the gross negligence or wilful misconduct of that Indemnified Person.
- (c) Without limiting, but subject to any limitations set out in paragraph (b) above, the indemnity in paragraph (b) above shall cover any cost, loss or liability incurred by each Indemnified Person in any jurisdiction:
- (i) arising or asserted under or in connection with any law relating to safety at sea, the ISM Code, any Environmental Law or any Sanctions; or
  - (ii) in connection with any Environmental Claim.
- (d) Any Affiliate or any officer or employee of a Finance Party or of any of its Affiliates may rely on this Clause 14.2 (*Other indemnities*) subject to Clause 1.5 (*Third party rights*) and the provisions of the Third Parties Act.

**14.3 Mandatory Cost**

Each Borrower shall within 3 Business Days of any demand by the Facility Agent, pay to the Facility Agent for the account of the relevant Lender, such amount which any Lender certifies in a notice to the Facility Agent to be its good faith determination of the amount necessary to compensate it for complying with:

- (a) in the case of a Lender lending from a Facility Office in a Participating Member State, the minimum reserve requirements (or other requirements having the same or similar purpose) of

the European Central Bank or any other authority or agency which replaces all or any of its functions in respect of loans made from that Facility Office; and

- (b) in the case of any Lender lending from a Facility Office in the United Kingdom, any reserve asset, special deposit or liquidity requirements (or other requirements having the same or similar purpose) of the Bank of England (or any other governmental authority or agency) and/or paying any fees to the Financial Conduct Authority and/or the Prudential Regulation Authority (or any other governmental authority or agency which replaces all or any of their functions),

which, in each case, is referable to that Lender's participation in the Loan.

#### 14.4 Indemnity to the Facility Agent

Each Obligor shall within 3 Business Days of any demand, indemnify the Facility Agent against:

- (a) any cost, loss or liability incurred by the Facility Agent (acting reasonably) as a result of:
- (i) investigating any event which it reasonably believes is a Default; or
  - (ii) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised; or
  - (iii) instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted under the Finance Documents; and
- (b) any cost, loss or liability incurred by the Facility Agent (otherwise than by reason of the Facility Agent's gross negligence or wilful misconduct) or, in the case of any cost, loss or liability pursuant to Clause 34.11 (*Disruption to Payment Systems etc.*) notwithstanding the Facility Agent's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Facility Agent in acting as Facility Agent under the Finance Documents.

#### 14.5 Indemnity to the Security Agent

- (a) Each Obligor shall within 3 Business Days of any demand, indemnify the Security Agent and every Receiver and Delegate against any cost, loss or liability incurred by any of them:
- (i) in relation to or as a result of:
    - (A) any failure by a Borrower to comply with its obligations under Clause 16 (*Costs and Expenses*);
    - (B) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised;
    - (C) the taking, holding, protection or enforcement of the Finance Documents and the Transaction Security;
    - (D) the exercise of any of the rights, powers, discretions, authorities and remedies vested in the Security Agent and each Receiver and Delegate by the Finance Documents or by law;

- (E) any default by any Transaction Obligor in the performance of any of the obligations expressed to be assumed by it in the Finance Documents;
  - (F) any action by any Transaction Obligor which vitiates, reduces the value of, or is otherwise prejudicial to, the Transaction Security; and
  - (G) instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted under the Finance Documents;
- (ii) acting as Security Agent, Receiver or Delegate under the Finance Documents or which otherwise relates to any of the Security Property or the performance of the terms of this Agreement or the other Finance Documents (otherwise, in each case, than by reason of the relevant Security Agent's, Receiver's or Delegate's gross negligence or wilful misconduct).

- (b) The Security Agent and every Receiver and Delegate may, in priority to any payment to the Secured Parties, indemnify itself out of the Security Assets in respect of, and pay and retain, all sums necessary to give effect to the indemnity in this Clause 14.5 (*Indemnity to the Security Agent*) and shall have a lien on the Transaction Security and the proceeds of the enforcement of the Transaction Security for all monies payable to it.

## 15 MITIGATION BY THE FINANCE PARTIES

### 15.1 Mitigation

- (a) Each Finance Party shall, in consultation with the Borrowers, 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*), Clause 13 (*Increased Costs*) or paragraph (a) of Clause 14.3 (*Mandatory Cost*) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.
- (b) Paragraph (a) above does not in any way limit the obligations of any Transaction Obligor under the Finance Documents.

### 15.2 Limitation of liability

- (a) Each Obligor shall, on demand, 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 either:
- (i) a Default has occurred and is continuing; or
  - (ii) 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 Obligors shall, within three days of any demand, pay the Facility Agent and the Security Agent the amount of all costs and expenses (including pre-agreed legal fees) reasonably incurred by any Secured Party in connection with the negotiation, preparation, printing, execution, syndication and perfection of:

- (a) this Agreement and any other documents referred to in this Agreement or in a Security Document; and
- (b) any other Finance Documents executed after the date of this Agreement.

**16.2 Amendment costs**

If:

- (a) a Transaction Obligor requests an amendment, waiver or consent; or
- (b) an amendment is required either pursuant to Clause 34.9 (*Change of currency*) or as contemplated in Clause 43.5 (*Replacement of Screen Rate*); or
- (c) a Transaction Obligor requests, and the Security Agent agrees to, the release of all or any part of the Security Assets from the Transaction Security,

the Obligors shall, within three days of any demand, reimburse each of the Facility Agent and the Security Agent for the amount of all costs and expenses (including legal fees) reasonably incurred by each Secured Party in responding to, evaluating, negotiating or complying with that request or requirement.

**16.3 Enforcement and preservation costs**

The Obligors shall within 3 Business Days of any demand, pay to each Secured Party the amount of all costs and expenses (including legal fees) incurred by that Secured Party in connection with the enforcement of, or the preservation of any rights under, any Finance Document or the Transaction Security and with any proceedings instituted by or against that Secured Party as a consequence of it entering into a Finance Document, taking or holding the Transaction Security, or enforcing those rights.

## SECTION 7

## GUARANTEES AND JOINT AND SEVERAL LIABILITY OF BORROWERS

## 17 GUARANTEE AND INDEMNITY — PARENT GUARANTOR

## 17.1 Guarantee and indemnity

The Parent Guarantor irrevocably and unconditionally:

- (a) guarantees to each Finance Party punctual performance by each Borrower of all that Borrower's obligations under the Finance Documents;
- (b) undertakes with each Finance Party that whenever a Borrower does not pay any amount when due under or in connection with any Finance Document, the Parent Guarantor shall immediately on demand pay that amount as if it were the principal obligor; and
- (c) agrees with each Finance Party 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 a Borrower not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due. The amount payable by the Parent Guarantor under this indemnity will not exceed the amount it would have had to pay under this Clause 17 (*Guarantee and Indemnity Parent Guarantor*) 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 each Borrower under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

## 17.3 Reinstatement

of any Transaction Obligor or any security for those obligations or otherwise) is made by a Secured 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 Guarantor under this Clause 17 (*Guarantee and Indemnity Parent Guarantor*) will continue or be reinstated as if the discharge, release or arrangement had not occurred.

## 17.4 Waiver of defences

) and in respect of any Transaction Security will not be affected or discharged by an act, omission, matter or thing which, but for this Clause 17.4 (*Waiver of defences*), would reduce, release or prejudice any of its obligations under this Clause 17 (*Guarantee and Indemnity — Parent Guarantor*) or in respect of any Transaction Security (without limitation and whether or not known to it or any Secured Party) including:

- (a) any time, waiver or consent granted to, or composition with, any Transaction Obligor or other person;

- (b) the release of any other Transaction Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect or delay in perfecting, or refusal or neglect to take up or enforce, or delay in taking or enforcing any rights against, or security over assets of, any Transaction 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 a Transaction 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**

- (a) The Parent Guarantor waives any right it may have of first requiring any Secured 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 (including without limitation to commence any proceedings under any Finance Document or to enforce any Transaction Security) before claiming or commencing proceedings under this Clause 17 (*Guarantee and Indemnity Parent Guarantor*). This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.
- (b) The Parent Guarantor acknowledges the rights of the Facility Agent pursuant to Clause 27.19 (*Acceleration*) to enforce or direct the Security Agent to enforce or exercise any or all of its rights, remedies powers or directions under any guarantee or indemnity contained in this Agreement.

#### 17.6 **Appropriations**

Until all amounts which may be or become payable by the Transaction Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Secured 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 Secured 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 Guarantor 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 Guarantor or on account of the Parent Guarantor's liability under this Clause 17 (*Guarantee and Indemnity — Parent Guarantor*).

**17.7 Deferral of Parent Guarantor's rights**

directs, the Parent Guarantor will not exercise any rights which it may have (whether in respect of any Finance Document to which it is a Party or any other transaction) 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 (*Guarantee and Indemnity Parent Guarantor*):

- (a) to be indemnified by a Transaction Obligor;
- (b) to claim any contribution from any third party providing security for, or any other guarantor of, any Transaction 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 Secured Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Secured Party;
- (d) to bring legal or other proceedings for an order requiring any Transaction Obligor to make any payment, or perform any obligation, in respect of which the Parent Guarantor has given a guarantee, undertaking or indemnity under Clause 17.1 (*Guarantee and indemnity*);
- (e) to exercise any right of set-off against any Transaction Obligor; and/or
- (f) to claim or prove as a creditor of any Transaction Obligor in competition with any Secured Party.

If the Parent Guarantor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Secured Parties by the Transaction Obligors under or in connection with the Finance Documents to be repaid in full on trust for the Secured Parties and shall promptly pay or transfer the same to the Facility Agent or as the Facility Agent may direct for application in accordance with Clause 34 (*Payment Mechanics*).

**17.8 Additional security**

This guarantee and any other Security given by the Parent Guarantor is in addition to and is not in any way prejudiced by, and shall not prejudice, any other guarantee or Security or any other right of recourse now or subsequently held by any Secured Party or any right of set-off or netting or right to combine accounts in connection with the Finance Documents.

**17.9 Applicability of provisions of Guarantee to other Security**

Clauses 17.2 (Continuing guarantee), 17.3 (Reinstatement), 17.4 (Waiver of defences), 17.5 (Immediate recourse), 17.6 (Appropriations), 17.7 (Deferral of Parent Guarantor's rights) and 17.8 (*Additional security*) shall apply, with any necessary modifications, to any Security which the Parent Guarantor creates (whether at the time at which it signs this Agreement or at any later time) to secure the Secured Liabilities or any part of them.

## **18 JOINT AND SEVERAL LIABILITY OF THE BORROWERS**

### **18.1 Joint and several liability**

All liabilities and obligations of the Borrowers under this Agreement shall, whether expressed to be so or not, be joint and several.

### **18.2 Waiver of defences**

The liabilities and obligations of a Borrower shall not be impaired by:

- (a) this Agreement being or later becoming void, unenforceable or illegal as regards any other Borrower;
- (b) any Lender or the Security Agent entering into any rescheduling, refinancing or other arrangement of any kind with any other Borrower;
- (c) any Lender or the Security Agent releasing any other Borrower or any Security created by a Finance Document; or
- (d) any time, waiver or consent granted to, or composition with any other Borrower or other person;
- (e) the release of any other Borrower or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
- (f) 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 other Borrower 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;
- (g) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of any other Borrower or any other person;
- (h) any amendment, novation, supplement, extension, restatement (however fundamental, and whether or not more onerous) or replacement of a 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;
- (i) any unenforceability, illegality or invalidity of any obligation or any person under any Finance Document or any other document or security; or
- (j) any insolvency or similar proceedings.

### **18.3 Principal Debtor**

Each Borrower declares that it is and will, throughout the Security Period, remain a principal debtor for all amounts owing under this Agreement and the Finance Documents and no Borrower shall, in any circumstances, be construed to be a surety for the obligations of any other Borrower under this Agreement.

### **18.4 Borrower restrictions**

- (a) Subject to paragraph (b) below, during the Security Period no Borrower shall:
- (i) claim any amount which may be due to it from any other Borrower whether in respect of a payment made under, or matter arising out of, this Agreement or any Finance Document, or any matter unconnected with this Agreement or any Finance Document; or
  - (ii) take or enforce any form of security from any other Borrower for such an amount, or in any way seek to have recourse in respect of such an amount against any asset of any other Borrower; or
  - (iii) set off such an amount against any sum due from it to any other Borrower; or
  - (iv) prove or claim for such an amount in any liquidation, administration, arrangement or similar procedure involving any other Borrower; or
  - (v) exercise or assert any combination of the foregoing.
- (b) If during the Security Period, the Facility Agent, by notice to a Borrower, requires it to take any action referred to in paragraph (a) above in relation to any other Borrower, that Borrower shall take that action as soon as practicable after receiving the Facility Agent's notice.

#### **18.5 Deferral of Borrowers' rights**

Until all amounts which may be or become payable by the Borrowers under or in connection with the Finance Documents have been irrevocably paid in full and unless the Facility Agent otherwise directs, no Borrower will exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents:

- (a) to be indemnified by any other Borrower; or
- (b) to claim any contribution from any other Borrower in relation to any payment made by it under the Finance Documents.

## SECTION 8

## REPRESENTATIONS, UNDERTAKINGS AND EVENTS OF DEFAULT

**19 REPRESENTATIONS****19.1 General**

Each Obligor makes the representations and warranties set out in this Clause 19 (*Representations*) to each Finance Party on the date of this Agreement.

**19.2 Status**

- (a) Each Obligor (other than the Parent Guarantor) is a limited liability company formed and validly existing and in good standing under the law of its Original Jurisdiction.
- (b) The Parent Guarantor is a corporation incorporated and validly existing and in good standing under the law of its Original Jurisdiction.
- (c) It and each Transaction Obligor has the power to own its assets and carry on its business as it is being conducted.

**19.3 LLC shares and ownership**

- (a) In the case of each Borrower, the aggregate number of limited liability company interests that it is authorised to issue is 500 LLC Shares, all of which (being 100 per cent. of its limited liability company interests) have been issued to the Member.
- (b) The Parent Guarantor is authorised to issue an aggregate of 249,000,000 common stock shares, each with a par value \$0.01, consisting of:
  - (i) 214,000,000 Class A common stock shares, each with a par value of \$0.01 per share, of which 36,283,468 shares are issued and outstanding;
  - (ii) 20,000,000 Class B common stock shares, each with a par value of \$0.01 per share, of which none are issued and outstanding; and
  - (iii) 15,000,000 Class C common stock shares, each with a par value of \$0.01 per share, of which none are issued and outstanding.
- (c) The legal title to and beneficial interest in the LLC Shares in each Borrower is held directly by its Member and indirectly (as set out under paragraphs (a) to (b) above) by the Parent Guarantor free of any Security or any other claim, except for Permitted Security.
- (d) None of the LLC Shares in a Borrower is subject to any option to purchase, pre-emption rights or similar rights.

**19.4 Binding obligations**

The obligations expressed to be assumed by it in each Transaction Document to which it is a party are legal, valid, binding and enforceable obligations.

**19.5 Validity, effectiveness and ranking of Security**

- (a) Each Finance Document to which it is a party does now or, as the case may be, will upon execution and delivery create, subject to the Legal Reservations and the Perfection Requirements, the Security it purports to create over any assets to which such Security, by its terms, relates, and such Security will, when created or intended to be created, be valid and effective.
- (b) No third party has or will have any Security (except for Permitted Security) over any assets that are the subject of any Transaction Security granted by it.
- (c) Subject to the Perfection Requirements, the Transaction Security granted by it to the Security Agent or any other Secured Party has or will when created or intended to be created have first ranking priority or such other priority it is expressed to have in the Finance Documents and is not subject to any prior ranking or *pari passu* ranking security.
- (d) No concurrence, consent or authorisation of any person is required for the creation of or otherwise in connection with any Transaction Security.

**19.6 Non-conflict with other obligations**

The entry into and performance by it of, and the transactions contemplated by, each Transaction Document to which it is a party:

- (a) do not and will not conflict with:
  - (i) any law or regulation applicable to it;
  - (ii) its constitutional documents; or
  - (iii) any agreement or instrument binding upon it or any of its assets or constitute a default or termination event (however described) under any such agreement or instrument; and
- (b) is for the corporate benefit of that Obligor.

**19.7 Power and authority**

- (a) It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, each Transaction Document to which it is or will be a party and the transactions contemplated by those Transaction Documents.
- (b) No limit on its powers will be exceeded as a result of the borrowing, granting of security or giving of guarantees or indemnities contemplated by the Transaction Documents to which it is a party.

**19.8 Validity and admissibility in evidence**

All Authorisations required or desirable:

- (a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party; and

- (b) to make the Transaction Documents to which it is a party admissible in evidence in its Relevant Jurisdictions, have been obtained or effected and are in full force and effect.

**19.9 Governing law and enforcement**

- (a) The choice of governing law of each Transaction Document to which it is a party will be recognised and enforced in its Relevant Jurisdictions.
- (b) Any judgment obtained in relation to a Transaction Document to which it is a party in the jurisdiction of the governing law of that Transaction Document and any arbitral award obtained in relation to a Transaction Document in the seat of that arbitral tribunal as specified in that Transaction Document will be recognised and enforced in its Relevant Jurisdictions.

**19.10 Insolvency**

No:

- (a) corporate action, legal proceeding or other similar legal procedure or similar legal step described in paragraph (a) of Clause 27.8 (*Insolvency proceedings*); or
- (b) creditors' process described in Clause 27.9 (*Creditors' process*),
- has been taken or, to its knowledge, threatened in relation to any Transaction Obligor; and none of the circumstances described in Clause 27.7 (*Insolvency*) applies to any Transaction Obligor.

**19.11 No filing or stamp taxes**

Under the laws of its Relevant Jurisdictions it is not necessary that the Finance Documents to which it is a party be registered, filed, recorded, notarised 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 the Finance Documents to which it is a party or the transactions contemplated by those Finance Documents except the registration of a Mortgage at the applicable ship registry of the relevant Approved Flag; which registration will be made promptly after the date of the relevant Finance Documents.

**19.12 Deduction of Tax**

It is not required to make any Tax Deduction from any payment it may make under any Finance Document to which it is a party.

**19.13 No default**

- (a) No Event of Default and, on the date of this Agreement and on each Utilisation Date, no Default is continuing or might reasonably be expected to result from the making of any Utilisation or the entry into, the performance of, or any transaction contemplated by, any Transaction Document.
- (b) No other event or circumstance is outstanding which constitutes a default or a termination event (however described) under any other agreement or instrument which is binding on it or to which its assets are subject.

**19.14 No misleading information**

- (a) Any factual information provided by any member of the Group for the purposes of this Agreement was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.
- (b) The financial projections contained in any such information have been prepared on the basis of recent historical information and on the basis of reasonable assumptions.
- (c) Nothing has occurred or been omitted from any such information and no information has been given or withheld that results in any such information being untrue or misleading in any material respect.

**19.15 Financial Statements**

- (a) The Original Financial Statements were prepared in accordance with GAAP consistently applied.
- (b) The Original Financial Statements give a true and fair view of its financial condition as at the end of the relevant financial year and its results of operations during the relevant financial year.
- (c) There has been no material adverse change in its assets, business or financial condition (or the assets, business or consolidated financial condition of the Group) since 31 December 2020.
- (d) Its most recent financial statements delivered pursuant to Clause 20.2 (*Financial statements*):
  - (i) have been prepared in accordance with Clause 20.4 (*Requirements as to financial statements*); and
  - (ii) fairly present its financial condition as at the end of the relevant financial year and operations during the relevant financial year (consolidated in the case of the Parent Guarantor).
- (e) Since the date of the most recent financial statements delivered pursuant to Clause 20.2 (*Financial statements*) there has been no material adverse change in its business, assets or financial condition (or the business or consolidated financial condition of the Group, in the case of the Parent Guarantor).

**19.16 Pari passu ranking**

Its payment obligations under the Finance Documents to which it is a party rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

**19.17 No proceedings pending or threatened**

- (a) No litigation, arbitration or administrative proceedings or investigations (including proceedings or investigations relating to any alleged or actual breach of the ISM Code or of the ISPS Code) of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a Material Adverse Effect have (to the best of its knowledge and belief (having made due and careful enquiry)) been started or threatened against it or any other Transaction Obligor.

- (b) No judgment or order of a court, arbitral tribunal or other tribunal or any order or sanction of any governmental or other regulatory body which might reasonably be expected to have a Material Adverse Effect has (to the best of its knowledge and belief (having made due and careful enquiry)) been made against it or any other Transaction Obligor.

**19.18 Validity and completeness of the MOAs**

- (a) Each MOA constitutes legal, valid, binding and enforceable obligations of the relevant Seller.
- (b) The copy of each MOA delivered to the Facility Agent before the date of this Agreement is a true and complete copy.
- (c) No amendments or additions to the MOAs (other than any amendments or additions in the form of addenda to the MOAs as disclosed to the Facility Agent prior to the execution of this Agreement) have been agreed nor have any rights under any MOA been waived.

**19.19 No rebates etc.**

There is no agreement or understanding to allow or pay any rebate, premium, inducement, commission, discount or other benefit or payment (however described) to any Borrower or any other member of the Group, any Seller or a third party in connection with the purchase by a Borrower of a Ship, other than as disclosed to the Facility Agent in writing on or before the date of this Agreement.

**19.20 Valuations**

- (a) All information supplied by it or on its behalf to an Approved Valuer for the purposes of a valuation delivered to the Facility Agent in accordance with this Agreement was true and accurate as at the date it was supplied or (if appropriate) as at the date (if any) at which it is stated to be given.
- (b) It has not omitted to supply any information to an Approved Valuer which, if disclosed, would adversely affect any valuation prepared by such Approved Valuer.
- (c) There has been no change to the factual information provided pursuant to paragraph (a) above in relation to any valuation between the date such information was provided and the date of that valuation which, in either case, renders that information untrue or misleading in any material respect.

**19.21 No breach of laws**

It has not breached any applicable law or regulation which breach has a Material Adverse Effect.

**19.22 Initial Charter**

Each relevant Ship, as at the Delivery Date in respect of such Ship, is subject to the respective Initial Charter and has been delivered to the Initial Charterer.

**19.23 Compliance with Environmental Laws**

All Environmental Laws relating to the ownership, operation and management of each Ship and, to the best of each Obligor's knowledge, the business of each other Transaction Obligor

(as now conducted and as reasonably anticipated to be conducted in the future) and the terms of all Environmental Approvals have been complied with.

**19.24 No Environmental Claim**

No Environmental Claim has been made or threatened against any member of the Group or any Ship which is reasonably expected to have a Material Adverse Effect.

**19.25 No Environmental Incident**

No Environmental Incident has occurred and no person has claimed that an Environmental Incident has occurred which is reasonably expected to have a Material Adverse Effect.

**19.26 ISM and ISPS Code compliance**

All requirements of the ISM Code and the ISPS Code as they relate to each Borrower, each Approved Technical Manager and each Ship have been complied with.

**19.27 Taxes paid**

(a) It is not and (to the best of its knowledge and belief (having made due and careful enquiry)) no other Transaction Obligor is materially overdue in the filing of any Tax returns and it is not (and to the best of its knowledge and belief (having made due and careful enquiry)) and no other Transaction Obligor is overdue in the payment of any amount in respect of Tax 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 and (iii) such payment can be lawfully withheld and failure to file such returns or pay those Taxes does not have a Material Adverse Effect.

(b) No claims or investigations are being, made or conducted against it (or (to the best of its knowledge and belief (having made due and careful enquiry)) against any other Transaction Obligor) with respect to Taxes.

**19.28 Financial Indebtedness**

No Borrower has any Financial Indebtedness outstanding other than Permitted Financial Indebtedness.

**19.29 Overseas companies**

No Obligor has delivered particulars, whether in its name stated in the Finance Documents or any other name, of any UK Establishment to the Registrar of Companies as required under the Overseas Regulations or, if it has so registered, it has provided to the Facility Agent sufficient details to enable an accurate search against it to be undertaken by the Lenders at the Companies Registry.

**19.30 Good title to assets**

It has good, valid and marketable title to, or valid leases or licences of, and all appropriate Authorisations to use, the assets necessary to carry on its business as presently conducted.

**19.31 Ownership**

- (a) With effect on and from the relevant Delivery Date, the relevant Borrower will be the sole legal and beneficial owner of the relevant Ship, its Earnings and its Insurances.
- (b) With effect on and from the date of its creation or intended creation, each Transaction Obligor will be the sole legal and beneficial owner of any asset that is the subject of any Transaction Security created or intended to be created by such Transaction Obligor.
- (c) The constitutional documents of each Transaction Obligor do not and could not restrict or inhibit any transfer of the LLC Shares of the Borrower on creation or enforcement of the security conferred by the Security Documents.

**19.32 Centre of main interests and establishments**

For the purposes of The Council of the European Union Regulation No. 2015/848 on Insolvency Proceedings (recast) (the "Regulation"), its centre of main interest (as that term is used in Article 3(1) of the Regulation) is situated in Greece and it has no "establishment" (as that term is used in Article 2(10) of the Regulation) in any other jurisdiction.

**19.33 Place of business**

- (a) No Obligor has a place of management of its business in any country other than Greece.
- (b) Each Borrower is not a tax resident in the Republic of Liberia or any other jurisdiction and it is liable to pay Greek tonnage tax in respect of the Ship belonging to it as long as that Ship is managed by an Approved Manager whose place of management of its business is Greece.

**19.34 No employee or pension arrangements**

No Obligor has any employees or any liabilities under any pension scheme.

**19.35 No immunity**

No Obligor nor any of its respective assets are entitled to immunity on the grounds of sovereignty or otherwise from any legal action or proceedings (which shall include, without limitation, suit, attachment prior to judgment, execution or other enforcement).

**19.36 Sanctions Representations**

- (a) No Transaction Obligor or any Approved Manager which is a member of the Group:
  - (i) is a Prohibited Person;
  - (ii) is owned or controlled by or acting directly or indirectly on behalf of or for the benefit of, a Prohibited Person;
  - (iii) owns or controls a Prohibited Person; or
  - (iv) has a Prohibited Person serving as a director, officer or, to the best of its knowledge, employee.

- (b) Each Transaction Obligor and any Approved Manager which is a member of the Group has instituted and maintains policies and/or internal procedures designed to prevent violation of Sanctions.
- (c) No proceeds of the Loan shall be made available, directly or indirectly, to or for the benefit of a Prohibited Person nor shall they be otherwise directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions.

**19.37 Validity and completeness of the Initial Charter**

- (a) Each Initial Charter, as at the Delivery Date in respect of the relevant Ship and at all times thereafter, constitutes legal, valid, binding and enforceable obligations of the relevant Borrower.
- (b) The copy of each Initial Charter in respect of a Ship delivered to the Facility Agent by no later than the Delivery Date in respect of that Ship is a true and complete copy.
- (c) No amendments or additions to each of the Initial Charters have been agreed save as otherwise disclosed to the Facility Agent prior to the execution of this Agreement nor has any Borrower waived any of its rights under the Initial Charter to which it is a party.

**19.38 Anti-bribery, anti-corruption and anti-money laundering**

No Transaction Obligor nor any of their Subsidiaries, directors or officers, or, to the best of their knowledge, any affiliate, agent or employee of them, has engaged in any activity or conduct which would violate any applicable anti-bribery, anti-corruption or anti-money laundering laws, regulations or rules in any applicable jurisdiction (including, without limitation, the US Foreign Corrupt Practices Act of 1977, as amended) and each Transaction Obligor has instituted and maintain policies and/or internal procedures designed to prevent violation of such laws, regulations and rules.

**19.39 Ships status**

Each Ship is, or will be with effect on and from the relevant Delivery Date (as the case may be):

- (a) registered in the name of the relevant Borrower under the laws and flag of the Approved Flag;
- (b) operationally seaworthy and in every way fit for service;
- (c) classed with the relevant Approved Classification free of all overdue requirements and recommendations of the relevant Approved Classification Society affecting class; and
- (d) insured in the manner required by the Finance Documents.

**19.40 Repetition**

The Repeating Representations are deemed to be made by each Obligor by reference to the facts and circumstances then existing on the date of each Utilisation Request and the first day of each Interest Period.

**20 INFORMATION UNDERTAKINGS****20.1 General**

The undertakings in this Clause 20 (*Information Undertakings*) remain in force throughout the Security Period unless the Facility Agent, acting with the authorisation of the Majority Lenders (or, where specified, all the Lenders), may otherwise permit.

**20.2 Financial statements**

The Parent Guarantor shall supply to the Facility Agent in sufficient copies for all the Lenders (and, in respect of paragraphs (a) - (c) (inclusive) below, prepared in accordance with NYSE rules (as shown and available on the website of the Parent Guarantor)):

- (a) as soon as they become available, but in any event within 180 days after the end of each financial year of the Parent Guarantor, the consolidated audited annual financial statements of the Parent Guarantor (commencing with the financial statements for the financial year which ended on 31 December 2020) for that financial year;
- (b) as soon as they become available, but in any event within 120 days after the 6-month period ending on 30 June in each financial year of the Parent Guarantor, the semi-annual consolidated unaudited financial statements of the Parent Guarantor, for that 6-month period (commencing with the financial statements for the 6-month period ending on 30 June 2021), duly certified as to their correctness by the chief financial officer of the Parent Guarantor;
- (c) as soon as they become available, but in any event within 90 days after the 3-month period ending on 30 June, 30 September, 31 December and 31 March in each financial year of the Parent Guarantor, the quarterly consolidated unaudited financial statements of the Parent Guarantor, for that 3-month period (commencing with the financial statements for the 3-month period ending on 31 March 2021), duly certified as to their correctness by the chief financial officer of the Corporate Guarantor; and
- (d) promptly after each request by the Facility Agent, such further financial or other information in respect of each Borrower, each Ship, the Parent Guarantor and the other Transaction Obligors (including, without limitation, any information regarding any sale and purchase agreements, investment brochures, shipbuilding contracts, charter agreements, operational expenditures for the Ships and utilisation rates of the Ships) as may be requested by the Facility Agent.

**20.3 Compliance Certificate**

- (a) The Parent Guarantor shall supply to the Facility Agent, together with each set of financial statements delivered pursuant to paragraphs (a) and (b) of Clause 20.2 (*Financial statements*) as the case may be, a Compliance Certificate setting out (in reasonable detail) computations as to compliance with Clause 21 (*Financial Covenants*) as at the date at which those financial statements were drawn up.
- (b) Each Compliance Certificate shall be signed by the chief financial officer of the Parent Guarantor.

**20.4 Requirements as to financial statements**

- (a) Each set of financial statements delivered by the Parent Guarantor pursuant to Clause 20.2 (*Financial statements*) shall be certified by the chief financial officer of the Parent Guarantor as giving a true and fair view (if audited) or fairly representing (if unaudited) its financial condition and operations as at the date as at which those financial statements were drawn up.
- (b) The Obligors shall procure that each set of financial statements delivered pursuant to Clause 20.2 (*Financial statements*) is prepared using GAAP, 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, they notify the Facility Agent that there has been a change in GAAP, the accounting practices or reference periods and the auditors of the Parent Guarantor deliver to the Facility Agent:
- (i) a description of any change necessary for those financial statements to reflect the GAAP, accounting practices and reference periods upon which the Original Financial Statements were prepared; and
  - (ii) sufficient information, in form and substance as may be reasonably required by the Facility Agent, to enable the Lenders to determine whether Clause 21 (*Financial Covenants*) has been complied with and make an accurate comparison between the financial position indicated in those financial statements and the Original Financial Statements.

Any reference in this Agreement to those 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.

**20.5 Information: miscellaneous**

Each Obligor shall and shall procure that each other Transaction Obligor shall supply to the Facility Agent (in sufficient copies for all the Lenders, if the Facility Agent so requests):

- (a) all documents relevant to this Agreement which are dispatched by it to its members (or any class of them) or its creditors upon request of the Facility Agent and copies of any relevant press releases;
- (b) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings or investigations (including proceedings or investigations relating to any alleged or actual breach of the ISM Code or of the ISPS Code) which are current, threatened or pending against any member of the Group, and which might, if adversely determined, have a Material Adverse Effect and each Borrower shall procure that all reasonable measures are taken to defend any such legal or administrative action;
- (c) promptly upon becoming aware of them, the details of any judgment or order of a court, arbitral body or agency which is made against any member of the Group and which might have a Material Adverse Effect;
- (d) promptly, its constitutional documents where these have been amended or varied;
- (e) promptly, such further information and/or documents regarding:
  - (i) each Ship, goods transported on each Ship, its Earnings and its Insurances;

- (ii) the Security Assets;
- (iii) compliance of the Transaction Obligors with the terms of the Finance Documents;
- (iv) the financial condition, business and operations of any other Transaction Obligor;
- (v) the Initial Charters,

as any Finance Party (through the Facility Agent) may reasonably request; and

- (f) promptly, such further information and/or documents as any Finance Party (through the Facility Agent) may reasonably request so as to enable such Finance Party to comply with any laws applicable to it or as may be required by any regulatory authority.

#### 20.6 Notification of Default

- (a) Each Obligor shall, and shall procure that each other Transaction Obligor shall, notify the Facility Agent of any Default and provide an early indication thereof if such Default becomes manifest that the financial covenants set out in Clause 21 (*Financial Covenants*) may not be met (and the steps, if any, being taken to remedy each of them) promptly upon becoming aware of such occurrence (unless that Obligor is aware that a notification has already been provided by another Obligor).
- (b) Promptly upon a request by the Facility Agent, each Borrower shall supply to the Facility Agent a certificate signed by an officer on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

#### 20.7 Notification of litigation

- (a) The Obligors will provide the Facility Agent with details of any legal action (i) involving any Obligor and any other Transaction Obligor as soon as such action is instituted and (ii) on becoming aware of the same, involving any Approved Technical Manager, any Approved Crewing Manager, or any Ship, its Earnings, its Insurances unless in each case it is clear that the legal action could not reasonably be expected to have a Material Adverse Effect if adversely determined.
- (b) The Obligors shall and shall procure that any other Transaction Obligor shall supply to the Facility Agent promptly, to the extent permitted by law, details of any claim, action, suit, proceedings or investigation against it with respect to Sanctions by any Sanctions Authority (in sufficient copies for all the Lenders, if the Facility Agent so requests).

#### 20.8 Use of websites

- (a) Each Obligor may satisfy its obligation under the Finance Documents to which it is a party to deliver any information in relation to those Lenders (the "**Website Lenders**") which accept this method of communication by posting this information onto an electronic website designated by the Borrowers and the Facility Agent (the "**Designated Website**") if:
  - (i) the Facility Agent expressly agrees (after consultation with each of the Lenders) that it will accept communication of the information by this method;
  - (ii) both the relevant Obligor and the Facility 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 relevant Obligor and the Facility Agent.

If any Lender (a "**Paper Form Lender**") does not agree to the delivery of information electronically then the Facility Agent shall notify the Obligors accordingly and each Obligor shall supply the information to the Facility Agent (in sufficient copies for each Paper Form Lender) in paper form. In any event each Obligor shall supply the Facility Agent with at least one copy in paper form of any information required to be provided by it.

(b) The Facility 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 Obligors or any of them and the Facility Agent.

(c) An Obligor shall promptly upon becoming aware of its occurrence notify the Facility 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) if that Obligor 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 an Obligor notifies the Facility Agent under sub-paragraph (i) or (v) of paragraph (c) above, all information to be provided by the Obligors under this Agreement after the date of that notice shall be supplied in paper form unless and until the Facility 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 Facility Agent, one paper copy of any information required to be provided under this Agreement which is posted onto the Designated Website. The Obligors shall comply with any such request within 10 Business Days.

## 20.9 "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 a Transaction Obligor (or of a Holding Company of a Transaction Obligor) (including, without limitation, a change of ownership of a Transaction Obligor or of a Holding Company of a Transaction Obligor) after the date of this Agreement; or
- (iii) a proposed assignment or transfer by a Lender of any of its rights and obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges a Finance Party (or, in the case of sub-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 any Finance Party supply, or procure the supply of, such documentation and other evidence as is reasonably requested by a Servicing Party (for itself or on behalf of any other Finance Party) or any Lender (for itself or, in the case of the event described in sub-paragraph (iii) above, on behalf of any prospective new Lender) in order for such Finance Party or, in the case of the event described in sub-paragraph (iii) above, any prospective new Lender to carry out and be satisfied it has complied with 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 Lender shall promptly upon the request of a Servicing Party supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Servicing Party (for itself) in order for that Servicing Party to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

#### 20.10 Parent Guarantor's subsidiaries

The Borrowers shall provide the Facility Agent on or before the date of this Agreement with a list of each member of the Group at the date of this Agreement and shall, at the same time the Parent Guarantor delivers a Compliance Certificate pursuant to Clause 20.3 (*Compliance Certificate*), advise the Facility Agent in writing of any amendments to such list.

### 21 FINANCIAL COVENANTS

#### 21.1

The Borrowers shall maintain in the Minimum Liquidity Account credit balances in an aggregate amount of not less than \$350,000 in respect of each Ship subject to a Mortgage (\$4,200,000 in aggregate, the "**Minimum Liquidity Amount**") commencing from the Utilisation Date in respect of the Tranche which will finance the relevant Ship and at all times thereafter until the earlier of (i) the full repayment or, as the case may be prepayment, of the Tranche relevant to that Ship **provided that** no Event of Default has occurred on the date of such repayment and (ii) the end of the Security Period.

#### 21.2 Special Reserve Amount

The Borrowers shall accrue in the Special Reserve Account an aggregate amount of \$7,840,000 (the "**Special Reserve Amount**") to be accumulated in 10 equal consecutive quarterly instalments in an amount of \$784,000 each Special Reserve Instalment, the first of which shall be paid on the date falling 3 Months after the first Utilisation Date and each subsequent instalment shall be paid at quarterly intervals thereafter provided that if at any time following the expiry of the Charter in relation to any of Ship B, Ship E, Ship F and Ship J, the Borrowers enter into a Charter in respect of such Ships (or any of them) for an aggregate amount of hire of at least \$52,000 per day ("**Expected Aggregate Hire**") with an average Expected Weighted Period of at least two years (the "**Expected Weighted Period**"), any Special Reserve Amount accumulated as at such time shall (subject to no Event of Default having occurred and being continuing) be released to the Borrowers and the Borrowers shall not be required to make any further payment of a Special Reserve Instalment, unless:

- (a) the Borrowers enter into a Charter in respect of such Ships (or any of them) for an aggregate amount of hire per day equal to fifty per cent. (50%) of the Expected Aggregate Hire (namely, an aggregate amount of hire of at least \$26,000 per day) with an average weighted period equal to the Expected Weighted Period, the Special Reserve Amount shall be reduced by fifty per cent. (50%) and the Borrowers shall be required to accumulate an aggregate amount of \$3,920,000 (the "**Adjusted Special Reserve Amount**") with the Special Reserve Instalments adjusted accordingly; if applicable, any surplus accumulated over and above the Adjusted Special Reserve Amount as at such time shall (subject to no Event of Default having occurred and being continuing) be released to the Borrowers; and
- (b) if the Borrowers enter into a Charter in respect of such Ships (or any of them) for an aggregate amount of hire per day equal to the remaining fifty per cent. (50%) of the Expected Aggregate Hire (namely, a further aggregate amount of hire of at least \$26,000 per day) with an average weighted period equal to the Expected Weighted Period, any Special Reserve Amount accumulated as at such time shall (subject to no Event of Default having occurred and being continuing) be released to the Borrowers and the Borrowers shall not be required to make any further payment of a Special Reserve Instalment, **further provided** in each case that in the event of a sale or a Total Loss of any of such Ship, the Special Reserve Amount or, as the case may be, the Adjusted Special Reserve Amount (and the consecutive quarterly instalments) shall be reduced pro rata.

### 21.3 **Dry-Docking Reserve Amount**

- (a) The Borrowers shall deposit in the Dry-Docking Reserve Account in relation to each of Ship C, Ship D, Ship F, Ship H and Ship J, on the Utilisation Date relevant to that Ship, an amount of:
- (A) in relation to Ship C, \$1,400,000 (the "**Dry-Docking Reserve Amount C**");
  - (B) in relation to Ship D, \$1,400,000 (the "**Dry-Docking Reserve Amount D**");
  - (C) in relation to Ship F, \$1,600,000 (the "**Dry-Docking Reserve Amount F**");
  - (D) in relation to Ship H, \$1,500,000 (the "**Dry-Docking Reserve Amount H**"); and
  - (E) in relation to Ship J, \$500,000 (the "**Dry-Docking Reserve Amount J**");

(\$6,400,000, in aggregate), which shall remain, subject to paragraphs (b) and (c) below, blocked in the Dry-Docking Reserve Account throughout the Security Period.

- (b) The Borrowers shall accumulate, in relation to each of Ship A, Ship B, Ship E, Ship G, Ship I, Ship K and Ship L, in the Dry-Docking Reserve Account credit balances to meet the anticipated dry docking, installation of a ballast water treatment system (the "**BWTS Installation**") and special survey fees for each Ship (each such amount together with the Dry-Docking Reserve Amount C, the Dry-Docking Reserve Amount D, the Dry-Docking Reserve Amount F, the Dry-Docking Reserve Amount H and the Dry-Docking Reserve Amount J, the "**Dry Docking Reserve Amount**") to be paid in the Dry Docking Reserve Account in the Applicable Number of equal consecutive quarterly instalments, each in an amount equal to the Applicable Quarterly Amount for that Ship, the first of which shall be paid on the date of payment of the first Repayment Instalment in relation to each Tranche and each subsequent instalment at three- monthly intervals thereafter.

In this Clause 21.3(b):

"Applicable Number" means

- (i) in relation to Ship A, 8;
- (ii) in relation to Ship B, Ship E, Ship G, Ship I and Ship J, 12;
- (iii) in relation to Ship K, 10; and
- (iv) in relation to Ship L, 5.

"Applicable Quarterly Amount" means:

- (v) in relation to Ship A, \$212,500;
- (vi) in relation to Ship B, Ship G, Ship I and Ship J, \$83,333.33;
- (vii) in relation to Ship E, \$75,000;
- (viii) in relation to Ship K, \$80,000; and
- (ix) in relation to Ship L, \$260,000.

(c) The Dry-Docking Reserve Amount shall be released to the relevant Borrower, only for:

- (i) the payment of any costs incurred in relation to the dry docking, special survey and BWTS Installation in respect of a Ship which is scheduled to take place:
  - (A) in relation to Ship C, Ship D, Ship F, Ship H and Ship J, within the first 12 months of the Utilisation Date in respect of that Ship; and
  - (B) in relation to each of Ship A, Ship B, Ship E, Ship G, Ship I, Ship K and Ship L, on a date falling in the period from and including the Utilisation Date in respect of that Ship to the Termination Date; or
  - (C) such other later date as may be extended by the relevant Approved Classification Society; and
- (ii) the prepayment of any advances to the suppliers in relation to any upcoming dry docking, special survey and BWTS Installation in respect of that Ship,

(such costs referred to in paragraph (c) above are, together, the "**Dry Docking Expenses**") and subject to, in each case:

- (A) the Borrowers previously delivering to the Facility Agent, in form and substance satisfactory to the Facility Agent, a list of scheduled payments in this respect and if requested by the Facility Agent, copies of the invoices and/or proforma invoices and/or orders to be paid (partially or in full out of the relevant Dry-Docking Reserve Amount) in respect of the Dry Docking Expenses; and
- (B) no Event of Default having occurred and being continuing at the relevant time or resulting from the release of the relevant part of the Dry-Docking Reserve Amount.

Upon completion of each of the dry docking, special survey or BWTS Installations referred to in paragraph (b) above, the Borrowers shall promptly deliver to the Facility Agent evidence satisfactory to it that such special survey, dry docking or BWTS Installation has been completed. If there is any balance in the Dry-Docking Reserve Account, following the completion of all the dry docking, special surveys or BWTS Installations in respect of the relevant Ships, such balance shall be released to the respective Earnings Account of the relevant Borrower **Provided that** no Event of Default has occurred at the relevant time or will result from such release.

- (d) If a Ship is sold or becomes a total loss and all amounts payable pursuant to Clause 7.4 (*Mandatory prepayment on sale or Total Loss*) have been paid by the Borrowers before the completion of the dry docking, special survey or BWTS Installation in respect of that Ship, the relevant portion of the Dry-Docking Reserve Amount in relation to that dry docking, special survey or BWTS Installation will be released to the respective Earnings Accounts of the Borrowers **Provided that** no Event of Default has occurred and is continuing at the relevant time or will result from such release.
- (e) If the dry docking, special survey or BWTS Installation in respect of a Ship occurs at any time before the Utilisation Date relating to that Ship, the Borrowers shall not be required to deposit the Dry-Docking Reserve Amount in respect of that Ship.

#### 21.4 **Parent Guarantor's minimum liquidity and most favoured nations**

At all times during the Security Period, the Parent Guarantor shall:

- (a) maintain minimum liquidity in an amount of \$20,000,000 or a lesser minimum liquidity amount (if agreed by all the Lenders); and
- (b) ensure that the Finance Parties shall receive no less favourable treatment under this Agreement in relation to any financial covenant relating to it, than any financial covenant provided or to be provided under any credit, loan facility or indenture agreement (or guarantee thereof) creating Financial Indebtedness to which the Parent Guarantor is a party (or by way of amendment or supplement to that credit, loan facility or indenture agreement (or guarantee thereof)) or any agreement creating Financial Indebtedness to refinance or otherwise substitute any existing Financial Indebtedness of, or guarantee by, the Parent Guarantor.

Notwithstanding paragraph (b) above, the Parent Guarantor shall promptly advise the Facility Agent of those arrangements and covenants in advance and shall, upon the Facility Agent's request (acting on the instructions of the Majority Lenders), enter into such documentation which amends and supplements this Agreement and the other Finance Documents, as the Majority Lenders may require in order to achieve parity with the creditors under the relevant financing of the Parent Guarantor.

#### 21.5 **Compliance Check**

Compliance with the undertakings contained in this Clause 21 (*Financial Covenants*) shall be determined on each Testing Date and evidenced by the Compliance Certificate.

## 22 GENERAL UNDERTAKINGS

### 22.1 General

The undertakings in this Clause 22 (*General Undertakings*) remain in force throughout the Security Period except as the Facility Agent, acting with the authorisation of the Majority Lenders (or, where specified, all the Lenders) may otherwise permit (and in the case of Clause 22.12 (*Disposals*), 22.13 (*Merger*), 22.15 (*Financial Indebtedness*), 22.19 (*Other transactions*), 22.22 (*No amendment to Initial Charter*) and 22.23 (*No amendment to MOAs*) such permission not to be unreasonably withheld).

### 22.2 Authorisations

Each Obligor shall, and shall procure that each other Transaction 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 Facility Agent of,

any Authorisation required under any law or regulation of a Relevant Jurisdiction or the state of the Approved Flag at any time of each Ship to enable it to:

- (i) perform its obligations under the Transaction Documents to which it is a party;
- (ii) ensure the legality, validity, enforceability or admissibility in evidence in any Relevant Jurisdiction or in the state of the Approved Flag at any time of each Ship, of any Transaction Document to which it is a party; and
- (iii) own and operate each Ship (in the case of the Borrowers).

### 22.3 Compliance with laws

Each Obligor shall, and shall procure that each other Transaction Obligor will, comply in all respects with all laws (including, without limitation, Sanctions) and regulations to which it may be subject.

### 22.4 Environmental compliance

Each Obligor shall, and shall procure that each other Transaction Obligor will:

- (a) comply with all Environmental Laws;
- (b) obtain, maintain and ensure compliance with all requisite Environmental Approvals;
- (c) implement procedures to monitor compliance with and to prevent liability under any Environmental Law,

where failure to do so has a Material Adverse Effect.

### 22.5 Environmental Claims

Each Obligor shall, and shall procure that each other Transaction Obligor will, promptly upon becoming aware of the same, inform the Facility Agent in writing of:

- (a) any Environmental Claim against any Transaction Obligor which is current, pending or threatened; and
- (b) any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against any Transaction Obligor,

where the claim, if determined against that Transaction Obligor, has a Material Adverse Effect.

## 22.6 Taxation

- (a) Each Obligor shall, and shall procure that each other Transaction Obligor will, pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that:
  - (i) such payment is being contested in good faith;
  - (ii) adequate reserves are maintained for those Taxes and the costs required to contest them and both have been disclosed in its latest financial statements delivered to the Facility Agent under Clause 20.2 (*Financial statements*); and
  - (iii) such payment can be lawfully withheld.
- (b) No Obligor shall and the Obligors shall procure that no other Transaction Obligor will, change its residence for Tax purposes.

## 22.7 Overseas companies

Each Obligor shall, and shall procure that each other Transaction Obligor will, promptly inform the Facility Agent if it delivers to the Registrar particulars required under the Overseas Regulations of any UK Establishment and it shall comply with any directions given to it by the Facility Agent regarding the recording of any Transaction Security on the register which it is required to maintain under The Overseas Companies (Execution of Documents and Registration of Charges) Regulations 2009.

## 22.8 No change to centre of main interests

No Obligor shall change the location of its centre of main interest (as that term is used in Article 3(1) of the Regulation) from that stated in relation to it in Clause 19.32 (*Centre of main interests and establishments*) and it will create no "establishment" (as that term is used in Article 2(10) of the Regulation) in any other jurisdiction.

## 22.9 Pari passu ranking

Each Obligor shall, and shall procure that each other Transaction Obligor will, ensure that at all times any unsecured and unsubordinated claims of a Finance Party against it under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies.

**22.10 Title**

- (a) With effect on and from the Delivery Date of each Ship, the Borrower acquiring that Ship shall hold the legal title to, and own the entire beneficial interest in that Ship, its Earnings and its Insurances.
- (b) With effect on and from its creation or intended creation, each Obligor shall hold the legal title to, and own the entire beneficial interest in any other assets which are the subject of any Transaction Security created or intended to be created by such Obligor.

**22.11 Negative pledge**

- (a) No Borrower shall create or permit to subsist any Security over any of its assets which are the subject of the Security created or intended to be created by the Finance Documents.
- (b) No Borrower shall:
- (i) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by a Transaction Obligor;
  - (ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms;
  - (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) Paragraphs (a) and (b) above do not apply to any Permitted Security.

**22.12 Disposals**

- (a) No Borrower shall enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset (including without limitation any Ship, its Earnings or its Insurances).
- (b) Paragraph (a) above does not apply to any Charter as all Charters are subject to Clause 24.14 (*Restrictions on chartering, appointment of managers etc.*) or to a sale of any Ship provided the Borrowers comply with the prepayment obligations of Clause 7 (*Prepayment and Cancellation*) and the provisions of Clause 7.4 (*Mandatory prepayment on sale or Total Loss*).

**22.13 Merger**

No Obligor shall enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction (for the purposes of this Clause 22.13 (*Merger*), each "**a process**") **provided that** in the case of the Parent Guarantor, such process is permitted without restrictions so long as (i) the Parent Guarantor remains the surviving entity of any such process, (ii) no Default has occurred at the relevant time or would be triggered as a result of such process and (iii) such process does not have a Material Adverse Effect.

**22.14 Change of business**

- (a) The Parent Guarantor shall procure that no substantial change is made to the general nature of its business or the Group from that carried on at the date of this Agreement.
- (b) No Borrower shall engage in any business other than the ownership and operation of its Ship.

**22.15 Financial Indebtedness**

No Borrower shall incur or permit to be outstanding any Financial Indebtedness (including entering into any investments, any sale or leaseback agreement or any off-balance sheet transactions) except Permitted Financial Indebtedness.

**22.16 Expenditure**

No Borrower shall incur any expenditure, except for expenditure reasonably incurred in the ordinary course of owning, operating, chartering, maintaining and repairing its Ship.

**22.17 LLC interests**

No Borrower shall:

- (a) purchase, cancel or redeem any of its LLC Shares;
- (b) issue any further LLC Shares, except to its Member or the Parent Guarantor as per Clause 19.3 and provided such LLC Shares are issued subject to the terms of a Shares Security immediately upon the issuance of such LLC Shares in a manner satisfactory to the Facility Agent and in compliance with the terms of the Shares Security; or
- (c) appoint any further officer of the Borrower (unless in accordance with the provisions of the Shares Security).

**22.18 Dividends**

- (a) Each Borrower may declare and make a Dividend Payment only if no Event of Default has occurred and is continuing.
- (b) The Parent Guarantor may make a Dividend Payment only if all of the following conditions have been met to the satisfaction of the Facility Agent:
- (i) the covenants relevant to it as set out in Clause 21 (*Financial Covenants*) are all complied with; and
  - (ii) no Event of Default has occurred and is continuing under this Agreement or no event of default or termination event has occurred and is continuing under any other credit, loan facility or indenture agreement (or guarantee thereof) to which it is a party (in any capacity, including, but not limited to, as guarantor).
- (c) For the avoidance of doubt, the Dividend Payments allowed to be made pursuant to paragraph
- (d) and paragraph (b) above shall be made quarterly per year.

**22.19 Other transactions**

No Borrower will:

- (a) be the creditor in respect of any loan or any form of credit to any person other than where such loan or form of credit is Permitted Financial Indebtedness;
- (b) give or allow to be outstanding any guarantee or indemnity to or for the benefit of any person in respect of any obligation of any other person or enter into any document under which that Borrower assumes any liability of any other person other than (i) any guarantee or indemnity given under the Finance Documents or (ii) any guarantee or indemnity issued in the ordinary course of its business of operating, trading and chartering any of the Ships;
- (c) enter into any material agreement other than:
  - (i) the Transaction Documents;
  - (ii) any other agreement expressly allowed under any other term of this Agreement; and
- (d) enter into any transaction on terms which are, in any respect, less favourable to that Borrower than those which it could obtain in a bargain made at arms' length; or
- (e) acquire any shares or other securities other than US or UK Treasury bills and certificates of deposit issued by major North American or European banks.

#### **22.20 Unlawfulness, invalidity and ranking; Security imperilled**

No Obligor shall do (or fail to do) or cause or permit another person to do (or omit to do) anything which is likely to:

- (a) make it unlawful for a Transaction Obligor to perform any of its obligations under the Transaction Documents;
- (b) cause any obligation of a Transaction Obligor under the Transaction Documents to cease to be legal, valid, binding or enforceable;
- (c) cause any Transaction Document to cease to be in full force and effect;
- (d) cause any Transaction Security to rank after, or lose its priority to, any other Security; and
- (e) imperil or jeopardise the Transaction Security.

#### **22.21 Further assurance**

- (a) Each Obligor shall, and shall procure that each other Transaction Obligor will, promptly, and in any event within the time period specified by the Security Agent do all such acts (including procuring or arranging any registration, notarisation or authentication or the giving of any notice) or execute or procure execution of all such documents (including assignments, transfers, mortgages, charges, notices, instructions, acknowledgments, proxies and powers of attorney), as the Security Agent may specify (and in such form as the Security Agent may require in favour of the Security Agent or its nominee(s)):
  - (i) to create, perfect, vest in favour of the Security Agent or protect the priority of the Security or any right of any kind created or intended to be created under or evidenced by the Finance 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 Transaction Security) or for the exercise of any rights, powers

and remedies of any of the Secured Parties provided by or pursuant to the Finance Documents or by law;

- (ii) to confer on the Security Agent or confer on the Secured Parties Security over any property and assets of that Transaction Obligor located in any jurisdiction equivalent or similar to the Security intended to be conferred by or pursuant to the Finance Documents;
- (iii) to facilitate or expedite the realisation and/or sale of, the transfer of title to or the grant of, any interest in or right relating to the assets which are, or are intended to be, the subject of the Transaction Security or to exercise any power specified in any Finance Document in respect of which the Security has become enforceable; and/or
- (iv) to enable or assist the Security Agent to enter into any transaction to commence, defend or conduct any proceedings and/or to take any other action relating to any item of the Security Property.

(b) Each Obligor shall, and shall procure that each other Transaction Obligor will, 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 conferred or intended to be conferred on the Security Agent or the Secured Parties by or pursuant to the Finance Documents.

(c) At the same time as an Obligor delivers to the Security Agent any document executed by itself or another Transaction Obligor pursuant to this Clause 22.21 (*Further assurance*), that Obligor shall deliver, or shall procure that such other Transaction Obligor will deliver, to the Security Agent a certificate signed by one of that Obligor's or Transaction Obligor's officers which shall:

- (i) set out the text of a resolution of that Obligor's or Transaction Obligor's directors or members, as applicable, specifically authorising the execution of the document specified by the Security Agent; and
- (ii) state that either the resolution was duly passed at a meeting of the directors or members, as applicable, validly convened and held, throughout which a quorum of directors or members, as applicable, entitled to vote on the resolution was present, or that the resolution has been signed by all the directors or members and is valid under that Obligor's or Transaction Obligor's articles of association, limited liability company agreement or other constitutional documents.

## 22.22 **No amendment to the Initial Charter**

No Borrower will agree to any material amendment or supplement to, or waive or fail to enforce, the Initial Charter to which it is a party or any of its provisions (and, without limitation, any reduction to the charter hire rate or to the fixed duration of that Initial Charter (without taking into account any optional extensions), shall be considered a material amendment for the purposes of this Clause 22.22 (*No amendments to the Initial Charter*)) **provided that** that Borrower is permitted at any time to enter into an extension of the relevant Initial Charter so long as it is on the same, or more favourable to that Borrower, terms and conditions without material amendments relating to that Borrower's rights under the relevant Initial Charter.

**22.23 No amendment to MOAs**

The Borrowers will not agree to any amendment or supplement of a material nature (determined by the Facility Agent at its discretion) to (other than those already disclosed to the Facility Agent prior to the execution of this Agreement), or waive or fail to enforce, the MOA to which it is a party or any of its provisions without the consent of the Facility Agent.

**22.24 Sanctions Undertakings**

- (a) Each Obligor undertakes that it shall, and the Parent Guarantor shall procure that each member of the Group will, comply with all Sanctions.
- (b) No Obligor shall, and the Parent Guarantor shall procure that no member of the Group shall, become a Prohibited Person or act on behalf of, or as an agent of, a Prohibited Person.
- (c) Each Obligor shall procure, and the Parent Guarantor shall procure that each member of the Group shall procure, that no proceeds from any activity or dealing with a Prohibited Person are credited to any bank account held with any Finance Party or any Affiliate of a Finance Party.
- (d) Each Obligor shall, and the Parent Guarantor shall procure that each member of the Group will, to the extent permitted by law, promptly upon becoming aware of them supply to the Facility Agent details of any claim, action, suit, proceedings or investigation against it with respect to Sanctions by any Sanctions Authority.
- (e) No Obligor shall, and the Parent Guarantor shall procure that no member of the Group will, use any revenue or benefit derived from any activity or dealing with a Prohibited Person in discharging any obligation due or owing to the Finance Parties.

**22.25 Use of proceeds**

No Obligor shall, and the Parent Guarantor shall procure that no other member of the Group shall, directly or indirectly, use, lend, contribute or otherwise make available any proceeds of the Loan or other transaction contemplated by this Agreement for the purpose of financing any trade, business or other activities with any Prohibited Person.

**22.26 EU Anti-Blocking**

- (a) Any provision of this Agreement relating to Sanctions, including, without limitation, the provisions contained in Clause 19.36 (*Sanctions Representations*), Clause 22.23 (*Sanctions Undertakings*) or Clause 24.20 (*Sanctions and Ship trading*), shall not apply to or in favour of any Finance Party that is incorporated in Germany or otherwise notifies the Facility Agent to this effect if and to the extent that it would result in a breach, by or in respect of that person, of any applicable Blocking Law.
- (b) For the purposes of this Clause 22.26 (*EU Anti-Blocking*), "Blocking Law" means:
  - (i) 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);
  - (ii) section 7 of the German Foreign Trade Regulation (*Außenwirtschaftsverordnung*); or
  - (iii) any similar blocking or anti-boycott law in the United Kingdom.

- (c) Solely for purposes of making any determination, decision or direction pursuant to any Finance Document regarding a breach of this Agreement relating to Sanctions, the Commitments and Loans of all Lenders that are subject to the anti-blocking provisions of subclause (a) of this Clause 22.26 (*EU Anti-Blocking*), shall be treated as if they were \$0.

## 23 INSURANCE UNDERTAKINGS

### 23.1 General

The undertakings in this Clause 23 (*Insurance Undertakings*) remain in force in relation to a Ship from the Delivery Date in respect of that Ship and throughout the rest of the Security Period except as the Facility Agent, acting with the authorisation of the Majority Lenders (or, where specified, all the Lenders) may otherwise permit (and in the case of paragraph (a) of Clause 23.13 (*Settlement of claims*) such permission not to be unreasonably withheld).

### 23.2 Maintenance of obligatory insurances

Each Borrower shall keep the Ship owned by it insured at its expense against:

- (a) fire and usual marine risks (including hull and machinery and excess risks);
- (b) war risks;
- (c) protection and indemnity risks in each case in the highest amount available as per IG P&I rules; and
- (d) any other risks against which the Facility Agent acting on the instructions of the Majority Lenders considers, having regard to practices and other circumstances prevailing at the relevant time, it would be reasonable for that Borrower to insure and which are specified by the Facility Agent by notice to that Borrower.

### 23.3 Terms of obligatory insurances

Each Borrower shall effect such insurances:

- (a) in dollars;
- (b) in the case of fire and usual marine risks and war risks, in an amount on an agreed value basis at least the greater of:
  - (i) an amount which is equal to 120 per cent. of the aggregate of:
    - (A) the Tranche relating to the Ship owned by it; and
    - (B) the aggregate principal amount secured by Permitted Security over that Ship which have a prior ranking to the Security created by the Finance Documents; and
  - (ii) the Market Value of that Ship;
- (c) in the case of oil pollution liability risks, for an aggregate amount equal to the highest level of cover from time to time available under basic protection and indemnity club entry;
- (d) in the case of protection and indemnity risks, in respect of the full tonnage of its Ship;

- (e) in relation to war risks insurance, extended to cover piracy and terrorism where excluded under the fire and usual marine risks insurance;
- (f) on approved terms; and
- (g) through Approved Brokers and with approved insurance companies and/or underwriters or, in the case of war risks and protection and indemnity risks, in approved war risks and protection and indemnity risks associations.

#### 23.4 Further protections for the Finance Parties

In addition to the terms set out in Clause 23.3 (*Terms of obligatory insurances*), each Borrower shall procure that the obligatory insurances effected by it shall:

- (a) subject always to paragraph (b), name that Borrower as the sole named insured unless the interest of every other named insured is limited:
  - (i) in respect of any obligatory insurances for hull and machinery and war risks;
    - (A) to any provable out-of-pocket expenses that it has incurred and which form part of any recoverable claim on underwriters; and
    - (B) to any third party liability claims where cover for such claims is provided by the policy (and then only in respect of discharge of any claims made against it); and
  - (ii) in respect of any obligatory insurances for protection and indemnity risks, to any recoveries it is entitled to make by way of reimbursement following discharge of any third party liability claims made specifically against it;

and every other named insured has undertaken in writing to the Security Agent (in such form as it requires) that any deductible shall be apportioned between that Borrower and every other named insured in proportion to the gross claims made or paid by each of them and that it shall do all things necessary and provide all documents, evidence and information to enable the Security Agent to collect or recover any moneys which at any time become payable in respect of the obligatory insurances and, if required by the Security Agent, that any such other named insured shall assign its rights and interest to the obligatory insurances if they are named as a co-assured party;

- (b) whenever the Facility Agent requires, name (or be amended to name) the Security Agent as additional named insured for its rights and interests, warranted no operational interest and with full waiver of rights of subrogation against the Security Agent, but without the Security Agent being liable to pay (but having the right to pay) premiums, calls or other assessments in respect of such insurance;
- (c) name the Security Agent as loss payee with such directions for payment as the Facility Agent may specify;
- (d) provide that all payments by or on behalf of the insurers under the obligatory insurances to the Security Agent shall be made without set off, counterclaim or deductions or condition whatsoever;

- (e) provide that the obligatory insurances shall be primary without right of contribution from other insurances which may be carried by the Security Agent or any other Finance Party; and
- (f) provide that the Security Agent may make proof of loss if that Borrower fails to do so.

### 23.5 **Renewal of obligatory insurances**

Each Borrower shall:

- (a) at least 10 days before the expiry of any obligatory insurance effected by it:
  - (i) notify the Facility Agent of the Approved Brokers (or other insurers) and any protection and indemnity or war risks association through or with which it proposes to renew that obligatory insurance and of the proposed terms of renewal; and
  - (ii) obtain the Facility Agents' approval to the matters referred to in sub-paragraph (i) above;
- (b) at least 5 days before the expiry of any obligatory insurance, renew that obligatory insurance in accordance with the Facility Agent's approval pursuant to paragraph (a) above; and
- (c) procure that the Approved Brokers and/or the approved war risks and protection and indemnity associations with which such a renewal is effected shall promptly after the renewal notify the Facility Agent in writing of the terms and conditions of the renewal.

### 23.6 **Copies of policies; letters of undertaking**

Each Borrower shall ensure that the Approved Brokers provide the Security Agent with:

- (a) *pro forma* copies of all policies relating to the obligatory insurances which they are to effect or renew; and
- (b) a letter or letters or undertaking in a form required by the Facility Agent and including undertakings by the Approved Brokers that:
  - (i) they will have endorsed on each policy, immediately upon issue, a loss payable clause and a notice of assignment complying with the provisions of Clause 23.4 (*Further protections for the Finance Parties*);
  - (ii) they will hold such policies, and the benefit of such insurances, to the order of the Security Agent in accordance with such loss payable clause;
  - (iii) they will advise the Security Agent immediately of any material change to the terms of the obligatory insurances;
  - (iv) they will, if they have not received notice of renewal instructions from the relevant Borrower or its agents, notify the Security Agent not less than 14 days before the expiry of the obligatory insurances;
  - (v) if they receive instructions to renew the obligatory insurances, they will promptly notify the Facility Agent of the terms of the instructions;
  - (vi) they will not set off against any sum recoverable in respect of a claim relating to the Ship owned by that Borrower under such obligatory insurances any premiums or other

amounts due to them or any other person whether in respect of that Ship or otherwise, they waive any lien on the policies, or any sums received under them, which they might have in respect of such premiums or other amounts and they will not cancel such obligatory insurances by reason of non-payment of such premiums or other amounts;

- (vii) they will provide notice for any cancellation of policies within the time line standard for industry guidelines; and
- (viii) they will arrange for a separate policy to be issued in respect of the Ship owned by that Borrower forthwith upon being so requested by the Facility Agent.

### **23.7 Copies of certificates of entry**

Each Borrower shall ensure that any protection and indemnity and/or war risks associations in which the Ship owned by it is entered provide the Security Agent with:

- (a) a certified copy of the certificate of entry for that Ship;
- (b) a letter or letters of undertaking in such form as may be required by the Facility Agent acting on the instructions of the Majority Lenders; and
- (c) a certified copy of each certificate of financial responsibility for pollution by oil or other Environmentally Sensitive Material issued by the relevant certifying authority in relation to that Ship.

### **23.8 Deposit of original policies**

Each Borrower shall ensure that all policies relating to obligatory insurances effected by it are deposited with the Approved Brokers through which the insurances are effected or renewed.

### **23.9 Payment of premiums**

Each Borrower shall punctually pay all premiums or other sums payable in respect of the obligatory insurances effected by it or the Security Agent, as the case may be, and produce all relevant receipts when so required by the Facility Agent or the Security Agent. The Borrowers shall indemnify the Security Agent in respect of any other insurance cover, including but not limited to cover for port risk crew liability or any other cover required in the Security Agent's sole discretion upon a Default.

### **23.10 Guarantees**

Each Borrower shall use its best endeavours to procure that a protection and indemnity or war risks association issues any guarantees as may be required always in accordance with their respective rules and conditions and shall further use its best endeavours to procure that such guarantees are issued as promptly as practically possible and that they remain in full force and effect.

### **23.11 Compliance with terms of insurances**

- (a) No Borrower shall do or omit to do (nor permit to be done or not to be done) any act or thing which would or might render any obligatory insurance invalid, void, voidable or unenforceable or render any sum payable under an obligatory insurance repayable in whole or in part.

(b) Without limiting paragraph (a) above, each Borrower shall:

- (i) take all necessary action and comply with all requirements which may from time to time be applicable to the obligatory insurances, and (without limiting the obligation contained in sub-paragraph (iii) of paragraph (b) of Clause 23.6 (*Copies of policies; letters of undertaking*)) ensure that the obligatory insurances are not made subject to any exclusions or qualifications to which the Facility Agent has not given its prior approval;
- (ii) not make any changes relating to the classification or classification society or manager or operator of the Ship owned by it approved by the underwriters of the obligatory insurances;
- (iii) make (and promptly supply copies to the Facility Agent of) all quarterly or other voyage declarations which may be required by the protection and indemnity risks association in which the Ship owned by it is entered to maintain cover for trading to the United States of America and Exclusive Economic Zone (as defined in the United States Oil Pollution Act 1990 or any other applicable legislation); and
- (iv) not employ the Ship owned by it, nor allow it to be employed, otherwise than in conformity with the terms and conditions of the obligatory insurances, without first obtaining the consent of the insurers and complying with any requirements (as to extra premium or otherwise) which the insurers specify.

**23.12 Alteration to terms of insurances**

No Borrower shall make or agree to any alteration to the terms of any obligatory insurance or waive any right relating to any obligatory insurance.

**23.13 Settlement of claims**

Each Borrower shall:

- (a) not settle, compromise or abandon any claim under any obligatory insurance for Total Loss or for a Major Casualty; and
- (b) do all things necessary and provide all documents, evidence and information to enable the Security Agent to collect or recover any moneys which at any time become payable in respect of the obligatory insurances.

**23.14 Provision of copies of communications**

Each Borrower shall provide the Security Agent, upon the Security Agent's request, with copies of all written communications between that Borrower and:

- (a) the Approved Brokers;
- (b) the approved protection and indemnity and/or war risks associations; and
- (c) the approved insurance companies and/or underwriters, which relate directly or indirectly to:

- (i) that Borrower's obligations relating to the obligatory insurances including, without limitation, all requisite declarations and payments of additional premiums or calls; and
- (ii) any credit arrangements made between that Borrower and any of the persons referred to in paragraphs (a) or (b) above relating wholly or partly to the effecting or maintenance of the obligatory insurances.

**23.15 Provision of information**

Each Borrower shall provide the Facility Agent (or any persons which it may designate) upon the Facility Agent's request with any information which the Facility Agent (or any such designated person) requests for the purpose of:

- (a) obtaining or preparing any report from an independent marine insurance broker as to the adequacy of the obligatory insurances effected or proposed to be effected; and/or
- (b) effecting, maintaining or renewing any such insurances as are referred to in Clause 23.16 (*Mortgagee's interest and additional perils insurances*) or dealing with or considering any matters relating to any such insurances,

and the Borrowers shall, forthwith upon demand, indemnify the Security Agent in respect of all fees and other expenses incurred by or for the account of the Security Agent in connection with any such report as is referred to in paragraph (a) above.

**23.16 Mortgagee's interest and additional perils insurances**

- (a) The Security Agent shall be entitled from time to time to effect, maintain and renew all or any of the following insurances in such amounts, on such terms, through such insurers and generally in such manner as the Majority Lenders may from time to time consider appropriate:

- (i) a mortgagee's interest insurance in respect of each Ship providing for the indemnification of the Finance Parties for any losses under or in connection with any Finance Document which directly or indirectly result from loss of or damage to a Ship or a liability of such Ship or of the Borrower owning that Ship, such loss or damage being *prima facie* covered by an obligatory insurance but in respect of which there is a non-payment (or reduced payment) by the underwriters by reason of, or on the basis of, an allegation concerning:
  - (A) any act or omission on the part of that Borrower, of any operator, charterer, manager or sub-manager of that Ship or of any officer, employee or agent of that Borrower or of any such person, including any breach of warranty or condition or any non-disclosure relating to such obligatory insurance;
  - (B) any act or omission, whether deliberate, negligent or accidental, or any knowledge or privity of that Borrower, any other person referred to in paragraph (A) above, or of any officer, employee or agent of that Borrower or of such a person, including the casting away or damaging of that Ship and/or that Ship being unseaworthy; and/or
  - (C) any other matter capable of being insured against under a mortgagee's interest marine insurance policy, whether or not similar to the foregoing,

in an amount of up to 120 per cent. of the aggregate of:

- (1) the Tranche relating to the Ship owned by it: and
- (2) the aggregate principal amount secured by Permitted Security over that Ship which have a prior ranking to the Security created by the Finance Documents,

(the aggregate of (1) and (2) being the "**Aggregate Insurable Amount**");

(ii) a mortgagee's interest additional perils insurance in respect of each Ship providing for the indemnification of the Finance Parties against, amongst other things, any possible losses or other consequences of any Environmental Claim, including the risk of expropriation, arrest or any form of detention of that Ship, the imposition of any Security over that Ship and/or any other matter capable of being insured against under a mortgagee's interest additional perils policy, whether or not similar to the foregoing, and in an amount of up to 110 per cent. of the Aggregate Insurable Amount;

(b) The Borrowers shall upon demand fully indemnify the Security Agent in respect of all premiums and other expenses which are incurred in connection with or with a view to effecting, maintaining or renewing any insurance referred to in paragraph (a) above or dealing with, or considering, any matter arising out of any such insurance.

## 24 GENERAL SHIP UNDERTAKINGS

### 24.1 General

The undertakings in this Clause 24 (*General Ship Undertakings*) remain in force in relation to a Ship on and from the Delivery Date in respect of that Ship and throughout the rest of the Security Period except as the Facility Agent, acting with the authorisation of the Majority Lenders (or, where specified, all the Lenders) may otherwise permit (and in the case of Clauses 24.2 (*Ship's name and registration*), 24.3 (*Repair and classification*), 24.4 (*Modifications*), 24.5 (*Removal and installation of parts*), 24.14 (*Restrictions on chartering, appointment of managers etc.*) and 24.19 (*Sharing of Earnings*) such permission not to be unreasonably withheld).

### 24.2 Ships' name and registration

Each Borrower shall, in respect of the Ship owned by it:

- (a) keep that Ship registered in its name under the Approved Flag from time to time at its port of registration;
- (b) not do or allow to be done anything as a result of which such registration of that Ship might be suspended, cancelled or imperilled;
- (c) not enter into any dual flagging arrangement in respect of that Ship; and
- (d) not change the name of that Ship,

**provided that** any change of flag of a Ship shall be subject to:

- (i) that Ship remaining subject to Security securing the Secured Liabilities created by a first priority or preferred ship mortgage on that Ship and, if appropriate, a first priority deed of covenant collateral to that mortgage (or equivalent first priority Security) on substantially the same terms as the Mortgage on that Ship and on such other terms and in such other form as the Facility Agent, acting with the authorisation of the Majority Lenders, shall approve or require; and
- (ii) the execution of such other documentation amending and supplementing the Finance Documents as the Facility Agent, acting with the authorisation of the Majority Lenders, shall approve or require.

#### **24.3 Repair and classification**

Each Borrower shall keep the Ship owned by it in a good and safe condition and state of repair:

- (a) consistent with first class ship ownership and management practice; and
- (b) so as to maintain the Approved Classification free of overdue recommendations and conditions.

#### **24.4 Modifications**

No Borrower shall make any modification or repairs to, or replacement of, any Ship or equipment installed on it which would or might materially and adversely alter the structure, type or performance characteristics of that Ship or materially reduce its value.

#### **24.5 Removal and installation of parts**

- (a) Subject to paragraph (b) below, no Borrower shall remove any material part of the Ship, or any item of equipment installed on any Ship unless:
  - (i) the part or item so removed is forthwith replaced by a suitable part or item which is in the same condition as or better condition than the part or item removed;
  - (ii) the replacement part or item is free from any Security in favour of any person other than the Security Agent; and
  - (iii) the replacement part or item becomes, on installation on that Ship, the property of that Borrower and subject to the security constituted by the Mortgage on that Ship.
- (b) A Borrower may install equipment owned by a third party if the equipment can be removed without any risk of damage to the Ship owned by that Borrower.

#### **24.6 Surveys**

Each Borrower shall submit the Ship owned by it regularly to all periodic or other surveys which may be required for classification purposes and, if so required by the Facility Agent, provide the Facility Agent, with copies of all survey reports.

#### **24.7 Inspection**

Each Borrower shall permit the Security Agent (acting through surveyors or other persons appointed by it for that purpose) to board the Ship owned by it at all reasonable times, with

prior notice reasonably in advance,, without interfering with the Ship's trading schedule, to inspect its condition or to satisfy themselves about proposed or executed repairs and shall afford all proper facilities for such inspections. The costs of such inspections (only in relation to three Ships in each 12-month period unless an Event of Default has occurred and is continuing) shall be for the account of the Borrowers.

**24.8 Prevention of and release from arrest**

- (a) Each Borrower shall, in respect of the Ship owned by it, promptly discharge:
- (i) all liabilities which give or may give rise to maritime or possessory liens on or claims enforceable against that Ship, its Earnings or its Insurances;
  - (ii) all Taxes, dues and other amounts charged in respect of that Ship, its Earnings or its Insurances; and
  - (iii) all other outgoings whatsoever in respect of that Ship, its Earnings or its Insurances.
- (b) Each Borrower shall as promptly as possible after receiving notice of the arrest of the Ship owned by it or of its detention in exercise or purported exercise of any lien or claim, take all steps necessary to procure its release by providing bail or otherwise as the circumstances may require.

**24.9 Compliance with laws etc.**

Each Borrower shall:

- (a) comply, or procure compliance with all laws or regulations:
- (i) relating to its business generally;
  - (ii) all Sanctions; and
  - (iii) relating to the Ship owned by it, its ownership, employment, operation, management and registration,
- including, but not limited to, the ISM Code, the ISPS Code, all Environmental Laws, all Sanctions and the laws of the Approved Flag;
- (b) obtain, comply with and do all that is necessary to maintain in full force and effect any Environmental Approvals; and
- (c) without limiting paragraph (a) above, not employ the Ship owned by it 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, all Environmental Laws and Sanctions.

**24.10 ISPS Code**

Without limiting paragraph (a) of Clause 24.9 (*Compliance with laws etc.*), each Borrower shall:

- (a) procure that the Ship owned by it and the company responsible for that Ship's compliance with the ISPS Code comply with the ISPS Code; and
- (b) maintain an ISSC for that Ship; and

- (c) notify the Facility Agent immediately in writing of any actual or threatened withdrawal, suspension, cancellation or modification of the ISSC.

**24.11 Trading in war zones**

In the event of hostilities in any part of the world (whether war is declared or not), no Borrower shall cause or permit any Ship to enter or trade to any zone which is declared a war zone by any government or by that Ship's war risks insurers unless:

- (a) the prior written consent of the underwriters of that Ship has been given; and
- (b) that Borrower has (at its expense) effected any special, additional or modified insurance cover (to the extent not covered by that Ship's war risks insurances) which the underwriters of that Ship may require.

**24.12 Provision of information**

Without prejudice to Clause 20.5 (*Information: miscellaneous*) each Borrower shall in respect of the Ship owned by it, promptly provide the Facility Agent with any information which it requests regarding:

- (a) that Ship, its employment, position and engagements;
- (b) the Earnings and payments and amounts due to its master and crew;
- (c) any expenditure incurred, or likely to be incurred, in connection with the operation, maintenance or repair of that Ship and any payments made by it in respect of that Ship;
- (d) any towages and salvages; and
- (e) its compliance, the Approved Manager's compliance and the compliance of that Ship with the ISM Code and the ISPS Code,

and, upon the Facility Agent's request, promptly provide copies of any current Charter relating to that Ship, of any current guarantee of any such Charter, the Ship's Safety Management Certificate and any relevant Document of Compliance.

**24.13 Notification of certain events**

Each Borrower shall, in respect of the Ship owned by it, as soon as practically possible notify the Facility Agent by letter or email, of:

- (a) any casualty to that Ship which is a Major Casualty;
- (b) any occurrence as a result of which that Ship has become or is, by the passing of time or otherwise, likely to become a Total Loss;
- (c) any requisition of that Ship for hire;
- (d) any overdue requirement or recommendation made in relation to that Ship by any insurer or classification society or by any competent authority;
- (e) any arrest or detention of that Ship or any exercise or purported exercise of any lien on the Ship or the Earnings;

- (f) any intended dry docking of that Ship;
- (g) any Environmental Claim made against that Borrower or in connection with that Ship, or any Environmental Incident;
- (h) any claim for breach of the ISM Code or the ISPS Code being made against that Borrower, an Approved Manager or otherwise in connection with that Ship; or
- (i) any other matter, event or incident, actual or threatened, the effect of which will or could lead to the ISM Code or the ISPS Code not being complied with,

and each Borrower shall keep the Facility Agent advised in writing on a regular basis and in such detail as the Facility Agent shall require as to that Borrower's, any such Approved Manager's or any other person's response to any of those events or matters.

#### **24.14 Restrictions on chartering, appointment of managers etc.**

No Borrower shall, in relation to the Ship owned by it:

- (a) let that Ship on demise or bareboat charter for any period;
- (b) enter into any time, voyage or consecutive voyage charter in respect of that Ship other than a Permitted Charter;
- (c) materially amend, supplement or terminate a Management Agreement;
- (d) appoint a manager of that Ship other than the Approved Commercial Manager and the Approved Crewing Manager and the Approved Technical Manager or agree to any alteration to the terms of an Approved Manager's appointment;
- (e) de activate or layup that Ship; or
- (f) put that Ship into the possession of any person for the purpose of work being done upon it in an amount exceeding or likely to exceed \$1,000,000 (or the equivalent in any other currency) unless that person has first given to the Security Agent and in terms satisfactory to it a written undertaking not to exercise any lien on that Ship or its Earnings for the cost of such work or for any other reason.

#### **24.15 Notice of Mortgage**

Each Borrower shall keep the relevant Mortgage registered against the Ship owned by it as a valid first preferred mortgage, carry on board that Ship a certified copy of the relevant Mortgage and place and maintain in a conspicuous place in the navigation room and the master's cabin of that Ship a framed printed notice stating that that Ship is mortgaged by the Borrower to the Security Agent.

#### **24.16 Responsible Ship Recycling**

If a Ship is sold for scrapping, the Borrower owning that Ship shall ensure that that Ship is sold on the basis of a memorandum of agreement that contains language that ensures that the Ship shall be dismantled in a safe, sustainable and socially and environmentally responsible way and that Borrower shall use its best endeavours to ensure performance and observance by the buyer of that Ship of its obligations and liabilities under such memorandum of agreement.

**24.17 Green Passport**

Each Borrower shall procure that the Ship owned by it has (on and from 31 December 2021 and subsequently at all times during the Security Period) obtained a Green Passport, or any equivalent or superseding document acceptable to the Facility Agent (acting on the instructions of the Majority Lenders), subject to the Classification Society's requirements.

**24.18 Charterparty Assignment**

If a Borrower enters into any Assignable Charter and subject to obtaining the prior consent of the Facility Agent in accordance with paragraph (b) of Clause 24.14 (*Restrictions on chartering, appointment of managers etc.*), that Borrower shall promptly after the date of entry into such Assignable Charter:

- (a) provide the Facility Agent with a certified true copy of such Assignable Charter (or, alternatively if a copy is not then available, a copy of a binding and unconditional recapitulation of charterparty terms);
- (b) execute in favour of the Security Agent a Charterparty Assignment in respect of that Assignable Charter (such Charterparty Assignment to be notified to the relevant charterer and any charter guarantor and use its best endeavours to procure that an executed acknowledgment of such notice from the relevant charterer and charter guarantor is obtained); and
- (c) shall deliver to the Facility Agent such other documents as it may reasonably require (including, without limitation, documents equivalent to those referred to at paragraphs 1, 5 and 6.1 of Part A of Schedule 2 (*Conditions Precedent*) in respect of such Charterparty Assignment).

**24.19 Sharing of Earnings**

No Borrower shall enter into any agreement or arrangement for the sharing of any Earnings other than for the purposes of this Agreement.

**24.20 Sanctions and Ship Trading**

Without limiting Clause 24.9 (*Compliance with laws etc.*), each Borrower shall procure that:

- (a) the Ship owned by it:
  - (i) shall not be used by or for the benefit of a Prohibited Person;
  - (ii) shall not be used in trading in any manner contrary to Sanctions (or which could be contrary to Sanctions if Sanctions were binding on each Transaction Obligor);
  - (iii) shall not make a voyage to or from any Sanctioned Country, **Provided that** in the case of an Emergency Event, that Ship can make such voyage until the Borrower or, as the case may be, the relevant Approved Manager (in each case, acting prudently) considers that there is no longer an Emergency Event;

For the purposes of this paragraph (iii) "**Emergency Event**" means: in relation to that Ship, any event or circumstance that a reasonable person having experience in the management and operation of ships, would consider to constitute an emergency event or circumstance; and

(iv) shall not be traded in any manner which would trigger the operation of any sanctions limitation or exclusion clause (or similar) in the Insurances; and

(b) each charterparty in respect of the Ship owned by it shall contain, for the benefit of that Borrower, language which gives effect to the provisions of paragraph (c) of Clause 24.9 (*Compliance with laws etc.*) as regards Sanctions and of this Clause 24.20 (*Sanctions and Ship trading*) and which permits refusal of employment or voyage orders if compliance would result in a breach of Sanctions (or which would result in a breach of Sanctions if Sanctions were binding on each Transaction Obligor).

#### 24.21 **Poseidon Principles**

Each Borrower shall, upon the request of any Lender, and at the cost of the Borrowers, on or before 31 July in each calendar year, supply or procure the supply to such Lender of all information necessary in order for any Lender to comply with its obligations under the Poseidon Principles or otherwise 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, together with a Carbon Intensity and Climate Alignment Certificate (if available), in each case relating to the Ship owned by it for the preceding calendar year provided always that no Lender shall publicly disclose such information with the identity of the relevant Ship without the prior written consent of that Borrower. For the avoidance of doubt, such information shall be Confidential Information for the purposes of Clause 44.2 (*Disclosure of confidential information*) but the Borrowers acknowledge that, in accordance with the Poseidon Principles, such information will form part of the information published regarding the relevant Lender's portfolio climate alignment in a manner which will preserve the anonymity of the information disclosed by the Borrowers.

#### 24.22 **Notification of compliance**

Each Borrower shall promptly provide the Facility Agent from time to time with evidence (in such form as the Facility Agent requires) that it is complying with this Clause 24 (*General Ship Undertakings*).

### 25 **SECURITY COVER**

#### 25.1 **Minimum required security cover**

Clause 25.2 (*Provision of additional security; prepayment*) applies if the Facility Agent notifies the Borrowers that the Security Cover Ratio is below 130 per cent. of the Loan.

#### 25.2 **Provision of additional security; prepayment**

(a) If the Facility Agent serves a notice on the Borrowers under Clause 25.1 (*Minimum required security cover*), the Borrowers shall, on or before the date falling 30 days after the date (the "**Prepayment Date**") on which the Facility Agent's notice is served, prepay such part of the Loan as shall eliminate the shortfall.

(b) The Borrowers may, instead of making a prepayment as described in paragraph (a) above, provide, or ensure that a third party has provided, additional security which, in the opinion of the Facility Agent acting on the instructions of the Majority Lenders:

(i) has a net realisable value at least equal to the shortfall; and

(ii) is documented in such terms as the Facility Agent may approve or require,

before the Prepayment Date; and conditional upon such security being provided in such manner, it shall satisfy such prepayment obligation.

**25.3 Value of additional vessel security**

The net realisable value of any additional security which is provided under Clause 25.2 (*Provision of additional security; prepayment*) and which consists of Security over a vessel shall be the Market Value of the vessel concerned, determined in accordance with Clause 25.7 (*Provision of valuations*).

**25.4 Valuations binding**

Any valuation under this Clause 25 (*Security Cover*) shall be binding and conclusive as regards each Borrower, save for any manifest error.

**25.5 Provision of information**

(a) Each Borrower shall promptly provide the Facility Agent and any Approved Valuer acting under this Clause 25 (*Security Cover*) with any information which the Facility Agent or the Approved Valuer may request for the purposes of the valuation.

(b) If a Borrower fails to provide the information referred to in paragraph (a) above by the date specified in the request, the valuation may be made on any basis and assumptions which the Approved Valuer or the Facility Agent considers prudent.

**25.6 Prepayment mechanism**

Any prepayment pursuant to Clause 25.2 (*Provision of additional security; prepayment*) shall be made in accordance with the relevant provisions of Clause 7 (*Prepayment and Cancellation*) and shall be treated as a voluntary prepayment pursuant to Clause 7.2 (*Voluntary prepayment of Loan*) but ignoring any restriction as to prepayments being made on the last day of the Interest Period or the requirement for a minimum prepayment amount of \$1,000,000 or any indicative or confirmative prior notice.

**25.7 Provision of valuations**

(a) The Facility Agent shall obtain the necessary valuations (addressed to it) of a Ship and any other vessel over which additional Security has been created in accordance with Clause 25.3 (*Value of additional vessel security*), to enable it to determine the Market Value of that Ship or any other vessel, as follows:

- (i) at least semi-annually;
- (ii) promptly following at the Facility Agent's (acting on the instructions of any Lender) request:
  - (A) if an Event of Default has occurred and is continuing; and/or
  - (B) if a mandatory prepayment event has occurred under Clause 7.4 (*Mandatory prepayment on sale or Total Loss*).

- (b) The cost of valuations obtained under sub-paragraphs (i) and (ii) above shall be borne or reimbursed by the Borrowers.
- (c) The Lenders may at any other time or times instruct the Facility Agent to obtain valuations of a Ship other than pursuant to paragraph (a) for the purpose of ascertaining the Market Value of that Ship at such time or times. Any further valuations obtained or provided shall be at the cost of the Lenders.

## 26 ACCOUNTS, APPLICATION OF EARNINGS

### 26.1 Accounts

Each Borrower may not, without the prior consent of the Facility Agent, maintain any bank account other than its Earnings Account, the Retention Account, the Minimum Liquidity Account, the Dry-Docking Reserve Account and the Special Reserve Account.

### 26.2 Payment of Earnings

Each Borrower shall ensure that, subject only to the provisions of the General Assignment to which it is a party, all the Earnings in respect of the Ship owned by it are paid in to its Earnings Account.

### 26.3 Monthly retentions

The Borrowers shall ensure that, in each calendar month following the first Utilisation Date, on such dates as the Facility Agent may from time to time specify, there is transferred to the Retention Account out of the aggregate Earnings received by the Borrowers in their respective Earnings Accounts during the preceding calendar month:

- (a) one-third of the amount of any Repayment Instalment (other than a Balloon Instalment) falling due under Clause 6.1 (*Repayment of Loan*) on the next Repayment Date; and
- (b) the relevant fraction of the aggregate amount of interest on the Loan which is payable under this Agreement in respect of any Interest Period then current.

The "**relevant fraction**" is a fraction of which:

- (i) the numerator is one; and
- (ii) the denominator is:
  - (A) the number of months comprised in the relevant then current Interest Period; or
  - (B) if the period is shorter (than that set out in (A)), the number of months from the later of the commencement of the relevant current Interest Period or the last due date for payment of interest on the Loan or the relevant part of the Loan to the next due date for payment of interest on the Loan or the relevant part of the Loan under this Agreement.

**26.4 Shortfall in Earnings**

- (a) If the aggregate of the credit balances on the Earnings Accounts is insufficient in any calendar month for the required amount to be transferred to the Retention Account under Clause 26.3 (*Monthly retentions*), the Borrowers shall make up the amount of the insufficiency on demand from the Facility Agent.
- (b) Without prejudicing the Facility Agent's right to make such demand at any time, the Facility Agent may, if so authorised by the Majority Lenders, permit the Borrowers to make up all or part of the insufficiency by increasing the amount of any transfer under Clause 26.3 (*Monthly retentions*) from the Earnings received in the next or subsequent calendar months.

**26.5 Application of Earnings**

The Earnings on the Earnings Accounts shall be used in the following order of application:

- (a) FIRSTLY, for and towards payment of any unpaid fees, costs and expenses due to a Finance Party under this Agreement and the Finance Documents;
- (b) SECONDLY, for and towards payment of all amounts (other than principal and/or interest) due under this Agreement and the Finance Documents;
- (c) THIRDLY, for and towards making the transfers to the Retention Account required pursuant to Clause 26.3 (*Monthly retentions*);
- (d) FOURTHLY, for and towards payment of the liabilities of the Borrowers (including, but not limited to, the repayment of principal, interest, default interest and all relevant costs, expenses and indemnities) under this Agreement and the other Finance Documents to the extent not already covered by the retentions set out in paragraph (a) to (c) above;
- (e) FIFTHLY, for and towards any payment of the Special Reserve Amount and the Dry Docking Reserve Amount;
- (f) SIXTHLY, for and towards payment of the Operating Expenses of the Ships which are due and payable at such time; and
- (g) SEVENTHLY, subject to Clause 22.18 (*Dividends*) and provided that no Event of Default has occurred and is continuing at that time, any remaining amounts standing to the credit of the Earnings Accounts after application pursuant to the foregoing paragraphs shall be available to the Borrowers.

**26.6 Application of retentions**

- (a) The Security Agent has sole signing rights in relation to the Retention Account.
- (b) Until an Event of Default occurs, the Facility Agent shall instruct the Security Agent to release to it, on each Repayment Date and on each Interest Payment Date, for distribution to the Finance Parties in accordance with Clause 34.2 (*Distributions by the Facility Agent*) so much of the then balance on the Retention Account as equals:
- (i) any Repayment Instalment due on that Repayment Date;
- (ii) the amount of interest payable on that Interest Payment Date;

in discharge of the Borrowers' liability for that Repayment Instalment or that interest, as the case may be.

**26.7 Interest accrued on Retention Account**

Any credit balance on the Retention Account shall bear interest at the rate from time to time offered by the Account Bank to its customers for dollar deposits of similar amounts and for periods similar to those for which such balances appear to the Account Bank likely to remain on the Retention Account.

**26.8 Release of accrued interest**

Interest accruing under Clause 26.7 (*Interest accrued on Retention Account*) shall be credited to the Retention Account and, to the extent not applied previously pursuant to Clause 26.6 (*Application of retentions*), shall be released to the Borrowers at the end of the Security Period.

**26.9 Location of Accounts**

Each Borrower shall promptly:

- (a) comply with any requirement of the Facility Agent as to the location or relocation of any of the Accounts; and
- (b) execute any documents which the Facility Agent specifies to create or maintain in favour of the Security Agent Security over (and/or rights of set-off, consolidation or other rights in relation to) the Accounts (or any of them).

**26.10 Administration**

Whenever a payment is due to be made from any of the Earnings Accounts or the Retention Account in accordance with this Clause 26, the Borrowers shall authorise the Account Bank to pay such amounts from the Earnings Accounts (or any of them) or the Retention Account to the applicable payee unless the Facility Agent notifies the Account Bank that:

- (a) an Event of Default has occurred and is continuing or would occur as a result (wholly or partly) of such withdrawal; or
- (b) any of Earnings Accounts or the Retention Account is overdrawn or would become overdrawn as a result of such withdrawal, whereby the Account Bank will act only in accordance with the instructions given by persons authorised by the Facility Agent in respect of the Earnings Accounts and the Retention Account.

**27 EVENTS OF DEFAULT**

**27.1 General**

Each of the events or circumstances set out in this Clause 27 (*Events of Default*) is an Event of Default except for Clause 27.19 (*Acceleration*) and Clause 27.20 (*Enforcement of security*).

**27.2 Non-payment**

A Transaction 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:
- (i) administrative or technical error; or
  - (ii) a Disruption Event; and
- (b) payment is made within three Business Days of its due date.

### 27.3 Specific obligations

A breach occurs of Clause 4.4 (*Waiver of conditions precedent*), paragraph (a) of Clause 20.3 (*Compliance Certificate*), Clause 21 (*Financial Covenants*), Clause 22.10 (*Title*), Clause 22.11 (*Negative pledge*), Clause 22.20 (*Unlawfulness, invalidity and ranking; Security imperilled*), Clause 22.22 (*No amendment to the Initial Charter*), Clause 22.23 (*Sanctions Undertakings*), Clause 23.2 (*Maintenance of obligatory insurances*), Clause 23.3 (*Terms of obligatory insurances*), Clause 23.5 (*Renewal of obligatory insurances*), Clause 24.20 (*Sanctions and Ship Trading*), Clause 25 (*Security Cover*).

### 27.4 Other obligations

- (a) A Transaction Obligor or an Approved Manager does not comply with any provision of the Finance Documents to which it is a party (other than those referred to in Clause 27.2 (*Non-payment*) and Clause 27.3 (*Specific obligations*)).
- (b) No Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and is remedied within fifteen (15) Business Days of the Facility Agent giving notice to the Borrowers or (if earlier) any Transaction Obligor becoming aware of the failure to comply.

### 27.5 Misrepresentation

Any representation or statement made or deemed to be made by a Transaction Obligor in the Finance Documents or any other document delivered by or on behalf of any Transaction Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading when made or deemed to be made unless such misrepresentation or statement is determined by the Facility Agent (acting on the instructions of the Majority Lenders) to have been made in error and is rectified within five Business Days from the date of such representation or statement.

### 27.6 Cross default

- (a) Any Financial Indebtedness of any Transaction Obligor is not paid when due (unless contested in good faith) nor within any originally applicable grace period.
- (b) Any Financial Indebtedness of any Transaction Obligor is declared to be 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 Transaction Obligor is cancelled or suspended by a creditor of any Transaction Obligor as a result of an event of default (however described) unless the relevant Transaction Obligor has satisfied the Facility Agent that such cancellation or suspension will not have any negative impact on the ability of that Transaction Obligor to satisfy its debts as they fall due.

- (d) Any creditor of any Transaction Obligor becomes entitled to declare any Financial Indebtedness of any Transaction Obligor due and payable prior to its specified maturity as a result of an event of default (however described).
- (e) No Event of Default will occur under this Clause 27.6 (*Cross default*) in respect of the Parent Guarantor if (i) the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (a) to (d) above is less than \$15,000,000 (or its equivalent in any other currency).

#### 27.7 **Insolvency**

- (a) A Transaction Obligor:
- (i) is unable or admits inability to pay its debts as they fall due;
  - (ii) is declared to be unable to pay its debts under applicable law;
  - (iii) suspends or threatens to suspend making payments on any of its debts; or
  - (iv) by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors (excluding any Finance Party in its capacity as such) with a view to rescheduling any of its indebtedness.

**Provided that** should such Transaction Obligor, for any reason, including without limitation, any actual or anticipated financial difficulties, commences, with prior written notice to the Facility Agent, negotiations with one or more of its creditors (including the Facility Agent for account of the Lenders) with a view to rescheduling, deferring, re-organising or suspending any of its indebtedness, the negotiations themselves or the entering, as a result of such negotiations, into any agreement or contract with one or more of its creditors (including the Facility Agent for account of the Lenders) setting out terms for any rescheduling, deferral, re-organization or suspension of its indebtedness, shall not in itself constitute an Event of Default.

- (b) A moratorium is declared in respect of any indebtedness of any Transaction Obligor. If a moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium.

#### 27.8 **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 Transaction Obligor;
  - (ii) a composition, compromise, assignment or arrangement with any creditor of any Transaction Obligor;
  - (iii) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any Transaction Obligor or any of its assets; or
  - (iv) enforcement of any Security over any assets of any Transaction,

or any analogous procedure or step is taken in any jurisdiction.

- (b) Paragraph (a) above shall not apply to any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 30 days of commencement.

**27.9 Creditors' process**

Any expropriation, attachment, sequestration, distress or execution (or any analogous process in any jurisdiction) affects any asset or assets of a Transaction Obligor (other than an arrest or detention of a Ship referred to in Clause 27.13 (*Arrest*)) and is not discharged within 30 days (or such longer period the Facility Agent, acting on the instructions of the Majority Lenders, may agree to).

**27.10 Unlawfulness, invalidity and ranking**

- (a) It is or becomes unlawful for a Transaction Obligor to perform any of its obligations under the Finance Documents.
- (b) Any obligation of a Transaction Obligor under the Finance Documents is or ceases to be legal, valid, binding or enforceable.
- (c) Any Finance Document ceases to be in full force and effect or to be continuing or is or purports to be determined or any Transaction Security is alleged by a party to it (other than a Finance Party) to be ineffective.
- (d) Any Transaction Security proves to have ranked after, or loses its priority to, any other Security.

**27.11 Security imperilled**

Any Security created or intended to be created by a Finance Document is in any way imperilled or in jeopardy.

**27.12 Cessation of business**

Any Transaction Obligor suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business.

**27.13 Arrest**

Any arrest of a Ship or its detention in the exercise or the purported exercise of any lien or claim unless it is redelivered to the full control of the relevant Borrower within 30 days of such arrest or detention (or such longer period as may be required in the circumstances based on the assessment of the Facility Agent acting with the authorisation of the Majority Lenders).

**27.14 Expropriation**

The authority or ability of any Transaction 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 Transaction Obligor or any of its assets other than:

- (a) an arrest or detention of the Ship referred to in Clause 27.13 (*Arrest*); or
- (b) any Requisition.

**27.15 Repudiation and rescission of agreements**

Any Obligor (or any other relevant party) rescinds or purports to rescind or repudiates or purports to repudiate a Transaction Document (other than an Assignable Charter where the prior approval of the Facility Agent has been obtained for rescission pursuant to the Finance Documents) or any of the Transaction Security or evidences an intention to rescind or repudiate a Transaction Document or any Transaction Security.

**27.16 Litigation**

Any litigation, arbitration or administrative proceedings or investigations of, or before, any court, arbitral body or agency are started or threatened, or any judgment or order of a court, arbitral body or agency is made, in relation to any of the Transaction Documents or the transactions contemplated in any of the Transaction Documents or against any member of the Group or its assets which has a Material Adverse Effect.

**27.17 Material adverse change**

Any event or circumstance occurs which has a Material Adverse Effect, including, without limitation, the withdrawal of any material license or governmental or regulatory approval in respect of a Ship, the Parent Guarantor or a Borrower (unless such withdrawal can be contested with the effect of suspension and is in fact so contested in good faith by the Borrowers and the Parent Guarantor).

**27.18 Approved Flag**

- (a) Any failure by a Borrower to keep the Ship owned by it registered under an Approved Flag.
- (b) The state of the Approved Flag of a Ship or any Relevant Jurisdiction is or becomes involved in hostilities or civil war or there are events of political risk or instability or there is a seizure of power in such state by unconstitutional means, or any other event occurs in relation to a Ship, the Mortgage on that Ship or its Approved Flag and in the opinion of the Facility Agent such event is likely to have a Material Adverse Effect and the Borrower owning that Ship fails upon the request of the Facility Agent to promptly (and in any case within such timing as may be reasonably set by the Facility Agent, acting on the instructions of the Majority Lenders) register that Ship in its name under another Approved Flag together with a first priority or first preferred ship mortgage (as the case may be and as required under the relevant state of the Approved Flag) in favour of the Security Agent and on such terms as required by the Facility Agent at the relevant time and in any case on substantially the same terms as the terms of the Mortgage.

**27.19 Acceleration**

On and at any time after the occurrence of an Event of Default the Facility Agent may, and shall if so directed by the Majority Lenders:

- (a) by notice to the Borrowers:
  - (i) cancel the Total Commitments, whereupon they shall immediately be cancelled;
  - (ii) declare that all or part of the Loan, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon it shall become immediately due and payable; and/or

(iii) declare that all or part of the Loan be payable on demand, whereupon it shall immediately become payable on demand by the Facility Agent acting on the instructions of the Majority Lenders; and/or

(b) exercise or direct the Security Agent to exercise any or all of its rights, remedies, powers or discretions under the Finance Documents,

and the Facility Agent may serve notices under sub-paragraph (i), (ii) or (iii) of paragraph (a) above simultaneously or on different dates and any Servicing Party may take any action referred to in paragraph (b) above or Clause 27.20 (*Enforcement of security*) if no such notice is served or simultaneously with or at any time after the service of any of such notice.

**27.20 Enforcement of security**

On and at any time after the occurrence of an Event of Default the Security Agent may, and shall if so directed by the Majority Lenders, take any action which, as a result of the Event of Default or any notice served under Clause 27.19 (*Acceleration*), the Security Agent is entitled to take under any Finance Document or any applicable law or regulation.

**SECTION 9**  
**CHANGES TO PARTIES**

**28 CHANGES TO THE LENDERS**

**28.1 Assignments and transfers by the Lenders**

Subject to this Clause 28 (*Changes to the Lenders*) and without prejudice to any other rights available to it as a matter of applicable law, a Lender (the "**Existing Lender**") may (without any requirement for the Obligors to consent but with a 45 days' prior written notice) at any time:

- (a) assign any of its rights; or
  - (b) transfer by novation any of its rights and obligations (including, for the avoidance of doubt, its Commitment), under the Finance Documents to:
    - (i) another Lender;
    - (ii) any Affiliate of a Lender;
    - (iii) any other first class bank or financial institution;
    - (iv) any member of the European System of Central Banks; or
    - (v) any insurance company, trust or capital investment company or fund which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets.
- (the "**New Lender**").

**28.2 Conditions of assignment or transfer**

- (a) An assignment will only be effective on:
  - (i) receipt by the Facility Agent (whether in the Assignment Agreement or otherwise) of written confirmation from the New Lender (in form and substance satisfactory to the Facility Agent) that the New Lender will assume the same obligations to the other Secured Parties as it would have been under if it had been an Original Lender; and
  - (ii) performance by the Facility Agent of all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to such assignment to a New Lender, the completion of which the Facility Agent shall promptly notify to the Existing Lender and the New Lender.
- (b) Each Obligor on behalf of itself and each Transaction Obligor agrees that all rights and interests (present, future or contingent) which the Existing Lender has under or by virtue of the Finance Documents are assigned to the New Lender absolutely, free of any defects in the Existing Lender's title and of any rights or equities which the Borrower or any other Transaction Obligor had against the Existing Lender.

(c) A transfer will only be effective if the procedure set out in Clause 28.5 (*Procedure for transfer*) is complied with.

(d) If:

- (i) a Lender assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and
- (ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, a Transaction 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 under that Clause as incorporated by reference or in full in any other Finance Document 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. This paragraph (d) shall not apply in respect of an assignment or transfer made in the ordinary course of the primary syndication of the Facility.

(e) Each New Lender, by executing the relevant Transfer Certificate or Assignment Agreement, confirms, for the avoidance of doubt, that the Facility 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 transfer or assignment becomes effective in accordance with this Agreement and that it is bound by that decision to the same extent as the Existing Lender would have been had it remained a Lender.

### **28.3 Assignment or transfer fee**

The New Lender shall, on the date upon which an assignment or transfer takes effect, pay to the Facility Agent (for its own account) a fee of \$2,500 unless otherwise agreed with or waived by the Facility Agent.

### **28.4 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 Transaction Documents, the Transaction Security or any other documents;
- (ii) the financial condition of any Transaction Obligor;
- (iii) the performance and observance by any Transaction Obligor of its obligations under the Transaction Documents or any other documents; or
- (iv) the accuracy of any statements (whether written or oral) made in or in connection with any Transaction 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 and the Secured Parties that it:
- (i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Transaction Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender or any other Finance Party in connection with any Transaction Document or the Transaction Security; and
  - (ii) will continue to make its own independent appraisal of the creditworthiness of each Transaction Obligor and its related entities throughout the Security Period.
- (c) Nothing in any Finance Document obliges an Existing Lender to:
- (i) accept a re-transfer or re-assignment from a New Lender of any of the rights and obligations assigned or transferred under this Clause 28 (*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 Transaction Obligor of its obligations under the Transaction Documents or otherwise.

## 28.5 Procedure for transfer

- (a) Subject to the conditions set out in Clause 28.2 (*Conditions of assignment or transfer*), a transfer is effected in accordance with paragraph (c) below when the Facility Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender. The Facility Agent shall, subject to paragraph (b) below as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with this Agreement and delivered in accordance with this Agreement, execute that Transfer Certificate.
- (b) The Facility Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to the transfer to such New Lender.
- (c) Subject to Clause 28.9 (*Pro rata interest settlement*), on the Transfer Date:
- (i) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents and in respect of the Transaction Security, each of the Transaction Obligors and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and in respect of the Transaction Security and their respective rights against one another under the Finance Documents and in respect of the Transaction Security shall be cancelled (being the "**Discharged Rights and Obligations**");
  - (ii) each of the Transaction Obligors and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Transaction Obligor and the New Lender have assumed and/or acquired the same in place of that Transaction Obligor and the Existing Lender;

- (iii) the Facility Agent, the Security Agent, the New Lender and other Lenders shall acquire the same rights and assume the same obligations between themselves and in respect of the Transaction Security 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 Facility Agent, the Security Agent, and the Existing Lenders shall each be released from further obligations to each other under the Finance Documents; and
- (iv) the New Lender shall become a Party as a "Lender".

## 28.6 Procedure for assignment

- (a) Subject to the conditions set out in Clause 28.2 (*Conditions of assignment or transfer*) an assignment may be effected in accordance with paragraph (c) below when the Facility Agent executes an otherwise duly completed Assignment Agreement delivered to it by the Existing Lender and the New Lender. The Facility Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Assignment Agreement appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Assignment Agreement.
- (b) The Facility Agent shall only be obliged to execute an Assignment Agreement delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to the assignment to such New Lender.
- (c) Subject to Clause 28.9 (*Pro rata interest settlement*), on the Transfer Date:
  - (i) the Existing Lender will assign absolutely to the New Lender its rights under the Finance Documents and in respect of the Transaction Security expressed to be the subject of the assignment in the Assignment Agreement;
  - (ii) the Existing Lender will be released from the obligations (the "**Relevant Obligations**") expressed to be the subject of the release in the Assignment Agreement (and any corresponding obligations by which it is bound in respect of the Transaction Security); and
  - (iii) the New Lender shall become a Party as a "Lender" and will be bound by obligations equivalent to the Relevant Obligations.
- (d) Lenders may utilise procedures other than those set out in this Clause 28.6 (*Procedure for assignment*) to assign their rights under the Finance Documents (but not, without the consent of the relevant Transaction Obligor or unless in accordance with Clause 28.5 (*Procedure for transfer*), to obtain a release by that Transaction Obligor from the obligations owed to that Transaction Obligor by the Lenders nor the assumption of equivalent obligations by a New Lender) **provided that** they comply with the conditions set out in Clause 28.2 (*Conditions of assignment or transfer*).

## 28.7 Copy of Transfer Certificate or Assignment Agreement to Borrowers

The Facility Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate or an Assignment Agreement, send to the Borrowers a copy of that Transfer Certificate or Assignment Agreement.

**28.8 Security over Lenders' rights**

In addition to the other rights provided to Lenders under this Clause 28 (*Changes to the Lenders*), each Lender may without consulting with or obtaining consent from any Transaction Obligor, at any time charge, assign or otherwise create Security 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:

- (a) any charge, assignment or other Security to secure obligations to a federal reserve or central bank; and
- (b) any charge, assignment or other Security granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities,

except that no such charge, assignment or Security shall:

- (i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security for the Lender as a party to any of the Finance Documents; or
- (ii) require any payments to be made by a Transaction 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.

**28.9 Syndication and Securitisation**

The Obligors shall assist the Mandated Lead Arrangers in achieving a successful syndication or securitisation (or similar transaction) in respect of the Facility and the Finance Documents. The Obligors shall, if requested by either Mandated Lead Arranger, provide such information as may be required to produce a customary information memorandum (subject to Clause 44.2 (*Disclosure of Confidential Information*)) and also make available members of senior management for any meetings that potential syndicate lenders may request.

**28.10 Pro rata interest settlement**

(a) If the Facility Agent has notified the Lenders that it is able to distribute interest payments on a "pro rata basis" to Existing Lenders and New Lenders then (in respect of any transfer pursuant to Clause 28.5 (*Procedure for transfer*) or any assignment pursuant to Clause 28.6 (*Procedure for assignment*)) the Transfer Date of which, in each case, is after the date of such notification and is not on the last day of an Interest Period):

- (i) any interest or fees in respect of the relevant participation which are expressed to accrue by reference to the lapse of time shall continue to accrue in favour of the Existing Lender up to but excluding the Transfer Date ("**Accrued Amounts**") and shall become due and payable to the Existing Lender (without further interest accruing on them) on the last day of the current Interest Period (or, if the Interest Period is longer than three Months, on the next of the dates which falls at three Monthly intervals after the first day of that Interest Period); and
- (ii) the rights assigned or transferred by the Existing Lender will not include the right to the Accrued Amounts, so that, for the avoidance of doubt:

- (A) when the Accrued Amounts become payable, those Accrued Amounts will be payable to the Existing Lender; and
- (B) the amount payable to the New Lender on that date will be the amount which would, but for the application of this Clause 28.9 (*Pro rata interest settlement*), have been payable to it on that date, but after deduction of the Accrued Amounts.

(b) In this Clause 28.9 (*Pro rata interest settlement*) references to "Interest Period" shall be construed to include a reference to any other period for accrual of fees.

(c) An Existing Lender which retains the right to the Accrued Amounts pursuant to this Clause 28.9 (*Pro rata interest settlement*) but which does not have a Commitment shall be deemed not to be a Lender for the purposes of ascertaining whether the agreement of any specified group of Lenders has been obtained to approve any request for a consent, waiver, amendment or other vote of Lenders under the Finance Documents.

## 29 CHANGES TO THE TRANSACTION OBLIGORS

### 29.1 Assignment or transfer by Transaction Obligors

No Transaction 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 Facility Agent.

### 29.2 Release of security

(a) If a disposal of any asset subject to security created by a Security Document is made in the following circumstances:

- (i) the disposal is permitted by the terms of any Finance Document;
- (ii) the Majority Lenders agree to the disposal;
- (iii) the disposal is being made at the request of the Security Agent in circumstances where any security created by the Security Documents has become enforceable; or
- (iv) the disposal is being effected by enforcement of a Security Document,

the Security Agent may release the asset(s) being disposed of from any security over those assets created by a Security Document. However, the proceeds of any disposal (or an amount corresponding to them) must be applied in accordance with the requirements of the Finance Documents (if any).

(b) If the Security Agent is satisfied that a release is allowed under this Clause 29.2 (*Release of security*) (at the request and expense of the Borrowers) each Finance Party must enter into any document and do all such other things which are reasonably required to achieve that release. Each other Finance Party irrevocably authorises the Security Agent to enter into any such document. Any release will not affect the obligations of any other Transaction Obligor under the Finance Documents.

**29.3 Subordinated Creditors**

- (a) The Borrowers may request that any person becomes a Subordinated Creditor, with the prior approval of the Facility Agent, by delivering to the Facility Agent:
- (i) a duly executed Subordination Agreement;
  - (ii) a duly executed Subordinated Debt Security; and
  - (iii) such constitutional documents, corporate authorisations and other documents and matters as the Facility Agent may reasonably require, in form and substance satisfactory to the Facility Agent, to verify that the person's obligations are legally binding, valid and enforceable and to satisfy any applicable legal and regulatory requirements.
- (b) A person referred to in paragraph (a) above will become a Subordinated Creditor on the date the Security Agent enters into the Subordination Agreement and the Subordinated Debt Security delivered under paragraph (a) above.

**SECTION 10****THE FINANCE PARTIES****30 THE FACILITY AGENT AND THE REFERENCE BANKS****30.1 Appointment of the Facility Agent**

- (a) Each of the Lenders appoints the Facility Agent to act as its agent under and in connection with the Finance Documents.
- (b) Each of the Lenders authorises the Facility Agent to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Facility Agent under, or in connection with, the Finance Documents together with any other incidental rights, powers, authorities and discretions.

**30.2 Instructions**

- (a) The Facility 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 Facility Agent in accordance with any instructions given to it by:
    - (A) all Lenders if the relevant Finance Document stipulates the matter is an all Lender decision; and
    - (B) in all other cases, the Majority Lenders; and
  - (ii) not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with sub-paragraph (i) above (or, if this Agreement stipulates the matter is a decision for any other Finance Party or group of Finance Parties, in accordance with instructions given to it by that Finance Party or group of Finance Parties).
- (b) The Facility Agent shall be entitled to request instructions, or clarification of any instruction, from the Majority Lenders (or, if the relevant Finance Document stipulates the matter is a decision for any other Finance Party or group of Finance Parties, from that Finance Party or group of Finance Parties) as to whether, and in what manner, it should exercise or refrain from exercising any right, power, authority or discretion and the Facility Agent may refrain from acting unless and until it receives any such instructions or clarification that it has requested.
- (c) Save in the case of decisions stipulated to be a matter for any other Finance Party or group of Finance Parties under the relevant Finance Document and unless a contrary indication appears in a Finance Document, any instructions given to the Facility Agent by the Majority Lenders shall override any conflicting instructions given by any other Parties and will be binding on all Finance Parties.
- (d) Paragraph (a) above shall not apply:
  - (i) where a contrary indication appears in a Finance Document;
  - (ii) where a Finance Document requires the Facility Agent to act in a specified manner or to take a specified action;

- (iii) in respect of any provision which protects the Facility Agent's own position in its personal capacity as opposed to its role of Facility Agent for the relevant Finance Parties.
- (e) If giving effect to instructions given by the Majority Lenders would in the Facility Agent's opinion have an effect equivalent to an amendment or waiver referred to in Clause 43 (*Amendments and Waivers*), the Facility Agent shall not act in accordance with those instructions unless consent to it so acting is obtained from each Party (other than the Facility Agent) whose consent would have been required in respect of that amendment or waiver.
- (f) In exercising any discretion to exercise a right, power or authority under the Finance Documents where it has not received any instructions as to the exercise of that discretion the Facility Agent shall do so having regard to the interests of all the Finance Parties.
- (g) The Facility Agent may refrain from acting in accordance with any instructions of any Finance Party or group of Finance Parties 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 (together with any applicable VAT) which it may incur in complying with those instructions.
- (h) Without prejudice to the remainder of this Clause 30.2 (*Instructions*), in the absence of instructions, the Facility Agent shall not be obliged to take any action (or refrain from taking action) even if it considers acting or not acting to be in the best interests of the Finance Parties. The Facility Agent may act (or refrain from acting) as it considers to be in the best interest of the Finance Parties.
- (i) The Facility Agent is not authorised to act on behalf of a Finance Party (without first obtaining that Finance Party's consent) in any legal or arbitration proceedings relating to any Finance Document. This paragraph (i) 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 Transaction Security or Security Documents.

### **30.3 Duties of the Facility Agent**

- (a) The Facility Agent's duties under the Finance Documents are solely mechanical and administrative in nature.
- (b) Subject to paragraph (c) below, the Facility Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Facility Agent for that Party by any other Party.
- (c) Without prejudice to Clause 28.7 (*Copy of Transfer Certificate or Assignment Agreement to Borrower*), paragraph (b) above shall not apply to any Transfer Certificate or any Assignment Agreement.
- (d) Except where a Finance Document specifically provides otherwise, the Facility Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.
- (e) If the Facility Agent receives notice from a Party referring to any Finance Document, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties.

(f) If the Facility Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than the Facility Agent or the Security Agent) under this Agreement, it shall promptly notify the other Finance Parties.

(g) The Facility Agent shall have only those duties, obligations and responsibilities expressly specified in the Finance Documents to which it is expressed to be a party (and no others shall be implied).

#### **30.4 No fiduciary duties**

(a) Nothing in any Finance Document constitutes the Facility Agent as a trustee or fiduciary of any other person.

(b) The Facility Agent shall not be bound to account to other Finance Party for any sum or the profit element of any sum received by it for its own account.

#### **30.5 Application of receipts**

Except as expressly stated to the contrary in any Finance Document, any moneys which the Facility Agent receives or recovers in its capacity as Facility Agent shall be applied by the Facility Agent in accordance with Clause 34.5 (*Application of receipts; partial payments*).

#### **30.6 Business with the Group**

The Facility Agent may accept deposits from, lend money to, and generally engage in any kind of banking or other business with, any member of the Group.

#### **30.7 Rights and discretions**

(a) The Facility Agent may:

- (i) rely on any representation, communication, notice or document believed by it to be genuine, correct and appropriately authorised;
- (ii) assume that:
  - (A) any instructions received by it from the Majority Lenders, any Finance Parties or any group of Finance Parties are duly given in accordance with the terms of the Finance Documents; and
  - (B) unless it has received notice of revocation, that those instructions have not been revoked; and
- (iii) rely on a certificate from any person:
  - (A) as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or
  - (B) to the effect that such person approves of any particular dealing, transaction, step, action or thing,

as sufficient evidence that that is the case and, in the case of paragraph (A) above, may assume the truth and accuracy of that certificate.

- (b) The Facility Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Finance Parties) that:
- (i) no Default has occurred (unless it has actual knowledge of a Default arising under Clause 27.2 (*Non-payment*));
  - (ii) any right, power, authority or discretion vested in any Party or any group of Finance Parties has not been exercised; and
  - (iii) any notice or request made by any Borrower (other than a Utilisation Request or a Selection Notice) is made on behalf of and with the consent and knowledge of all the Transaction Obligors.
- (c) The Facility Agent may engage and pay for the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts.
- (d) Without prejudice to the generality of paragraph (c) above or paragraph (e) below, the Facility Agent may at any time engage and pay for the services of any lawyers to act as independent counsel to the Facility Agent (and so separate from any lawyers instructed by the Lenders) if the Facility Agent in its reasonable opinion deems this to be desirable.
- (e) The Facility Agent may rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the Facility Agent or by any other Party) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying.
- (f) The Facility Agent may act in relation to the Finance Documents and the Security Property through its officers, employees and agents and shall not:
- (i) be liable for any error of judgment made by any such person; or
  - (ii) be bound to supervise, or be in any way responsible for any loss incurred by reason of misconduct, omission or default on the part of any such person,
- unless such error or such loss was directly caused by the Facility Agent's gross negligence or wilful misconduct.
- (g) Unless a Finance Document expressly provides otherwise the Facility Agent may disclose to any other Party any information it reasonably believes it has received as agent under the Finance Documents.
- (h) Notwithstanding any other provision of any Finance Document to the contrary, the Facility Agent is not 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.
- (i) Notwithstanding any provision of any Finance Document to the contrary, the Facility 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.

**30.8 Responsibility for documentation**

The Facility Agent is not responsible or liable for:

- (a) the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the Facility Agent, the Security Agent, a Transaction Obligor or any other person in, or in connection with, any Transaction Document or the transactions contemplated in the Transaction Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Transaction Document or the Security Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Transaction Document or the Security Property; or
- (c) any determination as to whether any information provided or to be provided to any Finance Party or Secured 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.

**30.9 No duty to monitor**

The Facility Agent shall not be bound to enquire:

- (a) whether or not any Default has occurred;
- (b) as to the performance, default or any breach by any Transaction Obligor of its obligations under any Transaction Document; or
- (c) whether any other event specified in any Transaction Document has occurred.

**30.10 Exclusion of liability**

- (a) Without limiting paragraph (b) below (and without prejudice to paragraph (e) of Clause 34.11 (*Disruption to Payment Systems etc.*) or any other provision of any Finance Document excluding or limiting the liability of the Facility Agent), the Facility 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 under or in connection with any Transaction Document or the Security Property, 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 Transaction Document, the Security Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Transaction Document or the Security Property; or
  - (iii) any shortfall which arises on the enforcement or realisation of the Security Property; or
  - (iv) without prejudice to the generality of paragraphs (i) to (iii) 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 Facility Agent may take any proceedings against any officer, employee or agent of the Facility Agent in respect of any claim it might have against the Facility Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Transaction Document or any Security Property and any officer, employee or agent of the Facility Agent may rely on this Clause subject to Clause 1.5 (*Third party rights*) and the provisions of the Third Parties Act.
- (c) The Facility 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 Facility Agent if the Facility 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 Facility Agent for that purpose.
- (d) Nothing in this Agreement shall oblige the Facility Agent to carry out:
  - (i) any "know your customer" or other checks in relation to any person; or
  - (ii) any check on the extent to which any transaction contemplated by this Agreement might be unlawful for any Finance Party,

on behalf of any Finance Party and each Finance Party confirms to the Facility Agent 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 Facility Agent.

- (e) Without prejudice to any provision of any Finance Document excluding or limiting the Facility Agent's liability, any liability of the Facility Agent arising under or in connection with any Transaction Document or the Security Property 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 Facility 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 Facility Agent at any time which increase the amount of that loss. In no event shall the Facility 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 Facility Agent has been advised of the possibility of such loss or damages.

### **30.11 Lenders' indemnity to the Facility Agent**

- (a) 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 Facility Agent, within three Business Days of demand, against

any cost, loss or liability incurred by the Facility Agent (otherwise than by reason of the Facility Agent's gross negligence or wilful misconduct) (or, in the case of any cost, loss or liability pursuant to Clause 34.11 (*Disruption to Payment Systems etc.*) notwithstanding the Facility Agent's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Facility Agent) in acting as Facility Agent under the Finance Documents (unless the Facility Agent has been reimbursed by a Transaction Obligor pursuant to a Finance Document).

- (b) Subject to paragraph (c) below, the Borrowers shall immediately on demand reimburse any Lender for any payment that Lender makes to the Facility Agent pursuant to paragraph (a) above.
- (c) Paragraph (b) above shall not apply to the extent that the indemnity payment in respect of which the Lender claims reimbursement relates to a liability of the Facility Agent to an Obligor.

### **30.12 Resignation of the Facility Agent**

- (a) The Facility Agent may resign and appoint one of its Affiliates as successor by giving notice to the other Finance Parties and the Borrowers.
- (b) Alternatively, the Facility Agent may resign by giving 30 days' notice to the other Finance Parties and the Borrowers, in which case the Majority Lenders may appoint a successor Facility Agent.
- (c) If the Majority Lenders have not appointed a successor Facility Agent in accordance with paragraph (b) above within 20 days after notice of resignation was given, the retiring Facility Agent may appoint a successor Facility Agent.
- (d) If the Facility Agent wishes to resign because (acting reasonably) it has concluded that it is no longer appropriate for it to remain as agent and the Facility Agent is entitled to appoint a successor Facility Agent under paragraph (c) above, the Facility Agent may (if it concludes (acting reasonably) that it is necessary to do so in order to persuade the proposed successor Facility Agent to become a party to this Agreement as Facility Agent) agree with the proposed successor Facility Agent amendments to this Clause 30 (*The Facility Agent and the Reference Banks*) and any other term of this Agreement dealing with the rights or obligations of the Facility 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 which are consistent with the successor Facility Agent's normal fee rates and those amendments will bind the Parties.
- (e) The retiring Facility Agent shall make available to the successor Facility Agent such documents and records and provide such assistance as the successor Facility Agent may reasonably request for the purposes of performing its functions as Facility Agent under the Finance Documents. The Borrowers shall, within three Business Days of demand, reimburse the retiring Facility Agent for the amount of all costs and expenses (including legal fees) properly incurred by it in making available such documents and records and providing such assistance.
- (f) The Facility Agent's resignation notice shall only take effect upon the appointment of a successor.
- (g) Upon the appointment of a successor, the retiring Facility Agent shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under paragraph (e) above) but shall remain entitled to the benefit of Clause 14.4 (*Indemnity to the*

*Facility Agent*) and this Clause 30 (*The Facility Agent and the Reference Banks*) and any other provisions of a Finance Document which are expressed to limit or exclude its liability (or to indemnify it) in acting as Facility Agent. Any fees for the account of the retiring Facility Agent shall cease to accrue from (and shall be payable on) that date. Any 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) The Majority Lenders may, by notice to the Facility Agent, require it to resign in accordance with paragraph (b) above. In this event, the Facility Agent shall resign in accordance with paragraph (b) above but the cost referred to in paragraph (e) above shall be for the account of the Borrowers.
- (i) The consent of any Borrower (or any other Transaction Obligor) is not required for an assignment or transfer of rights and/or obligations by the Facility Agent.

### **30.13 Confidentiality**

- (a) In acting as Facility Agent for the Finance Parties, the Facility Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.
- (b) If information is received by a division or department of the Facility Agent other than the division or department responsible for complying with the obligations assumed by it under the Finance Documents, that information may be treated as confidential to that division or department, and the Facility Agent shall not be deemed to have notice of it nor shall it be obliged to disclose such information to any Party.
- (c) Notwithstanding any other provision of any Finance Document to the contrary, the Facility Agent is not 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 regulation or a breach of a fiduciary duty.

### **30.14 Relationship with the other Finance Parties**

- (a) Subject to Clause 28.9 (*Pro rata interest settlement*), the Facility Agent may treat the person shown in its records as Lender at the opening of business (in the place of the Facility Agent's principal office as notified to the Finance Parties from time to time) as the Lender 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 to the contrary in accordance with the terms of this Agreement.

- (b) Each Finance Party shall supply the Facility Agent with any information that the Security Agent may reasonably specify (through the Facility Agent) as being necessary or desirable to enable the Security Agent to perform its functions as Security Agent.

- (c) Any Lender may by notice to the Facility Agent appoint a person to receive on its behalf all notices, communications, information and documents to be made or despatched to that Lender under the Finance Documents. Such notice shall contain the address and, where communication by electronic mail or other electronic means is permitted under Clause 37.5 (*Electronic communication*), electronic mail address and/or any other information required to enable the transmission of information by that means (and, in each case, the department or officer, if any, for whose attention communication is to be made) and be treated as a notification of a substitute address, electronic mail address (or such other information), department and officer by that Lender for the purposes of Clause 37.2 (*Addresses*) and sub-paragraph (ii) of paragraph (a) of Clause 37.5 (*Electronic communication*) and the Facility Agent shall be entitled to treat such person as the person entitled to receive all such notices, communications, information and documents as though that person were that Lender.

### **30.15 Credit appraisal by the Finance Parties**

Without affecting the responsibility of any Transaction Obligor for information supplied by it or on its behalf in connection with any Transaction Document, each Finance Party confirms to the Facility Agent 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 Transaction Document including but not limited to:

- (a) the financial condition, status and nature of each member of the Group;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Transaction Document, the Security Property and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document or the Security Property;
- (c) whether that 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 Transaction Document, the Security Property, the transactions contemplated by the Transaction Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document or the Security Property;
- (d) the adequacy, accuracy or completeness of any information provided by the Facility Agent, any Party or by any other person under, or in connection with, any Transaction Document, the transactions contemplated by any Transaction Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document; and
- (e) the right or title of any person in or to or the value or sufficiency of any part of the Security Assets, the priority of any of the Transaction Security or the existence of any Security affecting the Security Assets.

### **30.16 Deduction from amounts payable by the Facility Agent**

If any Party owes an amount to the Facility Agent under the Finance Documents, the Facility Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Facility 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.

**30.17 Full freedom to enter into transactions**

Without prejudice to Clause 30.6 (*Business with the Group*) or any other provision of a Finance Document and notwithstanding any rule of law or equity to the contrary, the Facility Agent shall be absolutely entitled:

- (a) to enter into and arrange banking, derivative, investment and/or other transactions of every kind with or affecting any Transaction Obligor or any person who is party to, or referred to in, a Finance Document (including, but not limited to, any interest or currency swap or other transaction, whether related to this Agreement or not, and acting as syndicate agent and/or security agent for, and/or participating in, other facilities to such Transaction Obligor or any person who is party to, or referred to in, a Finance Document);
- (b) to deal in and enter into and arrange transactions relating to:
  - (i) any securities issued or to be issued by any Transaction Obligor or any other person; or
  - (ii) any options or other derivatives in connection with such securities; and
- (c) to provide advice or other services to any Borrower or any person who is a party to, or referred to in, a Finance Document,

and, in particular, the Facility Agent shall be absolutely entitled, in proposing, evaluating, negotiating, entering into and arranging all such transactions and in connection with all other matters covered by paragraphs (a), (b) and (c) above, to use (subject only to insider dealing legislation) any information or opportunity, howsoever acquired by it, to pursue its own interests exclusively, to refrain from disclosing such dealings, transactions or other matters or any information acquired in connection with them and to retain for its sole benefit all profits and benefits derived from the dealings transactions or other matters.

**30.18 Role of Reference Banks**

- (a) No Reference Bank is under any obligation to provide a quotation or any other information to the Facility Agent.
- (b) No Reference Bank will be liable for any action taken by it under or in connection with any Finance Document, or for any Reference Bank Quotation, unless directly caused by its gross negligence or wilful misconduct.
- (c) No Party (other than the relevant Reference Bank) may take any proceedings against any officer, employee or agent of any Reference Bank in respect of any claim it might have against that Reference Bank or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document, or to any Reference Bank Quotation, and any officer, employee or agent of each Reference Bank may rely on this Clause 30.18 (*Role of Reference Banks*) subject to Clause 1.5 (*Third party rights*) and the provisions of the Third Parties Act.

**30.19 Third Party Reference Banks**

A Reference Bank which is not a Party may rely on Clause 30.18 (*Role of Reference Banks*), Clause 43.3 (*Other exceptions*) and Clause 45 (*Confidentiality of Funding Rates and Reference*

*Bank Quotations*) subject to Clause 1.5 (*Third party rights*) and the provisions of the Third Parties Act.

## **31 THE SECURITY AGENT**

### **31.1 Trust**

- (a) The Security Agent declares that it holds the Security Property on trust for the Secured Parties on the terms contained in this Agreement and shall deal with the Security Property in accordance with this Clause 31 (*The Security Agent*) and the other provisions of the Finance Documents.
- (b) Each other Finance Party authorises the Security Agent 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.

### **31.2 Parallel Debt (Covenant to pay the Security Agent)**

- (a) Each Obligor irrevocably and unconditionally undertakes to pay to the Security Agent its Parallel Debt which shall be amounts equal to, and in the currency or currencies of, its Corresponding Debt.
- (b) The Parallel Debt of an Obligor:
- (i) shall become due and payable at the same time as its Corresponding Debt;
  - (ii) is independent and separate from, and without prejudice to, its Corresponding Debt.
- (c) For purposes of this Clause 31.2 (*Parallel Debt (Covenant to pay the Security Agent)*), the Security Agent:
- (i) is the independent and separate creditor of each Parallel Debt;
  - (ii) acts in its own name and not as agent, representative or trustee of the Finance Parties and its claims in respect of each Parallel Debt shall not be held on trust; and
  - (iii) shall have the independent and separate right to demand payment of each Parallel Debt in its own name (including, without limitation, through any suit, execution, enforcement of security, recovery of guarantees and applications for and voting in any kind of insolvency proceeding).
- (d) The Parallel Debt of an Obligor shall be:
- (i) decreased to the extent that its Corresponding Debt has been irrevocably and unconditionally paid or discharged; and
  - (ii) increased to the extent that its Corresponding Debt has increased,
- and the Corresponding Debt of an Obligor shall be decreased to the extent that its Parallel Debt has been irrevocably and unconditionally paid or discharged,

in each case provided that the Parallel Debt of an Obligor shall never exceed its Corresponding Debt.

(e) All amounts received or recovered by the Security Agent in connection with this Clause 31.2 (*Parallel Debt (Covenant to pay the Security Agent)*) to the extent permitted by applicable law, shall be applied in accordance with Clause 34.5 (*Application of receipts; partial payments*).

(f) This Clause 31.2 (*Parallel Debt (Covenant to pay the Security Agent)*) shall apply, with any necessary modifications, to each Finance Document.

### 31.3 Enforcement through Security Agent only

The Secured Parties shall not have any independent power to enforce, or have recourse to, any of the Transaction Security or to exercise any right, power, authority or discretion arising under the Security Documents except through the Security Agent.

### 31.4 Instructions

(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:

(A) all Lenders (or the Facility Agent on their behalf) if the relevant Finance Document stipulates the matter is an all Lender decision; and

(B) in all other cases, the Majority Lenders (or the Facility Agent on their behalf); and

(ii) not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with sub-paragraph (i) above (or if this Agreement stipulates the matter is a decision for any other Finance Party or group of Finance Parties, in accordance with instructions given to it by that Finance Party or group of Finance Parties).

(b) The Security Agent shall be entitled to request instructions, or clarification of any instruction, from the Majority Lenders (or the Facility Agent on their behalf) (or, if the relevant Finance Document stipulates the matter is a decision for any other Finance Party or group of Finance Parties, from that Finance Party or group of Finance Parties) 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 any such instructions or clarification that it has requested.

(c) Save in the case of decisions stipulated to be a matter for any other Finance Party or group of Finance Parties under the relevant Finance Document and unless a contrary indication appears in a Finance Document, any instructions given to the Security Agent by the Majority Lenders shall override any conflicting instructions given by any other Parties and will be binding on all Finance Parties.

(d) Paragraph (a) above shall not apply:

(i) where a contrary indication appears in a Finance Document;

(ii) where a Finance Document requires the Security Agent to act in a specified manner or to take a specified action;

- (iii) in respect of any provision which protects the Security Agent's own position in its personal capacity as opposed to its role of Security Agent for the relevant Secured Parties;
- (iv) in respect of the exercise of the Security Agent's discretion to exercise a right, power or authority under any of:
  - (A) Clause 31.27 (Application of receipts);
  - (B) Clause 31.28 (*Permitted Deductions*); and
  - (C) Clause 31.29 (Prospective liabilities).
- (e) If giving effect to instructions given by the Majority Lenders would in the Security Agent's opinion have an effect equivalent to an amendment or waiver referred to in Clause 43 (*Amendments and Waivers*), the Security Agent shall not act in accordance with those instructions unless consent to it so acting is obtained from each Party (other than the Security Agent) whose consent would have been required in respect of that amendment or waiver.
- (f) In exercising any discretion to exercise a right, power or authority under the Finance Documents where either:
  - (i) it has not received any instructions as to the exercise of that discretion; or
  - (ii) the exercise of that discretion is subject to sub-paragraph (iv) of paragraph (d) above, the Security Agent shall do so having regard to the interests of all the Secured Parties.
- (g) The Security Agent may refrain from acting in accordance with any instructions of any Finance Party or group of Finance Parties 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 (together with any applicable VAT) which it may incur in complying with those instructions.
- (h) Without prejudice to the remainder of this Clause 31.4 (*Instructions*), in the absence of instructions, the Security Agent may (but shall not be obliged to) take such action in the exercise of its powers and duties under the Finance Documents as it considers in its discretion to be appropriate.
- (i) The Security Agent is not authorised to act on behalf of a Finance Party (without first obtaining that Finance Party's consent) in any legal or arbitration proceedings relating to any Finance Document. This paragraph (i) 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 Transaction Security or Security Documents.

### **31.5 Duties of the Security Agent**

- (a) The Security Agent's duties under the Finance Documents are solely mechanical and administrative in nature.
- (b) The Security Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Security Agent for that Party by any other Party.

- (c) Except where a Finance Document specifically provides otherwise, the Security Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.
- (d) If the Security Agent receives notice from a Party referring to any Finance Document, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties.
- (e) The Security Agent shall have only those duties, obligations and responsibilities expressly specified in the Finance Documents to which it is expressed to be a party (and no others shall be implied).

### **31.6 No fiduciary duties**

- (a) Nothing in any Finance Document constitutes the Security Agent as an agent, trustee or fiduciary of any Transaction Obligor.
- (b) The Security Agent shall not be bound to account to any other Secured Party for any sum or the profit element of any sum received by it for its own account.

### **31.7 Business with the Group**

The Security Agent may accept deposits from, lend money to, and generally engage in any kind of banking or other business with, any member of the Group.

### **31.8 Rights and discretions**

- (a) The Security Agent may:
  - (i) rely on any representation, communication, notice or document believed by it to be genuine, correct and appropriately authorised;
  - (ii) assume that:
    - (A) any instructions received by it from the Majority Lenders, any Finance Parties or any group of Finance Parties are duly given in accordance with the terms of the Finance Documents;
    - (B) unless it has received notice of revocation, that those instructions have not been revoked;
    - (C) if it receives any instructions to act in relation to the Transaction Security, that all applicable conditions under the Finance Documents for so acting have been satisfied; and
  - (iii) rely on a certificate from any person:
    - (A) as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or
    - (B) to the effect that such person approves of any particular dealing, transaction, step, action or thing,

as sufficient evidence that that is the case and, in the case of paragraph (A) above, may assume the truth and accuracy of that certificate.

- (b) The Security Agent shall be entitled to carry out all dealings with the other Finance Parties through the Facility Agent and may give to the Facility Agent any notice or other communication required to be given by the Security Agent to any Finance Party.
- (c) The Security Agent may assume (unless it has received notice to the contrary in its capacity as security agent for the Secured Parties) that:
  - (i) no Default has occurred;
  - (ii) any right, power, authority or discretion vested in any Party or any group of Finance Parties has not been exercised; and
  - (iii) any notice or request made by any Borrower (other than the Utilisation Request or a Selection Notice) is made on behalf of and with the consent and knowledge of all the Transaction Obligors.
- (d) The Security Agent may engage and pay for the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts.
- (e) Without prejudice to the generality of paragraph (c) above or paragraph (f) below, the Security Agent may at any time engage and pay for the services of any lawyers to act as independent counsel to the Security Agent (and so separate from any lawyers instructed by the Facility Agent or the Lenders) if the Security Agent in its reasonable opinion deems this to be desirable.
- (f) The Security Agent may rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the Security Agent or by any other Party) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying.
- (g) The Security Agent may act in relation to the Finance Documents and the Security Property through its officers, employees and agents and shall not:
  - (i) be liable for any error of judgment made by any such person; or
  - (ii) be bound to supervise, or be in any way responsible for any loss incurred by reason of misconduct, omission or default on the part of any such person,

unless such error or such loss was directly caused by the Security Agent's gross negligence or wilful misconduct.
- (h) Unless a Finance Document expressly provides otherwise the Security Agent may disclose to any other Party any information it reasonably believes it has received as security agent under the Finance Documents.
- (i) Notwithstanding any other provision of any Finance Document to the contrary, the Security Agent is not 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.

- (j) Notwithstanding any provision of any Finance Document to the contrary, the Security 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.

**31.9 Responsibility for documentation**

None of the Security Agent, any Receiver or Delegate is responsible or liable for:

- (a) the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the Facility Agent, the Security Agent, a Transaction Obligor or any other person in, or in connection with, any Transaction Document or the transactions contemplated in the Transaction Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Transaction Document or the Security Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Transaction Document or the Security Property;
- (c) any determination as to whether any information provided or to be provided to any Secured 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.

**31.10 No duty to monitor**

The Security Agent shall not be bound to enquire:

- (a) whether or not any Default has occurred;
- (b) as to the performance, default or any breach by any Transaction Obligor of its obligations under any Transaction Document; or
- (c) whether any other event specified in any Transaction Document has occurred.

**31.11 Exclusion of liability**

- (a) Without limiting paragraph (b) below (and without prejudice to any other provision of any Finance Document excluding or limiting the liability of the Security Agent or any Receiver or Delegate), none of the Security Agent nor any Receiver or Delegate will 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 under or in connection with any Transaction Document or the Security Property, 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 Transaction Document, the Security Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Transaction Document or the Security Property; or

- (iii) any shortfall which arises on the enforcement or realisation of the Security Property; or
- (iv) without prejudice to the generality of paragraphs (i) to (iii) 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 Security Agent, that Receiver or that Delegate (as applicable) may take any proceedings against any officer, employee or agent of the Security Agent, a Receiver or a Delegate in respect of any claim it might have against the Security Agent, a Receiver or a Delegate or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Transaction Document or any Security Property and any officer, employee or agent of the Security Agent, a Receiver or a Delegate may rely on this Clause subject to Clause 1.5 (*Third party rights*) and the provisions of the Third Parties Act.
- (c) The Security 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 Security Agent if the Security 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 Security Agent for that purpose.
- (d) Nothing in this Agreement shall oblige the Security Agent to carry out:
  - (i) any "know your customer" or other checks in relation to any person; or
  - (ii) any check on the extent to which any transaction contemplated by this Agreement might be unlawful for any Finance Party,

on behalf of any Finance Party and each Finance Party confirms to the Security Agent 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 Security Agent.

- (e) Without prejudice to any provision of any Finance Document excluding or limiting the liability of the Security Agent or any Receiver or Delegate, any liability of the Security Agent or any Receiver or Delegate arising under or in connection with any Transaction Document or the Security Property 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 Security Agent, Receiver or Delegate 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 Security Agent, any Receiver or Delegate at any time which increase the amount of that loss.

In no event shall the Security Agent, any Receiver or Delegate 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 Security Agent, the Receiver or Delegate has been advised of the possibility of such loss or damages.

### **31.12 Lenders' indemnity to the Security Agent**

- (a) 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 Security Agent and every Receiver, within three Business Days of demand, against any cost, loss or liability incurred by any of them (otherwise than by reason of the Security Agent's or Receiver's gross negligence or wilful misconduct) in acting as Security Agent or Receiver under the Finance Documents (unless the Security Agent or Receiver has been reimbursed by a Transaction Obligor pursuant to a Finance Document).
- (b) Subject to paragraph (c) below, the Borrowers shall within three days of any demand reimburse any Lender for any payment that Lender makes to the Security Agent pursuant to paragraph (a) above.
- (c) Paragraph (b) above shall not apply to the extent that the indemnity payment in respect of which the Lender claims reimbursement relates to a liability of the Security Agent to an Obligor.

### **31.13 Resignation of the Security Agent**

- (a) The Security Agent may resign and appoint one of its Affiliates as successor by giving notice to the other Finance Parties and the Borrowers.
- (b) Alternatively, the Security Agent may resign by giving 30 days' notice to the other Finance Parties and the Borrowers, in which case the Majority Lenders may appoint a successor Security Agent.
- (c) If the Majority Lenders have not appointed a successor Security Agent in accordance with paragraph (b) above within 20 days after notice of resignation was given, the retiring Security Agent may appoint a successor Security Agent.
- (d) The retiring Security Agent shall make available to the successor Security Agent such documents and records and provide such assistance as the successor Security Agent may reasonably request for the purposes of performing its functions as Security Agent under the Finance Documents. The Borrowers shall, within three Business Days of demand, reimburse the retiring Security Agent for the amount of all costs and expenses (including legal fees) properly incurred by it in making available such documents and records and providing such assistance.
- (e) The Security Agent's resignation notice shall only take effect upon:
  - (i) the appointment of a successor; and
  - (ii) the transfer, by way of a document expressed as a deed, of all the Security Property to that successor.
- (f) Upon the appointment of a successor, the retiring Security Agent shall be discharged, by way of a document executed as a deed, from any further obligation in respect of the Finance

Documents (other than its obligations under paragraph (b) of Clause 31.24 (*Winding up of trust*) and paragraph (d) above) but shall remain entitled to the benefit of Clause 14.5 (*Indemnity to the Security Agent*) and this Clause 31 (*The Security Agent*) and any other provisions of a Finance Document which are expressed to limit or exclude its liability (or to indemnify it) in acting as Security Agent. Any fees for the account of the retiring Security Agent shall cease to accrue from (and shall be payable on) that date. Any 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.

- (g) The Majority Lenders may, by notice to the Security Agent, require it to resign in accordance with paragraph (b) above. In this event, the Security Agent shall resign in accordance with paragraph (b) above but the cost referred to in paragraph (d) above shall be for the account of the Borrowers.
- (h) The consent of any Borrower (or any other Transaction Obligor) is not required for an assignment or transfer of rights and/or obligations by the Security Agent.

#### **31.14 Confidentiality**

- (a) In acting as Security Agent for the Finance Parties, the Security Agent shall be regarded as acting through its trustee division which shall be treated as a separate entity from any other of its divisions or departments.
- (b) If information is received by a division or department of the Security Agent other than the division or department responsible for complying with the obligations assumed by it under the Finance Documents, that information may be treated as confidential to that division or department, and the Security Agent shall not be deemed to have notice of it nor shall it be obliged to disclose such information to any Party.
- (c) Notwithstanding any other provision of any Finance Document to the contrary, the Security Agent is not 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 regulation or a breach of a fiduciary duty.

#### **31.15 Credit appraisal by the Finance Parties**

Without affecting the responsibility of any Transaction Obligor for information supplied by it or on its behalf in connection with any Transaction Document, each Finance Party confirms to the Security Agent 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 Transaction Document including but not limited to:

- (a) the financial condition, status and nature of each member of the Group;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Transaction Document, the Security Property and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document or the Security Property;
- (c) whether that 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 Transaction Document, the Security Property, the transactions contemplated by the Transaction Documents or any other agreement, arrangement or document entered into, made or

executed in anticipation of, under or in connection with any Transaction Document or the Security Property;

- (d) the adequacy, accuracy or completeness of any information provided by the Security Agent, any Party or by any other person under, or in connection with, any Transaction Document, the transactions contemplated by any Transaction Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document; and
- (e) the right or title of any person in or to or the value or sufficiency of any part of the Security Assets, the priority of any of the Transaction Security or the existence of any Security affecting the Security Assets.

**31.16 Reliance and engagement letters**

Each Secured Party confirms that the Security Agent has authority to accept on its behalf (and ratifies the acceptance on its behalf of any letters or reports already accepted by the Security Agent) the terms of any reliance letter or engagement letters or any reports or letters provided by accountants, auditors or providers of due diligence reports in connection with the Finance Documents or the transactions contemplated in the Finance Documents and to bind it in respect of those, reports or letters and to sign such letters on its behalf and further confirms that it accepts the terms and qualifications set out in such letters.

**31.17 No responsibility to perfect Transaction Security**

The Security Agent shall not be liable for any failure to:

- (a) require the deposit with it of any deed or document certifying, representing or constituting the title of any Transaction Obligor to any of the Security Assets;
- (b) obtain any licence, consent or other authority for the execution, delivery, legality, validity, enforceability or admissibility in evidence of any Finance Document or the Transaction Security;
- (c) register, file or record or otherwise protect any of the Transaction Security (or the priority of any of the Transaction Security) under any law or regulation or to give notice to any person of the execution of any Finance Document or of the Transaction Security;
- (d) take, or to require any Transaction Obligor to take, any step to perfect its title to any of the Security Assets or to render the Transaction Security effective or to secure the creation of any ancillary Security under any law or regulation; or
- (e) require any further assurance in relation to any Finance Document.

**31.18 Insurance by Security Agent**

- (a) The Security Agent shall not be obliged:
  - (i) to insure any of the Security Assets;
  - (ii) to require any other person to maintain any insurance; or

(iii) to verify any obligation to arrange or maintain insurance contained in any Finance Document,

and the Security Agent shall not be liable for any damages, costs or losses to any person as a result of the lack of, or inadequacy of, any such insurance.

- (b) Where the Security Agent is named on any insurance policy as an insured party, it shall not be liable for any damages, costs or losses to any person as a result of its failure to notify the insurers of any material fact relating to the risk assumed by such insurers or any other information of any kind, unless the Majority Lenders request it to do so in writing and the Security Agent fails to do so within 14 days after receipt of that request.

### **31.19 Custodians and nominees**

The Security Agent may appoint and pay any person to act as a custodian or nominee on any terms in relation to any asset of the trust as the Security Agent may determine, including for the purpose of depositing with a custodian this Agreement or any document relating to the trust created under this Agreement and the Security Agent shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it under this Agreement or be bound to supervise the proceedings or acts of any person.

### **31.20 Delegation by the Security Agent**

- (a) Each of the Security Agent, any Receiver and any Delegate may, at any time, delegate by power of attorney or otherwise to any person for any period, all or any right, power, authority or discretion vested in it in its capacity as such.
- (b) That delegation may be made upon any terms and conditions (including the power to sub delegate) and subject to any restrictions that the Security Agent, that Receiver or that Delegate (as the case may be) may, in its discretion, think fit in the interests of the Secured Parties.
- (c) No Security Agent, Receiver or Delegate shall be bound to supervise, or be in any way responsible for any damages, costs or losses incurred by reason of any misconduct, omission or default on the part of any such delegate or sub delegate.

### **31.21 Additional Security Agents**

- (a) The Security Agent may at any time appoint (and subsequently remove) any person to act as a separate trustee or as a co-trustee jointly with it:

- (i) if it considers that appointment to be in the interests of the Secured Parties; or
- (ii) for the purposes of conforming to any legal requirement, restriction or condition which the Security Agent deems to be relevant; or
- (iii) for obtaining or enforcing any judgment in any jurisdiction,

and the Security Agent shall give prior notice to the Borrower and the Finance Parties of that appointment.

- (b) Any person so appointed shall have the rights, powers, authorities and discretions (not exceeding those given to the Security Agent under or in connection with the Finance

Documents) and the duties, obligations and responsibilities that are given or imposed by the instrument of appointment.

- (c) The remuneration that the Security Agent may pay to that person, and any costs and expenses (together with any applicable VAT) incurred by that person in performing its functions pursuant to that appointment shall, for the purposes of this Agreement, be treated as costs and expenses incurred by the Security Agent.

**31.22 Acceptance of title**

The Security Agent shall be entitled to accept without enquiry, and shall not be obliged to investigate, any right and title that any Transaction Obligor may have to any of the Security Assets and shall not be liable for or bound to require any Transaction Obligor to remedy any defect in its right or title.

**31.23 Releases**

Upon a disposal of any of the Security Assets pursuant to the enforcement of the Transaction Security by a Receiver, a Delegate or the Security Agent, the Security Agent is irrevocably authorised (at the cost of the Obligors and without any consent, sanction, authority or further confirmation from any other Secured Party) to release, without recourse or warranty, that property from the Transaction Security and to execute any release of the Transaction Security or other claim over that asset and to issue any certificates of non-crystallisation of floating charges that may be required or desirable.

**31.24 Winding up of trust**

If the Security Agent, with the approval of the Facility Agent determines that:

- (a) all of the Secured Liabilities and all other obligations secured by the Security Documents have been fully and finally discharged; and
- (b) no Secured Party is under any commitment, obligation or liability (actual or contingent) to make advances or provide other financial accommodation to any Transaction Obligor pursuant to the Finance Documents,

then

- (i) the trusts set out in this Agreement shall be wound up and the Security Agent shall release, without recourse or warranty, all of the Transaction Security and the rights of the Security Agent under each of the Security Documents; and
- (ii) any Security Agent which has resigned pursuant to Clause 31.13 (*Resignation of the Security Agent*) shall release, without recourse or warranty, all of its rights under each Security Document.

**31.25 Powers supplemental to Trustee Acts**

The rights, powers, authorities and discretions given to the Security Agent under or in connection with the Finance Documents shall be supplemental to the Trustee Act 1925 and the Trustee Act 2000 and in addition to any which may be vested in the Security Agent by law or regulation or otherwise.

**31.26 Disapplication of Trustee Acts**

Section 1 of the Trustee Act 2000 shall not apply to the duties of the Security Agent in relation to the trusts constituted by this Agreement and the other Finance Documents. Where there are any inconsistencies between (i) the Trustee Acts 1925 and 2000 and (ii) the provisions of this Agreement and any other Finance Document, the provisions of this Agreement and any other Finance Document shall, to the extent permitted by law and regulation, prevail and, in the case of any inconsistency with the Trustee Act 2000, the provisions of this Agreement and any other Finance Document shall constitute a restriction or exclusion for the purposes of the Trustee Act 2000.

**31.27 Application of receipts**

All amounts from time to time received or recovered by the Security Agent pursuant to the terms of any Finance Document, under Clause 31.2 (*Parallel Debt (Covenant to pay the Security Agent)*) or in connection with the realisation or enforcement of all or any part of the Security Property (for the purposes of this Clause 31 (*The Security Agent*), the "**Recoveries**") shall be held by the Security Agent on trust to apply them at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law and subject to the remaining provisions of this Clause 31 (*The Security Agent*), in the following order of priority:

- (a) in discharging any sums owing to the Security Agent (in its capacity as such) (other than pursuant to Clause 31.2 (*Parallel Debt (Covenant to pay the Security Agent)*)) or any Receiver or Delegate;
- (b) in payment or distribution to the Facility Agent, on its behalf and on behalf of the other Secured Parties, for application towards the discharge of all sums due and payable by any Transaction Obligor under any of the Finance Documents in accordance with Clause 34.5 (*Application of receipts; partial payments*);
- (c) if none of the Transaction Obligors is under any further actual or contingent liability under any Finance Document, in payment or distribution to any person to whom the Security Agent is obliged to pay or distribute in priority to any Transaction Obligor; and
- (d) the balance, if any, in payment or distribution to the relevant Transaction Obligor.

**31.28 Permitted Deductions**

The Security Agent may, in its discretion:

- (a) set aside by way of reserve amounts required to meet, and to make and pay, any deductions and withholdings (on account of Taxes or otherwise) which it is or may be required by any applicable law to make from any distribution or payment made by it under this Agreement; and
- (b) pay all Taxes which may be assessed against it in respect of any of the Security Property, or as a consequence of performing its duties, or by virtue of its capacity as Security Agent under any of the Finance Documents or otherwise (other than in connection with its remuneration for performing its duties under this Agreement).

**31.29 Prospective liabilities**

Following enforcement of any of the Transaction Security, the Security Agent may, in its discretion, or at the request of the Facility Agent, hold any Recoveries in an interest bearing suspense or impersonal account(s) in the name of the Security Agent with such financial institution (including itself) and for so long as the Security Agent shall think fit (the interest being credited to the relevant account) for later payment to the Facility Agent for application in accordance with Clause 31.27 (*Application of receipts*) in respect of:

- (a) any sum to the Security Agent, any Receiver or any Delegate; and
- (b) any part of the Secured Liabilities,

that the Security Agent or, in the case of paragraph (b) only, the Facility Agent, reasonably considers, in each case, might become due or owing at any time in the future.

**31.30 Investment of proceeds**

Prior to the payment of the proceeds of the Recoveries to the Facility Agent for application in accordance with Clause 31.27 (*Application of receipts*) the Security Agent may, in its discretion, hold all or part of those proceeds in an interest bearing suspense or impersonal account(s) in the name of the Security Agent with such financial institution (including itself) and for so long as the Security Agent shall think fit (the interest being credited to the relevant account) pending the payment from time to time of those moneys in the Security Agent's discretion in accordance with the provisions of Clause 31.27 (*Application of receipts*).

**31.31 Currency conversion**

- (a) For the purpose of, or pending the discharge of, any of the Secured Liabilities the Security Agent may convert any moneys received or recovered by the Security Agent from one currency to another, at a market rate of exchange.
- (b) The obligations of any Transaction Obligor to pay in the due currency shall only be satisfied to the extent of the amount of the due currency purchased after deducting the costs of conversion.

**31.32 Good discharge**

- (a) Any payment to be made in respect of the Secured Liabilities by the Security Agent may be made to the Facility Agent on behalf of the Secured Parties and any payment made in that way shall be a good discharge, to the extent of that payment, by the Security Agent.
- (b) The Security Agent is under no obligation to make the payments to the Facility Agent under paragraph (a) above in the same currency as that in which the obligations and liabilities owing to the relevant Finance Party are denominated.

**31.33 Amounts received by Obligors**

If any of the Obligors receives or recovers any amount which, under the terms of any of the Finance Documents, should have been paid to the Security Agent, that Obligor will hold the amount received or recovered on trust for the Security Agent and promptly pay that amount to the Security Agent for application in accordance with the terms of this Agreement.

**31.34 Full freedom to enter into transactions**

Without prejudice to Clause 31.7 (*Business with the Group*) or any other provision of a Finance Document and notwithstanding any rule of law or equity to the contrary, the Security Agent shall be absolutely entitled:

- (a) to enter into and arrange banking, derivative, investment and/or other transactions of every kind with or affecting any Transaction Obligor or any person who is party to, or referred to in, a Finance Document (including, but not limited to, any interest or currency swap or other transaction, whether related to this Agreement or not, and acting as syndicate agent and/or security agent for, and/or participating in, other facilities to such Transaction Obligor or any person who is party to, or referred to in, a Finance Document);
- (b) to deal in and enter into and arrange transactions relating to:
  - (i) any securities issued or to be issued by any Transaction Obligor or any other person; or
  - (ii) any options or other derivatives in connection with such securities; and
- (c) to provide advice or other services to the Borrowers or any person who is a party to, or referred to in, a Finance Document,

and, in particular, the Security Agent shall be absolutely entitled, in proposing, evaluating, negotiating, entering into and arranging all such transactions and in connection with all other matters covered by paragraphs (a), (b) and (c) above, to use (subject only to insider dealing legislation) any information or opportunity, howsoever acquired by it, to pursue its own interests exclusively, to refrain from disclosing such dealings, transactions or other matters or any information acquired in connection with them and to retain for its sole benefit all profits and benefits derived from the dealings transactions or other matters.

**32 CONDUCT OF BUSINESS BY THE FINANCE PARTIES**

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.

**33 SHARING AMONG THE FINANCE PARTIES****33.1 Payments to Finance Parties**

If a Finance Party (a "**Recovering Finance Party**") receives or recovers any amount from a Transaction Obligor other than in accordance with Clause 34 (*Payment Mechanics*) (a "**Recovered Amount**") and applies that amount to a payment due to it under the Finance Documents then:

- (a) the Recovering Finance Party shall, within three Business Days, notify details of the receipt or recovery, to the Facility Agent;
- (b) the Facility 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 Facility Agent and distributed in accordance with Clause 34 (*Payment Mechanics*), without taking account of any Tax which would be imposed on the Facility Agent in relation to the receipt, recovery or distribution; and
- (c) the Recovering Finance Party shall, within three Business Days of demand by the Facility Agent, pay to the Facility Agent an amount (the "**Sharing Payment**") equal to such receipt or recovery less any amount which the Facility Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with Clause 34.5 (*Application of receipts; partial payments*).

### 33.2 **Redistribution of payments**

The Facility Agent shall treat the Sharing Payment as if it had been paid by the relevant Transaction Obligor and distribute it among the Finance Parties (other than the Recovering Finance Party) (the "**Sharing Finance Parties**") in accordance with Clause 34.5 (*Application of receipts; partial payments*) towards the obligations of that Transaction Obligor to the Sharing Finance Parties.

### 33.3 **Recovering Finance Party's rights**

On a distribution by the Facility Agent under Clause 33.2 (*Redistribution of payments*) of a payment received by a Recovering Finance Party from a Transaction Obligor, as between the relevant Transaction 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 Transaction Obligor.

### 33.4 **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 Facility Agent, pay to the Facility 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 Transaction 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 Transaction Obligor.

### 33.5 **Exceptions**

- (a) This Clause 33 (*Sharing among the Finance Parties*) 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 Transaction 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, 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****34 PAYMENT MECHANICS****34.1 Payments to the Facility Agent**

- (a) On each date on which a Transaction Obligor or a Lender is required to make a payment under a Finance Document, that Transaction Obligor or Lender shall make an amount equal to such payment available to the Facility 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 Facility 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 (or, in relation to euro, in a principal financial centre in such Participating Member State or London, as specified by the Facility Agent) and with such bank as the Facility Agent, in each case, specifies.

**34.2 Distributions by the Facility Agent**

Each payment received by the Facility Agent under the Finance Documents for another Party shall, subject to Clause 34.3 (*Distributions to a Transaction Obligor*) and Clause 34.4 (*Clawback and pre-funding*) be made available by the Facility 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 Facility 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 (or, in relation to euro, in the principal financial centre of a Participating Member State or London), as specified by that Party or, in the case of a Tranche, to such account of such person as may be specified by the Borrowers in a Utilisation Request.

**34.3 Distributions to a Transaction Obligor**

The Facility Agent may (with the consent of the Transaction Obligor or in accordance with Clause 35 (*Set-Off*)) apply any amount received by it for that Transaction Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from that Transaction Obligor under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

**34.4 Clawback and pre-funding**

- (a) Where a sum is to be paid to the Facility Agent under the Finance Documents for another Party, the Facility 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) Unless paragraph (c) below applies, if the Facility Agent pays an amount to another Party and it proves to be the case that the Facility 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 Facility Agent shall on demand refund the same to the Facility Agent together with interest

on that amount from the date of payment to the date of receipt by the Facility Agent, calculated by the Facility Agent to reflect its cost of funds.

- (c) If the Facility Agent has notified the Lenders that it is willing to make available amounts for the account of the Borrowers before receiving funds from the Lenders then if and to the extent that the Facility Agent does so but it proves to be the case that it does not then receive funds from a Lender in respect of a sum which it paid to the Borrowers:
- (i) the Facility Agent shall notify the Borrowers of that Lender's identity and the Borrower shall on demand refund it to the Facility Agent; and
  - (ii) the Lender by whom those funds should have been made available or, if the Lender fails to do so, the Borrowers shall on demand pay to the Facility Agent the amount (as certified by the Facility Agent) which will indemnify the Facility Agent against any funding cost incurred by it as a result of paying out that sum before receiving those funds from that Lender.

#### 34.5 Application of receipts; partial payments

- (a) If the Facility Agent receives a payment that is insufficient to discharge all the amounts then due and payable by a Transaction Obligor under the Finance Documents, the Facility Agent shall apply that payment towards the obligations of that Transaction Obligor under the Finance Documents in the following order:
- (i) **first**, in or towards payment *pro rata* of any unpaid fees, costs and expenses of, and any other amounts owing to, the Facility Agent, the Security Agent, any Receiver or any Delegate under the Finance Documents;
  - (ii) **secondly**, in or towards payment *pro rata* of:
    - (A) any accrued interest and fees due but unpaid to the Lenders under this Agreement;
  - (iii) **thirdly**, in or towards payment *pro rata* of:
    - (A) any principal due but unpaid to the Lenders under this Agreement;
  - (iv) **fourthly**, in or towards payment *pro rata* of any other sum due but unpaid under the Finance Documents.
- (b) The Facility Agent shall, if so directed by the Majority Lenders, vary, or instruct the Security Agent to vary (as applicable), the order set out in subparagraphs (ii) to (iv) of paragraph (a) above.
- (c) Paragraphs (a) and (b) above will override any appropriation made by a Transaction Obligor.

#### 34.6 No set-off by Transaction Obligors

All payments to be made by a Transaction Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

**34.7 Business Days**

- (a) Any payment under the Finance Documents 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 an Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

**34.8 Currency of account**

- (a) Subject to paragraphs (b) and (c) below, dollars is the currency of account and payment for any sum due from a Transaction Obligor under any Finance Document.
- (b) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.
- (c) Any amount expressed to be payable in a currency other than dollars shall be paid in that other currency.

**34.9 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 Facility Agent (after consultation with the Borrowers); 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 Facility Agent (acting reasonably).
- (b) If a change in any currency of a country occurs, this Agreement will, to the extent the Facility Agent (acting reasonably and after consultation with the Borrowers) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the Relevant Interbank Market and otherwise to reflect the change in currency.

**34.10 Currency Conversion**

- (a) For the purpose of, or pending any payment to be made by any Servicing Party under any Finance Document, such Servicing Party may convert any moneys received or recovered by it from one currency to another, at a market rate of exchange.
- (b) The obligations of any Transaction Obligor to pay in the due currency shall only be satisfied to the extent of the amount of the due currency purchased after deducting the costs of conversion.

**34.11 Disruption to Payment Systems etc.**

If either the Facility Agent determines (in its discretion) that a Disruption Event has occurred or the Facility Agent is notified by a Borrower that a Disruption Event has occurred:

- (a) the Facility Agent may, and shall if requested to do so by a Borrower, consult with the Borrowers with a view to agreeing with the Borrowers such changes to the operation or administration of the Facility as the Facility Agent may deem necessary in the circumstances;
- (b) the Facility Agent shall not be obliged to consult with the Borrowers 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 Facility 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 Facility Agent and the Borrowers shall (whether or not it is finally determined that a 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 Waivers*);
- (e) the Facility Agent shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability 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 Facility Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this Clause 34.11 (*Disruption to Payment Systems etc.*); and
- (f) the Facility Agent shall notify the Finance Parties of all changes agreed pursuant to paragraph (d) above.

**35 SET-OFF**

A Finance Party may set off any matured obligation due from a Transaction 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 Transaction 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.

**36 BAIL-IN**

Notwithstanding any other term of any Finance Document or any other agreement, arrangement or understanding between the parties to a Finance Document, each Party acknowledges and accepts that any liability of any party to a Finance Document 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.

## 37 NOTICES

### 37.1 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 letter.

### 37.2 Addresses

The address (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents are:

- (a) in the case of the Borrowers, that specified in Schedule 1 (*The Parties*);
- (b) in the case of each Lender or any other Obligor, that specified in Schedule 1 (*The Parties*) or, if it becomes a Party after the date of this Agreement, that notified in writing to the Facility Agent on or before the date on which it becomes a Party;
- (c) in the case of the Facility Agent, that specified in Schedule 1 (*The Parties*); and
- (d) in the case of the Security Agent, that specified in Schedule 1 (*The Parties*),

or any substitute address or department or officer as the Party may notify to the Facility Agent (or the Facility Agent may notify to the other Parties, if a change is made by the Facility Agent) by not less than five Business Days' notice.

### 37.3 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 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 37.2 (*Addresses*), if addressed to that department or officer.
- (b) Any communication or document to be made or delivered to a Servicing Party will be effective only when actually received by that Servicing Party and then only if it is expressly marked for the attention of the department or officer of that Servicing Party specified in Schedule 1 (*The Parties*) (or any substitute department or officer as that Servicing Party shall specify for this purpose).
- (c) All notices from or to a Transaction Obligor shall be sent through the Facility Agent unless otherwise specified in any Finance Document.

- (d) Any communication or document made or delivered to the Borrowers in accordance with this Clause will be deemed to have been made or delivered to each of the Transaction Obligors.
- (e) Any communication or document which becomes effective, in accordance with paragraphs (a) to (d) above, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

#### **37.4 Notification of address**

Promptly upon receipt of notification of an address or change of address pursuant to Clause 37.2 (*Addresses*) or changing its own address, the Facility Agent shall notify the other Parties.

#### **37.5 Electronic communication**

- (a) Any communication to be made between any two Parties under or in connection with the Finance Documents may be made 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 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.
- (c) Any such electronic communication as specified in paragraph (a) above made between any two Parties will be effective only when actually received (or made available) in readable form and in the case of any electronic communication made by a Party to the Facility Agent or the Security Agent only if it is addressed in such a manner as the Facility Agent or the Security Agent shall specify for this purpose.
- (d) Any electronic communication 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 is sent or made available has its address for the purpose of this Agreement 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 shall be construed to include that communication being made available in accordance with this Clause 37.5 (*Electronic communication*).
- (f) Each Borrower undertakes and declares that any documents to fulfil the disclosure of the financial circumstances according to Sec. 18 of the German Banking Act (KWG) that were or are hereinafter submitted to the Hamburg Commercial Bank AG electronically or on data carriers through the Borrowers or any other Transaction Obligor or any of them or a third party are complete and correct. It further agrees and declares that:
  - (i) it is irrelevant whether such documents were submitted with or without signature;

- (ii) documents submitted to Hamburg Commercial Bank AG electronically or on data carriers according to Sec. 18 of the German Banking Act (KWG) have the same legal significance as documents with signature in paper form; and
- (iii) until written revocation, the declaration under this Clause 37.5 (*Electronic communication*) shall remain valid.

### 37.6 English language

- (a) Any notice given under or in connection with any Finance Document must be in English.
- (b) All other documents provided under or in connection with any Finance Document must be:
  - (i) in English; or
  - (ii) if not in English, and if so required by the Facility Agent, accompanied by a certified English translation prepared by a translator approved by the Facility Agent and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

## 38 CALCULATIONS AND CERTIFICATES

### 38.1 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.

### 38.2 Certificates and determinations

Any certification or determination by a Finance Party 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.

### 38.3 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 Relevant Interbank Market differs, in accordance with that market practice.

## 39 PARTIAL INVALIDITY

If, at any time, any provision of a Finance Document 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 under the law of that jurisdiction nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

## 40 REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of any Secured 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 Finance Document. No election to affirm any Finance Document on the part of a Secured 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 each Finance Document are cumulative and not exclusive of any rights or remedies provided by law.

#### 41 **SETTLEMENT OR DISCHARGE CONDITIONAL**

Any settlement or discharge under any Finance Document between any Finance Party and any Transaction Obligor shall be conditional upon no security or payment to any Finance Party by any Transaction Obligor or any other person being set aside, adjusted or ordered to be repaid, whether under any insolvency law or otherwise.

#### 42 **IRREVOCABLE PAYMENT**

If the Facility Agent considers that an amount paid or discharged by, or on behalf of, a Transaction Obligor or by any other person in purported payment or discharge of an obligation of that Transaction Obligor to a Secured Party under the Finance Documents is capable of being avoided or otherwise set aside on the liquidation or administration of that Transaction Obligor or otherwise, then that amount shall not be considered to have been unconditionally and irrevocably paid or discharged for the purposes of the Finance Documents.

#### 43 **AMENDMENTS AND WAIVERS**

##### 43.1 **Required consents**

- (a) Subject to Clause 43.2 (*All Lender matters*) and Clause 43.3 (*Other exceptions*) any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and, in the case of an amendment, the Obligors and any such amendment or waiver will be binding on all Parties.
- (b) The Facility Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause 43 (*Amendments and Waivers*).
- (c) Without prejudice to the generality of Clause 30.7 (*Rights and discretions*), the Facility Agent may engage, pay for and rely on the services of lawyers in determining the consent level required for and effecting any amendment, waiver or consent under this Agreement.
- (d) Paragraph (c) of Clause 28.9 (*Pro rata interest settlement*) shall apply to this Clause 43 (*Amendments and Waivers*).

##### 43.2 **All Lender matters**

Subject to Clause 43.5 (*Replacement of Screen Rate*), an amendment of or waiver or consent in relation to any term of any Finance Document that has the effect of changing or which relates to:

- (a) the definition of "Majority Lenders" in Clause 1.1 (*Definitions*);
- (b) a postponement to or extension of the date of payment of any amount under the Finance Documents;

- (c) a reduction in the Margin or the amount of any payment of principal, interest, fees or commission payable;
  - (d) a change in currency of payment of any amount under the Finance Documents;
  - (e) an increase in any Commitment or the Total Commitments, an extension of any Availability Period or any requirement that a cancellation of Commitments reduces the Commitments rateably under the Facility;
  - (f) a change to any Obligor other than in accordance with Clause 29 (*Changes to the Transaction Obligors*);
  - (g) any provision which expressly requires the consent of all the Lenders;
  - (h) this Clause 43 (Amendments and Waivers);
  - (i) any change to the preamble (Background), Clause 2 (The Facility), Clause 3 (Purpose), Clause 5 (Utilisation), Clause 6.2 (Effect of cancellation and prepayment on scheduled repayments), Clause 7.4 (Mandatory prepayment on sale or Total Loss), Clause 8 (Interest), Clause 24.9 (Compliance with laws etc.), Clause 22.24 (Sanctions Undertakings), Clause 24.20 (Sanctions and Ship trading), Clause 26 (Accounts and application of Earnings), Clause 28 (Changes to the Lenders), Clause 33 (Sharing among the Finance Parties), Clause 47 (Governing Law) or Clause 48 (Enforcement);
  - (j) any release of, or material variation to, any Transaction Security, guarantee, indemnity or subordination arrangement set out in a Finance Document (except in the case of a release of Transaction Security as it relates to the disposal of an asset which is the subject of the Transaction Security and where such disposal is expressly permitted by the Majority Lenders or otherwise under a Finance Document);
  - (k) (other than as expressly permitted by the provisions of any Finance Document), the nature or scope of:
    - (i) the guarantees and indemnities granted under Clause 17 (*Guarantee and Indemnity Parent Guarantor*);
    - (ii) the Security Assets; or
    - (iii) the manner in which the proceeds of enforcement of the Transaction Security are distributed,
 (except in the case of sub-paragraphs (ii) and (iii) above, insofar as it relates to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is expressly permitted under this Agreement or any other Finance Document);
  - (l) the release of the guarantees and indemnities granted under Clause 17 (*Guarantee and Indemnity Parent Guarantor*) or the release any Transaction Security unless permitted under this Agreement or any other Finance Document or relating to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is expressly permitted under this Agreement or any other Finance Document,
- shall not be made, or given, without the prior consent of all the Lenders.

**43.3 Excluded Commitments**

- (a) If any Lender fails to respond to a request for an amendment or waiver described in Clause 43.2 (*All Lender matters*) above within twenty Business Days (or such longer time period in relation to any request which the Borrowers and the Facility 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 taken into account 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.

**43.4 Other exceptions**

- (a) An amendment or waiver which relates to the rights or obligations of a Servicing Party or a Reference Bank (each in their capacity as such) may not be effected without the consent of that Servicing Party or that Reference Bank, as the case may be.
- (b) The Borrowers and the Facility Agent or the Security Agent, as applicable, may amend or waive a term of a Fee Letter to which they are party.

**43.5 Replacement of Screen Rate**

- (a) Subject to Clause 43.4 (*Other exceptions*), if a Screen Rate Replacement Event has occurred in relation to the Screen Rate for dollars, 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 Facility Agent (acting on the instructions of the Majority Lenders) and the Borrowers.

- (b) If any Lender fails to respond to a request for an amendment or waiver described in paragraph
- (i) above within five Business Days (or such longer time period in relation to any request which the Borrowers and the Facility Agent may agree) of that request being made;
  - (ii) 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
  - (iii) 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.

#### 43.6 **Obligor Intent**

Without prejudice to the generality of Clauses 1.2 (*Construction*) and 17.4 (*Waiver of defences*), each Obligor expressly confirms that it intends that any guarantee contained in this Agreement or any other Finance Document and any Security created by any Finance Document shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to any of the Finance Documents and/or any facility or amount made available under any of the Finance Documents for the purposes of or in connection with any of the following: business acquisitions of any nature; increasing working capital; enabling investor distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variation or extension of the purposes for which any such facility or amount might be made available from time to time; and any fees, costs and/or expenses associated with any of the foregoing.

#### 44 **CONFIDENTIAL INFORMATION**

##### 44.1 **Confidentiality**

Each Finance Party agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by Clause 44.2 (*Disclosure of Confidential Information*) and Clause 44.3 (*Disclosure to numbering service providers*) 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.

##### 44.2 **Disclosure of Confidential Information**

Any Finance Party may disclose:

- (a) to any of its Affiliates and Related Funds and any of its or their officers, directors, employees, professional advisers, 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 paragraph (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, including for the purposes of Clause 28.9 (*Syndication and Securitisation*)) 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 Facility Agent or Security Agent and, in each case, to any of that person's Affiliates, Related Funds, Representatives, professional advisers and broker or provider for the purpose of credit protection;
- (ii) with (or through) whom it enters into (or may potentially enter into), whether directly or indirectly, any sub-participation 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 Transaction Obligors and to any of that person's Affiliates, Related Funds, Representatives, professional advisers and broker or provider for the purpose of credit protection;
- (iii) appointed by any Finance Party or by a person to whom sub-paragraph (i) or (ii) of paragraph (b) above applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf (including, without limitation, any person appointed under paragraph (c) of Clause 30.14 (*Relationship with the other Finance Parties*));
- (iv) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in sub-paragraph (i) or (ii) of paragraph (b) above;
- (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, arbitrations, 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 28.8 (*Security over Lenders' rights*);
- (viii) who is a Party, a member of the Group or any related entity of a Transaction Obligor;
- (ix) as a result of the registration of any Finance Document as contemplated by any Finance Document or any legal opinion obtained in connection with any Finance Document; or
- (x) with the consent of the Parent Guarantor;

in each case, such Confidential Information as that Finance Party shall consider appropriate if:

- (A) in relation to sub-paragraphs (i), (ii) and (iii) of paragraph (b) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking except that there shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information;
- (B) in relation to sub-paragraph (iv) of paragraph (b) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive and is informed that some or all of such Confidential Information may be price-sensitive information;
- (C) in relation to sub-paragraphs (v), (vi) and (vii) of paragraph (b) above, the person to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of that Finance Party, it is not practicable so to do in the circumstances;

- (c) to any person appointed by that Finance Party or by a person to whom sub-paragraph (i) or (ii) of paragraph (b) above 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 paragraph (c) if the service provider to whom the Confidential Information is to be given has entered in to 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 Borrowers and the relevant Finance Party;
- (d) to any rating agency (including its professional advisers) such Confidential Information as may be required to be disclosed to enable such rating agency to carry out its normal rating activities in relation to the Finance Documents and/or the Transaction Obligors.

#### **44.3 Disclosure to numbering service providers**

- (a) Any Finance Party may disclose to any national or international numbering service provider appointed by that Finance Party to provide identification numbering services in respect of this Agreement, the Facility and/or one or more Transaction Obligors the following information:
  - (i) names of Transaction Obligors;
  - (ii) country of domicile of Transaction Obligors;
  - (iii) place of formation of Transaction Obligors;
  - (iv) date of this Agreement;
  - (v) Clause 47 (*Governing Law*);
  - (vi) the names of the Facility Agent;

- (vii) date of each amendment and restatement of this Agreement;
- (viii) amount of Total Commitments;
- (ix) currency of the Facility;
- (x) type of Facility;
- (xi) ranking of Facility;
- (xii) Termination Date for Facility;
- (xiii) changes to any of the information previously supplied pursuant to sub-paragraphs (i) to (xii) above; and
- (xiv) such other information agreed between such Finance Party and the Borrowers,

to enable such numbering service provider to provide its usual syndicated loan numbering identification services.

- (b) The Parties acknowledge and agree that each identification number assigned to this Agreement, the Facility and/or one or more Transaction Obligors by a numbering service provider and the information associated with each such number may be disclosed to users of its services in accordance with the standard terms and conditions of that numbering service provider.
- (c) Each Obligor represents, on behalf of itself and the other Transaction Obligors, that none of the information set out in sub-paragraphs (i) to (xiv) of paragraph (a) above is, nor will at any time be, unpublished price-sensitive information.

#### **44.4 Entire agreement**

This Clause 44 (*Confidential Information*) 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.

#### **44.5 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.

#### **44.6 Notification of disclosure**

Each of the Finance Parties agrees (to the extent permitted by law and regulation) to inform the Borrowers:

- (a) of the circumstances of any disclosure of Confidential Information made pursuant to sub-paragraph (v) of paragraph (b) of Clause 44.2 (*Disclosure of Confidential Information*) except

where such disclosure is made to any of the persons referred to in that paragraph 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 44 (*Confidential Information*).

#### 44.7 Continuing obligations

The obligations in this Clause 44 (*Confidential Information*) are continuing and, in particular, shall survive and remain binding on each Finance Party for a period of 12 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.

### 45 CONFIDENTIALITY OF FUNDING RATES AND REFERENCE BANK QUOTATIONS

#### 45.1 Confidentiality and disclosure

- (a) The Facility Agent and each Obligor agree to keep each Funding Rate (and, in the case of the Facility Agent, each Reference Bank Quotation) confidential and not to disclose it to anyone, save to the extent permitted by paragraphs (b) and (c) below.
- (b) The Facility Agent may disclose:
- (i) any Funding Rate (but not, for the avoidance of doubt, any Reference Bank Quotation) to the Borrower pursuant to Clause 8.4 (*Notification of rates of interest*); and
  - (ii) any Funding Rate or any Reference Bank Quotation to any person appointed by it to provide administration services in respect of one or more of the Finance Documents to the extent necessary to enable such service provider to provide those services if the service provider to whom that 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 Facility Agent and the relevant Lender or Reference Bank, as the case may be.
- (c) The Facility Agent may disclose any Funding Rate or any Reference Bank Quotation, and each Obligor may disclose any Funding Rate, to:
- (i) any of its Affiliates and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives, if any person to whom that Funding Rate or Reference Bank Quotation is to be given pursuant to this sub-paragraph (i) is informed in writing of its confidential nature and that it 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 that Funding Rate or Reference Bank Quotation or is otherwise bound by requirements of confidentiality in relation to it;

- (ii) any person 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 if the person to whom that Funding Rate or Reference Bank Quotation is to be given is informed in writing of its confidential nature and that it may be price sensitive information except that there shall be no requirement to so inform if, in the opinion of the Facility Agent or the relevant Obligor, as the case may be, it is not practicable to do so in the circumstances;
  - (iii) any person 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 if the person to whom that Funding Rate or Reference Bank Quotation is to be given is informed in writing of its confidential nature and that it may be price sensitive information except that there shall be no requirement to so inform if, in the opinion of the Facility Agent or the relevant Obligor, as the case may be, it is not practicable to do so in the circumstances; and
  - (iv) any person with the consent of the relevant Lender or Reference Bank, as the case may be.
- (d) The Facility Agent's obligations in this Clause 45 (*Confidentiality of Funding Rates and Reference Bank Quotations*) relating to Reference Bank Quotations are without prejudice to its obligations to make notifications under Clause 8.4 (*Notification of rates of interest*) **provided that** (other than pursuant to sub-paragraph (i) of paragraph (b) above) the Facility Agent shall not include the details of any individual Reference Bank Quotation as part of any such notification.

#### 45.2 **Related obligations**

- (a) The Facility Agent and each Obligor acknowledge that each Funding Rate (and, in the case of the Facility Agent, each Reference Bank Quotation) is or may be price sensitive information and that its use may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and the Facility Agent and each Obligor undertake not to use any Funding Rate or, in the case of the Facility Agent, any Reference Bank Quotation for any unlawful purpose.
- (b) The Facility Agent and each Obligor agree (to the extent permitted by law and regulation) to inform the relevant Lender or Reference Bank, as the case may be:
- (i) of the circumstances of any disclosure made pursuant to sub-paragraph (ii) of paragraph (c) of Clause 45.1 (*Confidentiality and disclosure*) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and
  - (ii) upon becoming aware that any information has been disclosed in breach of this Clause 45 (*Confidentiality of Funding Rates and Reference Bank Quotations*).

#### 45.3 **No Event of Default**

No Event of Default will occur under Clause 27.4 (*Other obligations*) by reason only of an Obligor's failure to comply with this Clause 45 (*Confidentiality of Funding Rates and Reference Bank Quotations*).

**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.

## SECTION 12

## GOVERNING LAW AND ENFORCEMENT

## 47 GOVERNING LAW

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

## 48 ENFORCEMENT

## 48.1 Jurisdiction

- (a) Unless specifically provided in another Finance Document in relation to that Finance Document, the courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with any Finance Document (including a dispute regarding the existence, validity or termination of any Finance Document or any non-contractual obligation arising out of or in connection with any Finance Document) (a "**Dispute**").
- (b) The Obligors accept that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Obligor will argue to the contrary.
- (c) This Clause 48.1 (*Jurisdiction*) is for the benefit of the Secured Parties only. As a result, no Secured Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Secured Parties may take concurrent proceedings in any number of jurisdictions.

## 48.2 Service of process

- (a) Without prejudice to any other mode of service allowed under any relevant law, each Obligor:
- (i) irrevocably appoints Global Ship Lease Services Limited, currently at 150 Aldersgate Street, London EC1A 4AB, England, as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document; and
  - (ii) agrees that failure by a process agent to notify the relevant Obligor of the process will not invalidate the proceedings concerned.
- (b) If any person appointed as an agent for service of process is unable for any reason to act as agent for service of process, the Borrowers (on behalf of all the Obligors) must immediately (and in any event within three days of such event taking place) appoint another agent on terms acceptable to the Facility Agent. Failing this, the Facility 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 A****THE OBLIGORS**

<b>Name of Borrower</b>	<b>Place of Formation</b>	<b>Registration number (or equivalent, if any)</b>	<b>Address for Communication</b>
GLOBAL SHIP LEASE 55 LLC	Liberia	LLC-960215	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece  Fax no: +30 210 80 84 224
GLOBAL SHIP LEASE 57 LLC	Liberia	LLC-960216	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece
GLOBAL SHIP LEASE 58 LLC	Liberia	LLC-960217	Fax no: +30 210 80 84 224  c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece
GLOBAL SHIP LEASE 59 LLC	Liberia	LLC-960218	Fax no: +30 210 80 84 224 c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece
GLOBAL SHIP LEASE 60 LLC	Liberia	LLC-960219	Fax no: +30 210 80 84 224 c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece  Fax no: +30 210 80 84 224

Name of Borrower	Place of Formation	Registration number (or equivalent, if any)	Address for Communication
GLOBAL SHIP LEASE 61 LLC	Liberia	LLC-960220	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece  Fax no: +30 210 80 84 224
GLOBAL SHIP LEASE 62 LLC	Liberia	LLC-960221	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece
GLOBAL SHIP LEASE 63 LLC	Liberia	LLC-960222	Fax no: +30 210 80 84 224  c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece
GLOBAL SHIP LEASE 64 LLC	Liberia	LLC-960223	Fax no: +30 210 80 84 224 c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece
GLOBAL SHIP LEASE 65 LLC	Liberia	LLC-960224	Fax no: +30 210 80 84 224 c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece  Fax no: +30 210 80 84 224
GLOBAL SHIP LEASE 66 LLC	Liberia	LLC-960225	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece  Fax no: +30 210 80 84 224

<b>Name of Borrower</b>	<b>Place of Formation</b>	<b>Registration number (or equivalent, if any)</b>	<b>Address for Communication</b>
GLOBAL SHIP LEASE 67 LLC	Liberia	LLC-960226	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece  Fax no: +30 210 80 84 224

<b>Name of Borrower</b>	<b>Place of Formation</b>	<b>Registration number (or equivalent, if any)</b>	<b>Address for Communication</b>
Global Ship Lease, Inc.	Marshall Islands	28891	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece  Fax no: +30 210 80 84 224  Email: mdanezi@technomar.gr tpsaropoulos@technomar.gr

**PART B**  
**THE LENDERS**

<b>Name:</b>	CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK
<b>Facility office:</b>	12 place des Etats-Unis, 92547, Montrouge Cedex, France
<b>Commitment to the Loan:</b>	\$ 70,000,000
<b>Notice details (including address and attention details):</b>	<p>12 place des Etats-Unis, 92547, Montrouge Cedex, France</p> <p>Attn: Ship Finance Middle-Office / Ms. Clementine Costil</p> <p>Email: clementine.costil@ca-cib.com; marie-jose.campana@ca-cib.com</p> <p>Copy: Ship Finance Greece, Representative Office</p> <p>Email: nicoletta.panayiotopoulos@ca-cib.com; <a href="mailto:yannick.legourieres@ca-cib.com">yannick.legourieres@ca-cib.com</a></p>
<b>Account details:</b>	<p>Account Number: 786419036</p> <p>SWIFT CODE: BSUIFRPP</p> <p>Further beneficiary Middle Office Instance Shipping</p> <p>Account 00 117 313 255 IBAN FR76 3148 9000 1000 1173 1325 547</p> <p>Attn. C. Costil Shipping Dept</p>

<b>Name:</b>	Hamburg Commercial Bank AG
<b>Facility office:</b>	Gerhart-Hauptmann-Platz 50, 20095 Hamburg, Germany
<b>Commitment to the Loan:</b>	\$ 70,000,000
<b>Notice details (including address and attention details):</b>	<p>Gerhart-Hauptmann-Platz 50, 20095 Hamburg, Germany</p> <p>Attn: Mr. Gregory Kondilis / Mrs. Irene Pavlidis</p> <p>Email: gregorios.kondilis@hcob-bank.com/ irene.pavlidis@hcob-bank.com</p>

**Account details:**

The Beneficiary Hamburg Commercial Bank AG (HSHNDEHH)

Bank JPMorgan Chase Bank, New York, USA

SWIFT (BIC) CHASUS33

Account no. 001-1-331808

**THE MANDATED LEAD ARRANGERS**

<b>Name</b>	<b>Address for Communication</b>
<b>CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK</b>	12 place des Etats-Unis, 92547, Montrouge Cedex, France Fax: +33 1 41 89 19 34  Attn: Ship Finance — Middle-Office / Ms. Clementine Costil  Email: clementine.costil@ca-cib.com; marie-jose.campana@ca-cib.com  Copy: Ship Finance — Greece, Representative Office
<b>HAMBURG COMMERCIAL BANK AG</b>	Gerhart-Hauptmann-Platz 50, 20095 Hamburg, Germany  Attn: Mr. Gregory Kondilis / Mrs. Irene Pavlidis Email: gregorios.kondilis@hcob-bank.com/ irene.pavlidis@hcob-bank.com

**PART C****THE SERVICING PARTIES****Name of Facility Agent**

Crédit Agricole Corporate Investment Bank

**Address for Communication**

12 place des Etats-Unis  
92547  
Montrouge Cedex  
France  
Fax: +33 1 41 89 19 34

Attn: Ship Finance — Middle-Office / Ms. Clementine Costil

Email: clementine.costil@ca-cib.com; marie-jose.campana@ca-cib.com

Copy: Ship Finance — Greece, Representative Office

Email: nicoletta.panayiotopoulos@ca-cib.com; yannick.legourieres@ca-cib.com

**Name of Security Agent**

Crédit Agricole Corporate and Investment Bank

**Address for Communication**

12 place des Etats-Unis  
92547  
Montrouge Cedex  
France  
Fax: +33 1 41 89 19 34

Attn: Ship Finance — Middle-Office / Ms. Clementine Costil

Email: clementine.costil@ca-cib.com; marie-jose.campana@ca-cib.com

Copy: Ship Finance — Greece, Representative Office

Email: nicoletta.panayiotopoulos@ca-cib.com; yannick.legourieres@ca-cib.com

**SCHEDULE 2**

**CONDITIONS PRECEDENT**

**PART A**

**CONDITIONS PRECEDENT TO UTILISATION REQUEST**

**1 Obligors**

- 1.1 A copy of the constitutional documents of each Transaction Obligor (including, without limitation, any corporate register excerpts and the group structure chart).
- 1.2 A copy of a resolution of the members or board of directors, as applicable, of each Transaction Obligor:
- (a) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute the Finance Documents to which it is a party;
- (b) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and
- (c) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, a Utilisation Request and each Selection Notice) to be signed and/or despatched by it under, or in connection with, the Finance Documents to which it is a party.
- 1.3 An original of the power of attorney of any Transaction Obligor authorising a specified person or persons to execute the Finance Documents to which it is a party.
- 1.4 A specimen of the signature of each person authorised by the resolution referred to in paragraph 1.2 above.
- 1.5 A copy of a resolution signed by the Member, approving the terms of, and the transactions contemplated by, the Finance Documents to which the Borrower is a party.
- 1.6 A certificate of each Transaction Obligor (signed by an officer) confirming that borrowing or guaranteeing, as appropriate, the Total Commitments would not cause any borrowing, guaranteeing or similar limit binding on that Transaction Obligor to be exceeded.
- 1.7 A certificate of each Transaction Obligor that is incorporated outside the UK (signed by an officer) certifying either that (i) it has not delivered particulars of any UK Establishment to the Registrar of Companies as required under the Overseas Regulations or (ii) it has a UK Establishment and specifying the name and registered number under which it is registered with the Registrar of Companies.
- 1.8 A certificate of an authorised signatory of the relevant Transaction Obligor certifying that each copy document relating to it specified in this Part A of Schedule 2 (Conditions Precedent) is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

**2 Other Documents**

2.1 A copy of any Initial Charter (or a binding and unconditional recapitulation of charterparty terms) certified as true and complete together all documents signed or issued by the relevant Borrower or the relevant Initial Charterer (or both of them) under or in connection with it.

**3 Finance Documents**

3.1 A duly executed original of any Subordination Agreement and copies of any relevant Subordinated Finance Document (if applicable).

3.2 A duly executed original of any Finance Document not otherwise referred to in this Schedule 2 (*Conditions Precedent*).

3.3 A duly executed original of any other document required to be delivered by each Finance Document if not otherwise referred to this Schedule 2 (*Conditions Precedent*).

**4 Security**

4.1 A duly executed original of the Account Security in relation to each Account (and of each document to be delivered pursuant to it).

4.2 A duly executed original of the Shares Security in respect of each Borrower (and of each document to be delivered pursuant to it).

4.3 A duly executed original of the Subordinated Debt Security (if applicable).

**5 Legal opinions**

5.1 A legal opinion of Watson Farley & Williams LLP, legal advisers to the Facility Agent and the Security Agent in England, substantially in the form distributed to the Original Lenders before signing this Agreement.

5.2 If a Transaction Obligor is incorporated in a jurisdiction other than England and Wales, a legal opinion of the legal advisers to the Facility Agent and the Security Agent in the relevant jurisdiction, substantially in the form distributed to the Original Lenders before signing this Agreement.

**6 Other documents and evidence**

6.1 A copy of each MOA and of all documents signed or issued by the parties thereto under or in connection with it, together with such documentary evidence as the Facility Agent and its legal advisers may require in relation to the due authorisation and execution of that MOA by each of the parties thereto.

6.2 Evidence that any process agent referred to in Clause 48.2 (*Service of process*), if not an Obligor, has accepted its appointment.

6.3 Two valuations of each Ship, in each case addressed to the Facility Agent on behalf of the Finance Parties, stated to be for the purposes of this Agreement and dated not later than 30 days before the relevant Utilisation Date, each from an Approved Valuer.

- 6.4 A copy of any other Authorisation or other document, opinion or assurance which the Facility Agent considers to be necessary or desirable (if it has notified the Borrowers accordingly) in connection with the entry into and performance of the transactions contemplated by any Transaction Document or for the validity and enforceability of any Transaction Document.
- 6.5 The Original Financial Statements.
- 6.6 The original of any mandates or other documents required in connection with the opening or operation of the Accounts.
- 6.7 Evidence that the fees, 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 (or at any such later date the Facility Agent may agree to, acting on the authorisation of the Majority Lenders).
- 6.8 Such evidence as the Facility Agent may require for the Finance Parties to be able to satisfy each of their "know your customer" or similar identification procedures in relation to the transactions contemplated by the Finance Documents.

**PART B****CONDITIONS PRECEDENT TO UTILISATION**

References to a Ship and to a Borrower are references to the Ship being financed by the relevant Tranche and to the Borrower that will own such Ship respectively.

**1 Obligors**

A certificate of an authorised signatory of each Obligor certifying that each copy document which it is required to provide under this Part B of Schedule 2 (*Conditions Precedent*) is correct, complete and in full force and effect as at the Utilisation Date.

**2 Ship and other security**

2.1 A duly executed original of the Mortgage, the General Assignment and any Charterparty Assignment in respect of the Ship and of each document to be delivered under or pursuant to each of them together with documentary evidence that the Mortgage has been duly registered as a valid first preferred ship mortgage in accordance with the laws of the jurisdiction of its Approved Flag.

2.2 Documentary evidence that the Ship:

- (a) has been unconditionally delivered by the relevant Seller to, and accepted by, the relevant Borrower under the relevant MOA and that the full purchase price payable and all other sums due to the relevant Seller under the relevant MOA, other than the sums to be financed pursuant to the relevant Tranche, have been paid to the relevant Seller;
- (b) is definitively and permanently registered in the name of the relevant Borrower under the Approved Flag;
- (c) is in the absolute and unencumbered ownership of the relevant Borrower save as contemplated by the Finance Documents;
- (d) maintains the Approved Classification with the Approved Classification Society free of all overdue recommendations and conditions of the Approved Classification Society; and
- (e) is insured in accordance with the provisions of this Agreement and all requirements in this Agreement in respect of insurances have been complied with.

2.3 Documents establishing that the Ship, will as from the Delivery Date of that Ship, be managed commercially by the Approved Commercial Manager, managed in relation to its crew by the Approved Crewing Manager and managed technically by the Approved Technical Manager on terms acceptable to the Facility Agent, together with:

- (a) a Manager's Undertaking for each of the Approved Technical Manager, the Approved Crewing Manager and the Approved Commercial Manager; and
- (b) copies of the relevant Approved Technical Manager's Document of Compliance and of the Ship's Safety Management Certificate (together with any other details of the applicable Safety Management System which the Facility Agent requires) and of any other documents required under the ISM Code and the ISPS Code including, without limitation, an ISSC.

2.4 At the cost of the Borrower, an opinion from an independent insurance consultant acceptable to the Facility Agent on such matters relating to the Insurances as the Facility Agent may require.

**3 Legal opinions**

Legal opinions of the legal advisers to the Facility Agent and the Security Agent in the jurisdiction of the Approved Flag of the Ship and such other relevant jurisdictions as the Facility Agent may require.

**4 Other documents and evidence**

4.1 Evidence that the fees, 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 Utilisation Date (or at any such later date the Facility Agent may agree to, acting on the authorisation of the Lenders).

4.2 A recent survey report (or comparable inspection report satisfactory to the Facility Agent) in respect of the Ship.

4.3 Evidence satisfactory to the Facility Agent that the Minimum Liquidity Amount and, in relation to each of Ship C, Ship D, Ship F, Ship H and Ship J, the relevant Dry-Docking Reserve Amount are standing to the credit of the Minimum Liquidity Account and the Dry-Docking Reserve Account respectively to Clause 21.

4.4 A copy of any other Authorisation or other document, opinion or assurance which the Lenders consider to be necessary or desirable (if they have notified the Borrower accordingly) in connection with the entry into and performance of the transactions contemplated by any Transaction Document referred to in paragraph 2 (*Ship and other security*) above or for the validity and enforceability of any such Transaction Document.

Each of the documents specified in paragraphs 1.2, 1.3 and 1.5 of Part A shall be notarised or legalised by a competent authority acceptable to the Facility Agent and every other copy document delivered under this Schedule shall be certified as a true and up to date copy by the secretary (or equivalent officer) of the relevant Borrower.

**SCHEDULE 3**  
**REQUESTS**  
**PART A**  
**UTILISATION REQUEST**

From: GLOBAL SHIP LEASE 55 LLC  
GLOBAL SHIP LEASE 57 LLC  
GLOBAL SHIP LEASE 58 LLC  
GLOBAL SHIP LEASE 59 LLC  
GLOBAL SHIP LEASE 60 LLC  
GLOBAL SHIP LEASE 61 LLC  
GLOBAL SHIP LEASE 62 LLC  
GLOBAL SHIP LEASE 63 LLC  
GLOBAL SHIP LEASE 64 LLC  
GLOBAL SHIP LEASE 65 LLC  
GLOBAL SHIP LEASE 66 LLC  
GLOBAL SHIP LEASE 67 LLC

To: Crédit Agricole Corporate and Investment Bank

Dated: [•]

Dear Sirs

**GLOBAL SHIP LEASE 55 LLC, GLOBAL SHIP LEASE 57 LLC, GLOBAL SHIP LEASE 58 LLC, GLOBAL SHIP LEASE 59 LLC, GLOBAL SHIP LEASE 60 LLC, GLOBAL SHIP LEASE 61 LLC, GLOBAL SHIP LEASE 62 LLC, GLOBAL SHIP LEASE 63 LLC, GLOBAL SHIP LEASE 64 LLC, GLOBAL SHIP LEASE 65 LLC, GLOBAL SHIP LEASE 66 LLC and GLOBAL SHIP LEASE 67 LLC— US\$140,000,000 Facility Agreement dated [•] 2021 (the "Agreement")**

1 We refer to the Agreement. This is the Utilisation Request. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.

2 We wish to borrow Tranche [A][B][C][D][E][F][G][H][I][J][K][L] on the following terms:

Proposed Utilisation Date: [•] (or, if that is not a Business Day, the next Business Day)

Amount: [•] or, if less, the Available Facility

Interest Period for the Loan: [•]

3 You are authorised and requested to deduct from the Tranche prior to funds being remitted the following amounts set out against the following items:

Deductible Items: \$

Commitment Fee

Net proceeds of Loan \_\_\_\_\_

- 4 We confirm that each condition specified in Clause 4.1 (*Initial conditions precedent*) and Clause 4.2 (*Further conditions precedent*) of the Agreement as they relate to the Tranche to
- which this Utilisation Request refers is satisfied on the date of this Utilisation Request.
- 5 The net proceeds of the Loan should be credited to [account].
- 6 This Utilisation Request is irrevocable.

Yours faithfully

---

[ ]

authorised signatory for

**GLOBAL SHIP LEASE 55 LLC**  
**GLOBAL SHIP LEASE 57 LLC**  
**GLOBAL SHIP LEASE 58 LLC**  
**GLOBAL SHIP LEASE 59 LLC**  
**GLOBAL SHIP LEASE 60 LLC**  
**GLOBAL SHIP LEASE 61 LLC**  
**GLOBAL SHIP LEASE 62 LLC**  
**GLOBAL SHIP LEASE 63 LLC**  
**GLOBAL SHIP LEASE 64 LLC**  
**GLOBAL SHIP LEASE 65 LLC**  
**GLOBAL SHIP LEASE 66 LLC**  
**GLOBAL SHIP LEASE 67 LLC**

**PART B**  
**SELECTION NOTICE**

From: GLOBAL SHIP LEASE 55 LLC  
GLOBAL SHIP LEASE 57 LLC  
GLOBAL SHIP LEASE 58 LLC  
GLOBAL SHIP LEASE 59 LLC  
GLOBAL SHIP LEASE 60 LLC  
GLOBAL SHIP LEASE 61 LLC  
GLOBAL SHIP LEASE 62 LLC  
GLOBAL SHIP LEASE 63 LLC  
GLOBAL SHIP LEASE 64 LLC  
GLOBAL SHIP LEASE 65 LLC  
GLOBAL SHIP LEASE 66 LLC  
GLOBAL SHIP LEASE 67 LLC

To: Crédit Agricole Corporate and Investment Bank

Dated: [-]

Dear Sirs

**GLOBAL SHIP LEASE 55 LLC, GLOBAL SHIP LEASE 57 LLC, GLOBAL SHIP LEASE 58 LLC, GLOBAL SHIP LEASE 59 LLC, GLOBAL SHIP LEASE 60 LLC, GLOBAL SHIP LEASE 61 LLC, GLOBAL SHIP LEASE 62 LLC, GLOBAL SHIP LEASE 63 LLC, GLOBAL SHIP LEASE 64 LLC, GLOBAL SHIP LEASE 65 LLC, GLOBAL SHIP LEASE 66 LLC and GLOBAL SHIP LEASE 67 LLC— US\$140,000,000 Facility Agreement dated [-] 2021 (the "Agreement")**

- 1 We refer to the Agreement. This is a Selection Notice. Terms defined in the Agreement have the same meaning in this Selection Notice unless given a different meaning in this Selection Notice.
- 2 We request [that the next Interest Period for the Loan be [-]] OR [an Interest Period for a part of the Loan in an amount equal to [-] (which is the amount of the Repayment Instalment next due) ending on [-] (which is the Repayment Date relating to that Repayment Instalment) and that the Interest Period for the remaining part of the Loan shall be [-].
- 3 This Selection Notice is irrevocable.

Yours faithfully

---

[-]  
authorised signatory for  
**GLOBAL SHIP LEASE 55 LLC**  
**GLOBAL SHIP LEASE 57 LLC**  
**GLOBAL SHIP LEASE 58 LLC**  
**GLOBAL SHIP LEASE 59 LLC**  
**GLOBAL SHIP LEASE 60 LLC**

**GLOBAL SHIP LEASE 61 LLC  
GLOBAL SHIP LEASE 62 LLC  
GLOBAL SHIP LEASE 63 LLC  
GLOBAL SHIP LEASE 64 LLC  
GLOBAL SHIP LEASE 65 LLC  
GLOBAL SHIP LEASE 66 LLC  
GLOBAL SHIP LEASE 67 LLC**

## SCHEDULE 4

## FORM OF TRANSFER CERTIFICATE

To: Crédit Agricole Corporate and Investment Bank as Facility Agent

From: [The Existing Lender] (the "**Existing Lender**") and [The New Lender] (the "**New Lender**")

Dated: [·]

Dear Sirs

**GLOBAL SHIP LEASE 55 LLC, GLOBAL SHIP LEASE 57 LLC, GLOBAL SHIP LEASE 58 LLC, GLOBAL SHIP LEASE 59 LLC, GLOBAL SHIP LEASE 60 LLC, GLOBAL SHIP LEASE 61 LLC, GLOBAL SHIP LEASE 62 LLC, GLOBAL SHIP LEASE 63 LLC, GLOBAL SHIP LEASE 64 LLC, GLOBAL SHIP LEASE 65 LLC, GLOBAL SHIP LEASE 66 LLC and GLOBAL SHIP LEASE 67 LLC— US\$140,000,000 Facility Agreement dated [·] 2021 (the "Agreement")**

- 1 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.
- 2 We refer to Clause 28.5 (*Procedure for transfer*) of the Agreement:
  - (a) The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation all of the Existing Lender's rights and obligations under the Agreement and the other Finance Documents which relate to that portion of the Existing Lender's Commitment and participation in the Loan under the Agreement as specified in the Schedule in accordance with Clause 28.5 (*Procedure for transfer*) of the Agreement.
  - (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 37.2 (*Addresses*) of the Agreement are set out in the Schedule.
- 3 The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in paragraph (c) of Clause 28.4 (*Limitation of responsibility of Existing Lenders*) of the Agreement.
- 4 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.
- 5 This Transfer Certificate and any non-contractual obligations arising out of or in connection with it are governed by English law.
- 6 This Transfer Certificate has been entered into on the date stated at the beginning of this Transfer Certificate.

**Note: The execution of this Transfer Certificate may not transfer a proportionate share of the Existing Lender's interest in the Transaction Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to perfect a transfer of such a share in the Existing Lender's Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.**

**THE SCHEDULE**

**Commitment/rights and obligations to be transferred**

*[insert relevant details]*

[Facility Office address, fax number and attention details  
for notices and account details for payments.]

[Existing Lender]

[New Lender]

By: [·]

By: [·]

This Transfer Certificate is accepted by the Facility Agent and the Transfer Date is confirmed as [·].

**CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK**

By: [·]

## SCHEDULE 5

## FORM OF ASSIGNMENT AGREEMENT

To: Credit Agricole Corporate and Investment Bank as Facility Agent and Penelope Marine LLC as Borrower, for and on behalf of each Transaction Obligor

From: [the Existing Lender] (the "**Existing Lender**") and [the New Lender] (the "**New Lender**")

Dated: [·]

Dear Sirs

**GLOBAL SHIP LEASE 55 LLC, GLOBAL SHIP LEASE 57 LLC, GLOBAL SHIP LEASE 58 LLC, GLOBAL SHIP LEASE 59 LLC, GLOBAL SHIP LEASE 60 LLC, GLOBAL SHIP LEASE 61 LLC, GLOBAL SHIP LEASE 62 LLC, GLOBAL SHIP LEASE 63 LLC, GLOBAL SHIP LEASE 64 LLC, GLOBAL SHIP LEASE 65 LLC, GLOBAL SHIP LEASE 66 LLC and GLOBAL SHIP LEASE 67 LLC— US\$140,000,000 Facility Agreement dated [·] 2021 (the "Agreement")**

- 1 We refer to the Agreement. This is an Assignment Agreement. Terms defined in the Agreement have the same meaning in this Assignment Agreement unless given a different meaning in this Assignment Agreement.
- 2 We refer to Clause 28.6 (*Procedure for assignment*) of the Agreement:
  - (a) the Existing Lender assigns absolutely to the New Lender all the rights of the Existing Lender under the Agreement, the other Finance Documents and in respect of the Transaction Security which correspond to that portion of the Existing Lender's Commitment and participations in the Loan under the Agreement as specified in the Schedule;
  - (b) the Existing Lender is released from all the obligations of the Existing Lender which correspond to that portion of the Existing Lender's Commitments and participations in the Loan under the Agreement specified in the Schedule;
  - (c) the New Lender becomes a Party as a Lender and is bound by obligations equivalent to those from which the Existing Lender is released under paragraph (b) above;
  - (d) all rights and interests (present, future or contingent) which the Existing Lender has under or by virtue of the Finance Documents are assigned to the New Lender absolutely, free of any defects in the Existing Lender's title and of any rights or equities which the Borrower or any other Transaction Obligor had against the Existing Lender.
- 3 The proposed Transfer Date is [e].
- 4 On the Transfer Date the New Lender becomes Party to the Finance Documents as a Lender.
- 5 The Facility Office and address, fax, number and attention details for notices of the New Lender for the purposes of Clause 37.2 (*Addresses*) of the Agreement are set out in the Schedule.
- 6 The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in paragraph (c) of Clause 28.4 (*Limitation of responsibility of Existing Lenders*) of the Agreement.

- 7 This Assignment Agreement acts as notice to the Facility Agent (on behalf of each Finance Party) and, upon delivery in accordance with Clause 28.7 (*Copy of Transfer Certificate or Assignment Agreement to Borrower*) of the Agreement, to the Borrower (on behalf of each Transaction Obligor) of the assignment referred to in this Assignment Agreement.
- 8 This Assignment Agreement 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 Assignment Agreement.
- 9 This Assignment Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.
- 10 This Assignment Agreement has been entered into on the date stated at the beginning of this Assignment Agreement.

**Note: The execution of this Assignment Agreement may not transfer a proportionate share of the Existing Lender's interest in the Transaction Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to perfect a transfer of such a share in the Existing Lender's Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.**

**THE SCHEDULE****Commitment rights and obligations to be transferred by assignment, release and accession***[insert relevant details]*

[Facility office address, fax number and attention details for notices  
and account details for payments]

[Existing Lender]

[New Lender]

By: [·]

By: [·]

This Assignment Agreement is accepted by the Facility Agent and the Transfer Date is confirmed as [·].

Signature of this Assignment Agreement by the Facility Agent constitutes confirmation by the Facility Agent of receipt of notice of the assignment referred to herein, which notice the Facility Agent receives on behalf of each Finance Party.

**CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK**

By:

## SCHEDULE 6

## FORM OF COMPLIANCE CERTIFICATE

To: Crédit Agricole Corporate and Investment Bank as Facility Agent

From: Global Ship Lease, Inc.

Dated: [·]

Dear Sirs

**GLOBAL SHIP LEASE 55 LLC, GLOBAL SHIP LEASE 57 LLC, GLOBAL SHIP LEASE 58 LLC, GLOBAL SHIP LEASE 59 LLC, GLOBAL SHIP LEASE 60 LLC, GLOBAL SHIP LEASE 61 LLC, GLOBAL SHIP LEASE 62 LLC, GLOBAL SHIP LEASE 63 LLC, GLOBAL SHIP LEASE 64 LLC, GLOBAL SHIP LEASE 65 LLC, GLOBAL SHIP LEASE 66 LLC and GLOBAL SHIP LEASE 67 LLC— US\$140,000,000 Facility Agreement dated [·] 2021 (the "Agreement")**

- 1 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.
- 2 We confirm that:
  - (a) the aggregate of the Minimum Liquidity Amount standing to the credit of the Minimum Liquidity Account is \$[·];
  - (b) the aggregate of the Dry-Docking Reserve Amount standing to the credit of the Dry-Docking Reserve Account is [·];
  - (c) the aggregate of the Special Reserve Amount standing to the credit of the Special Reserve Account is [·];
  - (d) the aggregate minimum liquidity of the Parent Guarantor is \$[·]
  - (e) the Security Cover Ratio is [·] per cent.
- 3 We confirm that [no change has occurred] [the following changes have occurred] to the list of each Member of the Group provided to you as at the date of the Agreement[·] [·]
- 4 [We confirm that no Default is continuing.]

Signed:

---

Chief Financial Officer  
of  
**GLOBAL SHIP LEASE, INC.**

## SCHEDULE 7

## DETAILS OF THE SHIPS

Ship name	Name of the owner	Type	IMO Number	Approved Flag	Approved Classification Society	Approved Classification
"BOMAR MILIONE"	Global Ship Lease 55 LLC	Container Vessel	9349617	Liberia	RINA	AUT-UMS AUT-UMS INWATERSURVEY MON-SHAFT
"BOMAR ROSSI"	Global Ship Lease 57 LLC	Container Vessel	9565338	Liberia	DNV-GL	100 A5 E Container Ship BWM SOLASII2, Reg. 19 IW MC E AUT TMON (oil lubricated)
"NORDIC MACAU"	Global Ship Lease 58 LLC	Container Vessel	9509164	Liberia	ABS	AI, Container Carrier, AMS, ACCU CRC(I), Ice Class DO, PMP, RRDA , TCM, UWILD
"NORDIC HONG KONG"	Global Ship Lease 59 LLC	Container Vessel	9509152	Liberia	DNV-GL	100 A5 E Container ship BWM DG IW MC E AUT EP-D TMON (oil lubricated)
"BOMAR BEIJING"	Global Ship Lease 60 LLC	Container Vessel	9509140	Liberia	DNV-GL	100 A5 E Container ship BWM DG IW MC E AUT EP-D TMON (oil lubricated)
"MOZART"	Global Ship Lease 61 LLC	Container Vessel	9337274	Liberia	Lloyd's Register	100A1 Container Ship, *IWS, LI, LMC UMS Shipright SCM
"BOMAR BELLINI"	Global Ship Lease 62 LLC	Container Vessel	9338084	Liberia	DNV-GL	100 A5 Container ship SOLASII2 Reg, 19 IW RSD MC AUT
"BOMAR HAMBURG"	Global Ship Lease 63 LLC	Container Vessel	9330525	Liberia	DNV-GL	100 A5 Container ship SOLASII2, Reg. 19IW RSD MC AUT
"HAYDN"	Global Ship Lease 64 LIc	Container Vessel	9308429	Liberia	Lloyd's Register	100A1 Container Ship *IWS, LI LMC, UMS, BWTS* ShipRight (SCM), ShipRight (BWMP(T))
"BEETHOVEN"	Global Ship Lease 65 LLC	Container Vessel	9506382	Liberia	DNV-GL	100 A5 E Container Ship BWM SOLASII2, Reg. 19 IW NAVO RSD MC E AUT TMON (Oil Lubricated)
"RAVEL"	Global Ship Lease 66 LLC	Container Vessel	9504592	Liberia	DNV-GL	100 A5 E Container ship BWM (D1) (D2) SOLASII2, Reg. 19 IW NAVO RSD MC E AUT
"BOMAR REBECCA"	Global Ship Lease 67 LLC	Container Vessel	9406934	Liberia	DNV-GL	100 A5 E Multipurpose dry cargo ship BWM Equipped for carriage of containers SOLASII2, Reg 19 IW Strengthened for heavy cargo MC E AUT

## SCHEDULE 8

## ACCOUNTS

Account	Account Bank	Account Number / IBAN	Party/Parties
Earnings Accounts	Crédit Agricole Corporate and Investment Bank	00.261.466.313 / FR76 3148 9000 1000 2614 6631 347	GLOBAL SHIP LEASE 55 LLC
		00.261.466.410 / FR76 3148 9000 1000 2614 6641 047	GLOBAL SHIP LEASE 57 LLC
		00.261.466.507 / FR76 3148 9000 1000 2614 6650 747	GLOBAL SHIP LEASE 58 LLC
		00.261.466.604 / FR76 3148 9000 1000 2614 6660 447	GLOBAL SHIP LEASE 59 LLC
		00.261.466.701 / FR76 3148 9000 1000 2614 6670 147	GLOBAL SHIP LEASE 60 LLC
		00.261.466.895 / FR76 3148 9000 1000 2614 6689 547	GLOBAL SHIP LEASE 61 LLC
		00.261.466.992 / FR76 3148 9000 1000 2614 6699 247	GLOBAL SHIP LEASE 62 LLC
		00.261.467.089 / FR76 3148 9000 1000 2614 6708 947	GLOBAL SHIP LEASE 63 LLC
		00.261.467.186 / FR76 3148 9000 1000 2614 6718 647	GLOBAL SHIP LEASE 64 LLC
		00.261.467.283 / FR76 3148 9000 1000 2614 6728 347	GLOBAL SHIP LEASE 65 LLC
		00.261.467.380 / FR76 3148 9000 1000 2614 6738 047	GLOBAL SHIP LEASE 66 LLC
		00.261.467.574 / FR76 3148 9000 1000 2614 6757 447	GLOBAL SHIP LEASE 67 LLC
Retention Account	Crédit Agricole Corporate and Investment Bank	00.261.467.477 / FR76 3148 9000 1000 2614 6747 747	GLOBAL SHIP LEASE 55 LLC GLOBAL SHIP LEASE 57 LLC GLOBAL SHIP LEASE 58 LLC GLOBAL SHIP LEASE 59 LLC GLOBAL SHIP LEASE 60 LLC GLOBAL SHIP LEASE 61 LLC GLOBAL SHIP LEASE 62 LLC GLOBAL SHIP LEASE 63 LLC GLOBAL SHIP LEASE 64 LLC GLOBAL SHIP LEASE 65 LLC GLOBAL SHIP LEASE 66 LLC

			GLOBAL SHIP LEASE 67 LLC
Minimum Liquidity Account	Hamburg Commercial Bank AG	1200075493 IBAN:DE12210500001200075493	GLOBAL SHIP LEASE 55 LLC GLOBAL SHIP LEASE 57 LLC GLOBAL SHIP LEASE 58 LLC GLOBAL SHIP LEASE 59 LLC GLOBAL SHIP LEASE 60 LLC GLOBAL SHIP LEASE 61 LLC GLOBAL SHIP LEASE 62 LLC GLOBAL SHIP LEASE 63 LLC GLOBAL SHIP LEASE 64 LLC GLOBAL SHIP LEASE 65 LLC GLOBAL SHIP LEASE 66 LLC GLOBAL SHIP LEASE 67 LLC
Dry-Docking Reserve Account	Hamburg Commercial Bank AG	1200075500 IBAN:DE17210500001200075500	GLOBAL SHIP LEASE 55 LLC GLOBAL SHIP LEASE 57 LLC GLOBAL SHIP LEASE 58 LLC GLOBAL SHIP LEASE 59 LLC GLOBAL SHIP LEASE 60 LLC GLOBAL SHIP LEASE 61 LLC GLOBAL SHIP LEASE 62 LLC GLOBAL SHIP LEASE 63 LLC GLOBAL SHIP LEASE 64 LLC GLOBAL SHIP LEASE 65 LLC GLOBAL SHIP LEASE 66 LLC GLOBAL SHIP LEASE 67 LLC

Special Reserve Account	Hamburg Commercial Bank AG	1200075519 IBAN:DE86210500001200075519	GLOBAL LEASE 55 LLC
			GLOBAL LEASE 57 LLC
			GLOBAL LEASE 58 LLC
			GLOBAL LEASE 59 LLC
			GLOBAL LEASE 60 LLC
			GLOBAL LEASE 61 LLC
			GLOBAL LEASE 62 LLC
			GLOBAL LEASE 63 LLC
			GLOBAL LEASE 64 LLC
			GLOBAL LEASE 65 LLC
			GLOBAL LEASE 66 LLC
			GLOBAL LEASE 67 LLC

**SCHEDULE 9****TIMETABLES**

Delivery of a duly completed Utilisation Request (Clause 5.1 (*Delivery of a Utilisation Request*)) or a Selection Notice (Clause 9.1 (*Selection of Interest Periods*))

Facility Agent notifies the Lenders of the Loan in accordance with Clause 5.4 (*Lenders' participation*)

LIBOR is fixed

Three Business Days before the intended Utilisation Date (Clause 5.1 (*Delivery of the Utilisation Request*)) or the expiry of the preceding Interest Period (Clause 9.1 (*Selection of Interest Periods*))

Three Business Days before the intended Utilisation Date.

Quotation Day as of 11:00 am London time

EXEUCION PAGES

**BORROWERS**

**Signed** by Filauthi Katsafactou )  
Attorn-in-fact )  
for and on behalf of )  
**GLOBAL SHIP LEASE 55 LLC** )  
in the presence of: )

/s/ Filauthi Katsafactou

Witness signature: )  
Witness name: )  
Witness address: )

/s/ Dimitrios C. Tsiaklagkanos  
Dimitrios C. Tsiaklagkanos

**Signed** by Filauthi Katsafactou )  
Attorn-in-fact )  
for and on behalf of )  
**GLOBAL SHIP LEASE 57 LLC** )  
in the presence of: )

/s/ Filauthi Katsafactou

Witness signature: )  
Witness name: )  
Witness address: )

/s/ Dimitrios C. Tsiaklagkanos  
Dimitrios C. Tsiaklagkanos

**Signed** by Filauthi Katsafactou )  
Attorn-in-fact )  
for and on behalf of )  
**GLOBAL SHIP LEASE 58 LLC** )  
in the presence of: )

/s/ Filauthi Katsafactou

Witness signature: )  
Witness name: )  
Witness address: )

/s/ Dimitrios C. Tsiaklagkanos  
Dimitrios C. Tsiaklagkanos

**Signed** by Filauthi Katsafactou ) /s/ Filauthi Katsafactou  
Attorn-in-fact )  
for and on behalf of )  
**GLOBAL SHIP LEASE 59 LLC** )  
in the presence of: )

Witness signature: ) /s/ Dimitrios C. Tsiaklagkanos  
Witness name: ) Dimitrios C. Tsiaklagkanos  
Witness address: )

**Signed** by Filauthi Katsafactou ) /s/ Filauthi Katsafactou  
Attorn-in-fact )  
for and on behalf of )  
**GLOBAL SHIP LEASE 60 LLC** )  
in the presence of: )

Witness signature: ) /s/ Dimitrios C. Tsiaklagkanos  
Witness name: ) Dimitrios C. Tsiaklagkanos  
Witness address: )

**Signed** by Filauthi Katsafactou )  
Attorn-in-fact )  
for and on behalf of )  
**GLOBAL SHIP LEASE 61 LLC** )  
in the presence of: )

Witness signature: ) /s/ Dimitrios C. Tsiaklagkanos  
Witness name: ) Dimitrios C. Tsiaklagkanos  
Witness address: )

**Signed** by Filauthi Katsafactou ) /s/ Filauthi Katsafactou  
Attorn-in-fact )  
for and on behalf of )  
**GLOBAL SHIP LEASE 62 LLC** )  
in the presence of: )

Witness signature: ) /s/ Dimitrios C. Tsiaklagkanos  
Witness name: ) Dimitrios C. Tsiaklagkanos  
Witness address: )

**Signed** by Filauthi Katsafactou ) /s/ Filauthi Katsafactou  
 Attorn-in-fact )  
 for and on behalf of )  
**GLOBAL SHIP LEASE 63 LLC** )  
 in the presence of: )

Witness signature: ) /s/ Dimitrios C. Tsiaklagkanos  
 Witness name: ) Dimitrios C. Tsiaklagkanos  
 Witness address: )

**Signed** by Filauthi Katsafactou ) /s/ Filauthi Katsafactou  
 Attorn-in-fact )  
 for and on behalf of )  
**GLOBAL SHIP LEASE 64 LLC** )  
 in the presence of: )

Witness signature: ) /s/ Dimitrios C. Tsiaklagkanos  
 Witness name: ) Dimitrios C. Tsiaklagkanos  
 Witness address: )

**Signed** by Filauthi Katsafactou ) /s/ Filauthi Katsafactou  
 Attorn-in-fact )  
 for and on behalf of )  
**GLOBAL SHIP LEASE 65 LLC** )  
 in the presence of: )

Witness signature: ) /s/ Dimitrios C. Tsiaklagkanos  
 Witness name: ) Dimitrios C. Tsiaklagkanos  
 Witness address: )

**Signed** by Filauthi Katsafactou ) /s/ Filauthi Katsafactou  
 Attorn-in-fact )  
 for and on behalf of )  
**GLOBAL SHIP LEASE 66 LLC** )  
 in the presence of: )

Witness signature: ) /s/ Dimitrios C. Tsiaklagkanos  
 Witness name: ) Dimitrios C. Tsiaklagkanos  
 Witness address: )

**Signed** by Filauthi Katsafactou ) /s/ Filauthi Katsafactou  
Attorn-in-fact )  
for and on behalf of )  
**GLOBAL SHIP LEASE 67 LLC** )  
in the presence of: )

Witness signature: ) /s/ Dimitrios C. Tsiaklagkanos  
Witness name: ) Dimitrios C. Tsiaklagkanos  
Witness address: )

**PARENT GUARANTOR**

**Signed** by Filauthi Katsafactou ) /s/ Filauthi Katsafactou  
Attorn-in-fact )  
for and on behalf of )  
**GLOBAL SHIP LEASE, INC.** )  
in the presence of: )

Witness signature: ) /s/ Dimitrios C. Tsiaklagkanos  
Witness name: ) Dimitrios C. Tsiaklagkanos  
Witness address: )

**ORIGINAL LENDERS**

**Signed** by Dimitris Karamacheras )  
Attorn-in-fact )  
for and on behalf of )  
**CRÉDIT AGRICOLE CORPORATE** ) /s/Dimitris Karamacheras  
**AND INVESTMENT BANK** )  
in the presence of: )

Witness signature: ) /s/ Alexi George Remoundos  
Witness name: Alexi George Remoundos )  
Witness address: )

**Signed** by Dimitris Karamacheras )  
Attorn-in-fact )  
for and on behalf of )  
**HAMBURG COMMERCIAL BANK AG** ) /s/Dimitris Karamacheras  
in the presence of: )

Witness signature: ) /s/ Alexi George Remoundos  
Witness name: Alexi George Remoundos )  
Witness address: )

**MANDATED LEAD ARRANGERS**

**Signed** by Dimitris Karamacheras )  
 Attorn-in-fact )  
 for and on behalf of )  
**CRÉDIT AGRICOLE CORPORATE** ) /s/Dimitris Karamacheras  
**AND INVESTMENT BANK** )  
 in the presence of: )

Witness signature: ) /s/ Alexi George Remoundos  
 Witness name: )  
 Witness address: )

**Signed** by Dimitris Karamacheras )  
 Attorn-in-fact )  
 for and on behalf of )  
**HAMBURG COMMERCIAL BANK AG** ) /s/Dimitris Karamacheras  
 in the presence of: )

Witness signature: ) /s/ Alexi George Remoundos  
 Witness name: )  
 Witness address: )

**FACILITY AGENT**

**Signed** by Dimitris Karamacheras )  
 Attorn-in-fact )  
 for and on behalf of )  
**CRÉDIT AGRICOLE CORPORATE** ) /s/Dimitris Karamacheras  
**AND INVESTMENT BANK** )  
 in the presence of: )

Witness signature: ) /s/ Alexi George Remoundos  
 Witness name: )  
 Witness address: )

**SECURITY AGENT**

**Signed** by Dimitris Karamacheras )  
 Attorn-in-fact )  
 for and on behalf of )  
**CRÉDIT AGRICOLE CORPORATE** ) /s/Dimitris Karamacheras  
**AND INVESTMENT BANK** )  
 in the presence of: )

Witness signature: ) /s/ Alexi George Remoundos  
 Witness name: )  
 Witness address: )



Dated 27 August 2021

\$12,000,000

TERM LOAN FACILITY

GLOBAL SHIP LEASE 42 LLC  
as Borrower

and

GLOBAL SHIP LEASE, INC.  
as Parent Guarantor

and

SINOPAC CAPITAL INTERNATIONAL (HK) LIMITED  
as Lender

FACILITY AGREEMENT  
secured over m.v. "GSL VALERIE"

WATSON FARLEY  
&  
WILLIAMS

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THIS AGREEMENT is made on 27 August 2021.

**PARTIES**

- (1) **GLOBAL SHIP LEASE 42 LLC**, a limited liability company formed in the Republic of Liberia with registration number LLC-960163 whose registered address is at 80 Broad Street, Monrovia, Liberia as borrower (the “**Borrower**”)
- (2) **GLOBAL SHIP LEASE, INC.**, a corporation incorporated in the Republic of the Marshall Islands with registration number 28891 whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH96960, the Marshall Islands as guarantor (the “**Parent Guarantor**”)
- (3) **THE FINANCIAL INSTITUTIONS** listed in Part B of Schedule 1 (*The Parties*) as lenders (the “**Original Lenders**”)

**BACKGROUND**

The Lender has agreed to make available to the Borrower a secured term loan facility in an amount not exceeding the lower of (i) \$12,000,000 and (ii) 70 per cent. of the Initial Market Value of the Ship, for the purpose of financing the Ship.

**OPERATIVE PROVISIONS**

## SECTION 1

### INTERPRETATION

#### 1 DEFINITIONS AND INTERPRETATION

##### 1.1 Definitions

In this Agreement:

“**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.

“**Approved Brokers**” means any firm or firms of insurance brokers approved in writing by the Lender.

“**Approved Classification**” means, as at the date of this Agreement, the classification specified in Schedule 4 (*Details of the Ship*) or the equivalent classification with another Approved Classification Society.

“**Approved Classification Society**” means, as at the date of this Agreement, the classification society specified in Schedule 4 (*Details of the Ship*) or any other classification society which is a member of the International Association of Classification Societies (or such other classification society which is approved in writing by the Lender such approval not to be unreasonably withheld).

“**Approved Commercial Manager**” means:

- (a) Conchart Commercial Inc., a corporation incorporated in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH96960, the Marshall Islands having established an office in Greece pursuant to L.27/1975 at 3-5 Menandrou Str.14561 Kifisia, Athens, Greece; or
- (b) any other person approved in writing by the Lender, as the commercial manager of the Ship,

being as at the date of this Agreement, the manager specified as the approved commercial manager in relation to the Ship in Schedule 4 (*Details of the Ship*).

“**Approved Flag**” means, as at the date of this Agreement, Liberia or the flag of the Marshall Islands, Panama, Hong Kong or such other flag approved in writing by the Lender such approval not be unreasonably withheld.

“**Approved Manager**” means the Approved Commercial Manager or the Approved Technical Manager.

“**Approved Technical Manager**” means:

- (a) Technomar Shipping Inc., a corporation incorporated in the Republic of Liberia whose registered address is at 80 Broad Street, Monrovia, Liberia having established an office in Greece pursuant to L.27/1975 at 3-5 Menandrou Str.14561 Kifisia, Athens, Greece; or

(b) any other person approved in writing by the Lender, as the technical manager of the Ship,

being as at the date of this Agreement, the manager specified as the approved technical manager in relation to the Ship in Schedule 4 (*Details of the Ship*).

“**Approved Valuer**” means Maersk Brokers KS and Howe Robinson Partners (or any Affiliate of such person through which valuations are commonly issued) and any other reputable firm or firms of independent sale and purchase shipbrokers with expertise in valuing containerhips willing and able to provide valuation certificates that can be used in the New York Stock Exchange mutually agreed between the Lender and the Borrower.

“**Assignable Charter**” means any Charter in respect of the Ship, having a duration exceeding (without taking into account any optional extensions) 12 months.

“**Authorisation**” means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation, legalisation or registration.

“**Availability Period**” means the period from and including the date of this Agreement to and including the date falling three months thereafter or such later date as the Parties may agree.

“**Available Facility**” means the Commitment minus:

(a) the amount of the outstanding Loan; and

(b) in relation to any proposed Utilisation, the amount of the Loan that is due to be made on or before the proposed Utilisation Date.

“**Break Costs**” means the amount (if any) by which:

(a) the interest which the Lender should have received for the period from the date of receipt of all or any part of the Loan or an Unpaid Sum to the last day of the current Interest Period in relation to the Loan, the relevant part of the Loan or that 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 the 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 Relevant 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 Athens, Hong Kong, Singapore, Taipei, London and, in respect of any payment which is required to be made under a Finance Document, New York.

“**Charter**” means any charter relating to the Ship, or other contract for its employment, whether or not already in existence.

“**Charter Guarantee**” means any guarantee, bond, letter of credit or other instrument (whether or not already issued) supporting a Charter (including any Assignable Charter), the form of which shall not be subject to the Lender’s prior approval.

“**Charterparty Assignment**” means, in relation to any Assignable Charter, an assignment of the Borrower’s rights under that Assignable Charter (and any related Charter Guarantee) in favour of the Lender in agreed form.

“**Code**” means the US Internal Revenue Code of 1986.

“**Commercial Management Agreement**” means the agreement entered into between the Borrower and the Approved Commercial Manager regarding the commercial management of the Ship.

“**Commitment**” means \$12,000,000 to the extent not cancelled or reduced under this Agreement.

“**Confidential Information**” means all information relating to any Transaction Obligor, any Approved Manager, the Group, the Finance Documents or the Facility of which the Lender becomes aware in its capacity as, or for the purpose of becoming, the Lender in relation to the Finance Documents or the Facility from either 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:

- (a) information that:
  - (i) is or becomes public information other than as a direct or indirect result of any breach by the Lender of Clause 38 (*Confidential Information*); 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 the Lender before the date the information is disclosed to it by any member of the Group or any of its advisers above or is lawfully obtained by the Lender after that date, from a source which is, as far as the Lender is aware, unconnected with the Group and which, in either case, as far as the Lender is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality; and
- (b) any Funding Rate or Reference Bank Quotation.

“**Confidentiality Undertaking**” means a confidentiality undertaking in substantially the appropriate form recommended by the LMA from time to time or in any other form agreed between the Borrower and the Lender.

“**Deed of Covenant**” means, if required by the laws of the Approved Flag, a deed of covenant collateral to the Mortgage over the Ship in agreed form.

“**Default**” means an Event of Default or a Potential Event of Default.

“**Delegate**” means any delegate, agent, attorney or co-trustee appointed by the Lender.

“**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.

“**Document of Compliance**” has the meaning given to it in the ISM Code.

“**dollars**” and “**\$**” mean the lawful currency, for the time being, of the United States of America.

“**Earnings**” means all moneys whatsoever which are now, or later become, payable (actually or contingently) to the Borrower or the Lender and which arise out of or in connection with or relate to the use or operation of the Ship, including (but not limited to):

- (a) the following, save to the extent that any of them is, with the prior written consent of the Lender, pooled or shared with any other person:
  - (i) all freight, hire and passage moneys including, without limitation, all moneys payable under, arising out of or in connection with a Charter net of customary commissions or a Charter Guarantee;
  - (ii) the proceeds of the exercise of any lien on sub-freights;
  - (iii) compensation payable to the Borrower or the Lender in the event of requisition of the Ship for hire or use;
  - (iv) remuneration for salvage and towage services;
  - (v) demurrage and detention moneys;
  - (vi) without prejudice to the generality of sub-paragraph (i) above, damages for breach (or payments for variation or termination) of any charterparty or other contract for the employment of the Ship;
  - (vii) all moneys which are at any time payable under any Insurances in relation to loss of hire (if applicable from time to time);
  - (viii) all monies which are at any time payable to the Borrower in relation to general average contribution; and
- (b) if and whenever the Ship is employed on terms whereby any moneys falling within sub-paragraphs (i) to (viii) of paragraph (a) above are pooled or shared with any other

person, that proportion of the net receipts of the relevant pooling or sharing arrangement which is attributable to the Ship.

“**EEA Member Country**” means any member state of the European Union, Iceland, Liechtenstein and Norway.

“**Emergency Event**” means, in relation to the Ship, an event or circumstance not within the Borrower’s reasonable control affecting the Ship, life or property on board and/or the Ship’s operation including without limitation, hull failure, critical failure of vessel’s navigation system, cargo shift, machinery breakdown, an act of God, flood, drought, earthquake or other natural disaster, terrorist attack, civil war, riot, war or preparation for war, armed conflict, nuclear, chemical or biological contamination, fire explosion or accident, epidemic or pandemic, life threatening personnel injuries or illness.

“**Environmental Approval**” means any present or future permit, ruling, variance or other Authorisation required under Environmental Law.

“**Environmental Claim**” means any claim by any governmental, judicial or regulatory authority or any other person which arises out of an Environmental Incident or an alleged Environmental Incident or which relates to any Environmental Law and, for this purpose, “**claim**” includes a claim for damages, compensation, contribution, injury, fines, losses and penalties or any other payment of any kind, including in relation to clean-up and removal, whether or not similar to the foregoing; an order or direction to take, or not to take, certain action or to desist from or suspend certain action; and any form of enforcement or regulatory action, including the arrest or attachment of any asset.

“**Environmental Incident**” means:

- (a) any release, emission, spill or discharge of Environmentally Sensitive Material whether within the Ship or from the Ship into any other vessel or into or upon the air, water, land or soils (including the seabed) or surface water; or
- (b) any incident in which Environmentally Sensitive Material is released, emitted, spilled or discharged into or upon the air, water, land or soils (including the seabed) or surface water from a vessel other than the Ship and which involves a collision between the Ship and such other vessel or some other incident of navigation or operation, in either case, in connection with which the Ship is actually or potentially liable to be arrested, attached, detained or injuncted and/or the Ship and/or any Transaction Obligor and/or any operator or manager (including an Approved Manager) of the Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action; or
- (c) any other incident in which Environmentally Sensitive Material is released, emitted, spilled or discharged into or upon the air, water, land or soils (including the seabed) or surface water otherwise than from the Ship and in connection with which the Ship is actually or potentially liable to be arrested and/or where any Transaction Obligor and/or any operator or manager (including an Approved Manager) of the Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action, other than in accordance with an Environmental Approval.

“**Environmental Law**” means any present or future law relating to pollution or protection of human health or the environment, to conditions in the workplace, to the carriage, generation, handling, storage, use, release or spillage of Environmentally Sensitive Material or to actual or threatened releases of Environmentally Sensitive Material.

**“Environmentally Sensitive Material”** means and includes all contaminants, oil, oil products, toxic substances and any other substance (including any chemical, gas or other hazardous or noxious substance) which is (or is capable of being or becoming) polluting, toxic or hazardous.

**“Event of Default”** means any event or circumstance specified as such in Clause 24 (*Events of Default*).

**“Facility”** means the term loan facility made available under this Agreement as described in Clause 2 (*The Facility*).

**“Facility Office”** means the office or offices through which the Lender will perform its obligations under this Agreement.

**“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 Deduction”** means a deduction or withholding from a payment under a Finance Document required by FATCA.

**“FATCA Exempt Party”** means a Party that is entitled to receive payments free from any FATCA Deduction.

**“Finance Document”** means:

- (a) this Agreement;
- (b) the Utilisation Request;
- (c) any Security Document;
- (d) any Subordination Agreement;
- (e) any other document which is executed for the purpose of establishing any priority or subordination arrangement in relation to the Secured Liabilities; or
- (f) any other document designated as such by the Lender and the Borrower.

**“Financial Indebtedness”** means any indebtedness for or in relation to:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit 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 amount raised under any other transaction (including any forward sale or purchase agreement) of a type not referred to in any other paragraph of this definition having the commercial effect of a borrowing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative 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 derivative transaction, that amount) shall be taken into account);
- (h) any counter-indemnity obligation in relation to a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (i) the amount of any liability in relation to any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

“**Funding Rate**” means any individual rate notified by the Lender to an Obligor pursuant to any Finance Document.

“**GAAP**” means generally accepted accounting principles in US including IFRS.

“**General Assignment**” means the general assignment creating Security over the Ship’s Earnings, its Insurances and any Requisition Compensation, in agreed form.

“**Group**” means the Parent Guarantor and its Subsidiaries for the time being.

“**Holding Company**” means, in relation to a person, any other person in relation to which it is a Subsidiary.

“**IFRS**” means international accounting standards within the meaning of the IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

“**Increased Costs Negotiation Period**” has the meaning given to it in Clause 13.3 (*Payment of increased costs*).

“**Initial Market Value**” means, in relation to the Ship, the Market Value thereof determined by the valuation of the Ship referred to in paragraph 2.5 of Schedule 2, Part B.

“**Indemnified Person**” has the meaning given to it in Clause 14.2 (*Other indemnities*).

“**Initial Charter**” means the time charterparty dated 20 October 2020 and as the same may be further amended, novated and/or supplemented from time to time and made between (i) the Borrower and (ii) the Initial Charterer in respect of the Ship.

“**Initial Charterer**” means ZIM Integrated Shipping Services Ltd., a company incorporated in Israel whose principal office is at 9 Andre Saharov St., 3101601 Haifa, Israel.

“**Insurances**” means, in relation to the Ship:

- (a) all policies and contracts of insurance, including entries of the Ship in any protection and indemnity or war risks association, effected in relation to the Ship, the Earnings (if applicable) or otherwise in relation to the Ship whether before, on or after the date of this Agreement; and
- (b) all rights and other assets relating to, or derived from, any of such policies, contracts or entries, including any rights to a return of premium and any rights in relation to any claim whether or not the relevant policy, contract of insurance or entry has expired on or before the date of this Agreement.

“**Interest Period**” means, in relation to the Loan or any part of the 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 8.3 (*Default interest*).

“**Interpolated Screen Rate**” means, in relation to the Loan or any part of the 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 the Loan or that part of the Loan; and
- (b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the Interest Period of the Loan or that part of the Loan,

each as of the Specified Time for dollars.

“**ISM Code**” means the International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention (including the guidelines on its implementation), adopted by the International Maritime Organisation, as the same may be amended or supplemented from time to time.

“**ISPS Code**” means the International Ship and Port Facility Security (ISPS) Code as adopted by the International Maritime Organization’s (IMO) Diplomatic Conference of December 2002, as the same may be amended or supplemented from time to time.

“**ISSC**” means an International Ship Security Certificate issued under the ISPS Code. “**Lender**” means:

- (a) the Original Lender; and
- (b) any bank, financial institution, trust, fund or other entity which has become the Lender in accordance with Clause 25 (*Changes to the Lender*),

which in each case has not ceased to be a Party in accordance with this Agreement.

“**LLC Interests Security**” means a document creating Security over the limited liability company interests in the Borrower in agreed form.

“**LIBOR**” means, in relation to the Loan or any part of the Loan:

- (a) the applicable Screen Rate as of the Specified Time for dollars and for a period equal in length to the Interest Period of the Loan or that part of the Loan; 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. “**LMA**” means the Loan Market Association or any successor organisation.

“**Loan**” means the loan to be made available under the Facility or the aggregate principal amount outstanding for the time being of the borrowings under the Facility and a “**part of the Loan**” means any part of the Loan as the context may require.

“**Major Casualty**” means any casualty to the Ship in relation to which the claim or the aggregate of the claims against all insurers, before adjustment for any relevant franchise or deductible, exceeds \$1,000,000 or the equivalent in any other currency.

“**Management Agreement**” means the Technical Management Agreement or the Commercial Management Agreement.

“**Manager’s Undertaking**” means the letter of undertaking from each Approved Manager of the Ship subordinating the rights of that Approved Manager against the Ship and the Borrower to the rights of the Lender in agreed form.

“**Margin**” means 3.25 per cent. per annum.

“**Market Value**” means, in relation to the Ship or any other vessel, at any date, an amount determined by the Lender as being, an amount equal to the market value of the Ship or vessel shown by one valuation prepared:

- (a) as at a date not more than 30 days previously;
- (b) by an Approved Valuer (selected by the Lender);
- (c) with or without physical inspection of the Ship or vessel (as the Lender may require); and
- (d) on the basis of a sale for prompt delivery for cash on normal arm’s length commercial terms as between a willing seller and a willing buyer, free of any Charter.

**Provided that** if the Borrower disagrees with the valuation obtained by the Lender as above, it shall be entitled to obtain a second valuation from another Approved Valuer selected by the Borrower and approved and appointed by the Lender and prepared in accordance with paragraphs (a) to (d) above. In that case the Market Value of the Ship shall be the arithmetic mean of the two valuations issued. If the Borrower does not select an Approved Valuer within

14 days after the Lender's request to receive a valuation of the Ship, the Market Value of the Ship shall be that shown in the sole valuation obtained by the Lender as above.

**"Material Adverse Effect"** means in the reasonable opinion of the Lender a material adverse effect on:

- (a) the business, operations, property, condition (financial or otherwise) or prospects of any Obligor; or
- (b) the ability of any Transaction Obligor to perform its obligations under any Finance Document;
- (c) the ability of any Approved Manager to perform its obligations under the Manager's Undertaking to which it is a party; or
- (d) the validity or enforceability of, or the effectiveness or ranking of any Security granted or intended to be granted pursuant to any of, the Finance Documents or the rights or remedies of the Lender under any of the Finance Documents.

**"Member"** means Global Ship Lease Investments, Inc., a corporation incorporated in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH96960, the Marshall Islands.

**"Month"** means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

- (a) (subject to paragraph (c) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;
- (b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and
- (c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end.

The above rules will only apply to the last Month of any period.

**"Mortgage"** means the first preferred or priority ship mortgage (as applicable for the Approved Flag) on the Ship in agreed form.

**"Negotiation Period"** has the meaning given to it in paragraph (b) of Clause 10.4 (*Cost of funds*).

**"Obligor"** means the Borrower or the Parent Guarantor.

**"Original Financial Statements"** means the audited financial statements of the Parent Guarantor for its financial year ended 31 December 2020.

**"Original Jurisdiction"** means, in relation to an Obligor, the jurisdiction under whose laws that Obligor is incorporated or formed as at the date of this Agreement.

“**Overseas Regulations**” means the Overseas Companies Regulations 2009 (SI 2009/1801).

“**Participating Member State**” means any member state of the European Union that has the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

“**Party**” means a party to this Agreement.

“**Permitted Charter**” means:

- (a) a Charter (including, for the avoidance of doubt, the Initial Charter):
  - (i) which is a time, voyage or consecutive voyage charter;
  - (ii) which is entered into on *bona fide* arm’s length terms at the time at which the Ship is fixed; and
  - (iii) in relation to which not more than two months’ hire is payable in advance;
- (b) any other Charter which is approved in writing by the Lender. `

“**Permitted Financial Indebtedness**” means: `

- (a) any Financial Indebtedness incurred under the Finance Documents;
- (b) any Financial Indebtedness that is subordinated to all Financial Indebtedness incurred under the Finance Documents pursuant to a Subordination Agreement or otherwise and which is, in the case of any such Financial Indebtedness of the Borrower, the subject of Subordinated Debt Security;
- (c) any Financial Indebtedness incurred in the normal course of owning, chartering and operating the Ship up to the amount of US\$500,000 or such higher amount as may be agreed between the Parties subject to any such Financial Indebtedness being granted on normal trade credit terms including issuing guarantees in the context of its business operations of owning a Ship; and
- (d) any Permitted Inter-company Loan.

“**Permitted Inter-Company Loan**” means a loan made or to be made to the Borrower by a member of the Group:

- (a) which is unsecured;
- (b) in relation to which no interest, fees, costs or expenses are payable during the Security Period (except, for the avoidance of doubt, from cash which the Borrower would otherwise be permitted to distribute to the Parent Guarantor under Clause 20.19 (*Dividends*));
- (c) in relation to which no repayment or prepayment of principal is capable of being made to the relevant lender in accordance with its terms and conditions during the Security Period (except, for the avoidance of doubt, from cash which the Borrower would otherwise be permitted to distribute to the Parent Guarantor under Clause 20.19 (*Dividends*));

- (d) which is fully subordinated in all respects to the Secured Liabilities in accordance with a Subordination Agreement;
- (e) in respect of which the Lender has granted its prior written consent; and
- (f) which is the subject of Subordinated Debt Security. “**Permitted Security**” means:
  - (a) Security created by the Finance Documents;
  - (b) liens for unpaid master’s and crew’s wages in accordance with first class ship ownership and management practice and not being enforced through arrest;
  - (c) liens for salvage;
  - (d) liens for master’s disbursements incurred in the ordinary course of trading in accordance with first class ship ownership and management practice and not being enforced through arrest; and
  - (e) any other lien arising by operation of law or otherwise in the ordinary course of the operation, repair or maintenance of the Ship:
    - (i) not as a result of any default or omission by the Borrower
    - (ii) not being enforced through arrest; and
    - (iii) subject, in the case of liens for repair or maintenance, to Clause 22.16 (*Restrictions on chartering, appointment of managers etc.*), provided such lien does not secure amounts more than 30 days overdue (unless the overdue amount is being contested in good faith by appropriate steps and for the payment of which adequate reserves are held and provided further that such proceedings do not give rise to a material risk of the Ship or any interest in it being seized, sold, forfeited or lost).

“**Potential Event of Default**” means any event or circumstance specified in Clause 24 (*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 any of the foregoing) be an Event of Default.

“**Prohibited Person**” means any person (whether designated by name or by reason of being included in a class of persons) against whom Sanctions are directed.

“**Prohibited User**” means any person (whether designated by name or by reason of being included in a class of persons) against whom Sanctions are directed.

“**Quotation Day**” means, in relation to any period for which an interest rate is to be determined, two Business Days before the first day of that period unless market practice differs in the Relevant Interbank Market in which case the Quotation Day will be determined by the Lender in accordance with market practice in the Relevant Interbank Market (and if quotations would normally be given by leading banks in the Relevant Interbank Market on more than one day, the Quotation Day will be the last of those days).

“**Receiver**” means a receiver or receiver and manager or administrative receiver of the whole or any part of the Security Assets.

“**Reference Bank Quotation**” means any quotation supplied to the Lender by a Reference Bank.

“**Reference Bank Rate**” means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Lender at its request by the Reference Banks:

- (a) if:
  - (i) the Reference Bank is a contributor to the Screen Rate; and
  - (ii) it consists of a single figure,  
  
as the rate (applied to the relevant Reference Bank and the relevant currency and period) which contributors to the Screen Rate are asked to submit to the relevant administrator; or
- (b) in any other case, as the rate at which the relevant Reference Bank could fund itself in dollars for the relevant period with reference to the unsecured wholesale funding market.

“**Reference Banks**” means the principal London offices of banks appointed by the Lender or such other entities as may be appointed by the Lender in consultation with the Borrower.

“**Related Fund**” in relation to a fund (the “first fund”), means a fund which is managed or advised by the same investment manager or investment adviser as the first fund or, if it is managed by a different investment manager or investment adviser, a fund whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the first fund.

“**Relevant Interbank Market**” means the London interbank market.

“**Relevant Jurisdiction**” means, in relation to a Transaction Obligor or an Approved Manager:

- (a) its Original Jurisdiction;
- (b) any jurisdiction where any asset subject to, or intended to be subject to, any of the Transaction Security created, or intended to be created, by it is situated;
- (c) any jurisdiction where it conducts its business; and
- (d) the 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.

“**Repayment Date**” means each date on which a Repayment Instalment is required to be paid under Clause 6.1 (*Repayment of Loan*).

“**Repayment Instalment**” has the meaning given to it in Clause 6.1 (*Repayment of Loan*).

“**Repeating Representation**” means each of the representations set out in Clause 18 (*Representations*) except paragraph (b) of Clause 18.3 (*Share capital, membership interests and ownership*), Clause 18.10 (*Insolvency*), Clause 18.11 (*No filing or stamp taxes*) and Clause 18.12 (*Deduction of Tax*) and any representation of any Transaction Obligor made in any other Finance Document that is expressed to be a “Repeating Representation” or is otherwise expressed to be repeated.

“**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 Lender 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 Lender and the Borrower, an appropriate successor to a Screen Rate.

“**Representative**” means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.

“**Required Security Cover Ratio**” means a Security Cover Ratio of not less than 120 per cent.. “**Requisition**” means:

- (a) any expropriation, confiscation, requisition (excluding a requisition for hire or use which does not involve a requisition for title) or acquisition of the Ship, whether for full consideration, a consideration less than its proper value, a nominal consideration or without any consideration, which is effected (whether *de jure* or *de facto*) by any government or official authority or by any person or persons claiming to be or to represent a government or official authority; and
- (b) any capture or seizure of the Ship (including any hijacking or theft) by any person whatsoever.

“**Requisition Compensation**” includes all compensation or other moneys payable to the Borrower by reason of any Requisition or any arrest or detention of the Ship in the exercise or purported exercise of any lien or claim.

“**Safety Management Certificate**” has the meaning given to it in the ISM Code. “**Safety Management System**” has the meaning given to it in the ISM Code.

“**Sanctions**” means any sanctions, embargoes, freezing provisions, prohibitions or other restrictions relating to trading, doing business, investment, exporting, financing or making assets available (or other activities similar to or connected with any of the foregoing):

- (a) imposed by law or regulation of the United Kingdom, the Council of the European Union, the United Nations or its Security Council or the United States of America regardless of whether the same is or is not binding on any Transaction Obligor or any Approved Manager; or
- (b) otherwise imposed by any law or regulation binding on a Transaction Obligor or an Approved Manager or to which a Transaction Obligor or an Approved Manager is subject (which shall include without limitation, any extra-territorial sanctions imposed by law or regulation of the United States of America).

“**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 for the relevant period displayed (before any correction, recalculation or republication by the administrator) on page LIBOR01 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on 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 Lender may specify another page or service displaying the relevant rate after consultation with the Borrower.

“**Secured Liabilities**” means all present and future obligations and liabilities, (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Transaction Obligor and each Approved Manager to the Lender under or in connection with each Finance Document.

“**Security**” means a mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having the effect of conferring security.

“**Security Assets**” means all of the assets of the Transaction Obligors or any Approved Manager (as applicable) which from time to time are, or are expressed to be, the subject of the Transaction Security.

“**Security Cover Ratio**” means, at any relevant time, the aggregate of:

- (a) the Market Value of the Ship; plus
- (b) the net realisable value of additional Security previously provided under Clause 23 (*Security Cover*),

expressed as a percentage of the Loan, as at that time.

“**Security Document**” means:

- (a) any LLC Interests Security;
- (b) any Mortgage;
- (c) any Deed of Covenant;
- (d) any General Assignment;

- (e) any Charterparty Assignment;
- (f) any Manager's Undertaking;
- (g) any Subordinated Debt Security;
- (h) any other document (whether or not it creates Security) which is executed as security for the Secured Liabilities; or
- (i) any other document designated as such by the Lender and the Borrower.

**"Security Period"** means the period starting on the date of this Agreement and ending on the date on which the Lender is satisfied that there is no outstanding Commitment in force and that the Secured Liabilities have been irrevocably and unconditionally paid and discharged in full.

**"Security Property"** means:

- (a) the Transaction Security expressed to be granted in favour of the Lender and all proceeds of that Transaction Security;
- (b) all obligations expressed to be undertaken by a Transaction Obligor to pay amounts in relation to the Secured Liabilities to the Lender and secured by the Transaction Security together with all representations and warranties expressed to be given by a Transaction Obligor or any other person in favour of the Lender; and
- (c) the Lender's interest in any turnover trust created under the Finance Documents.

**"Ship"** means m.v. "GSL VALERIE", registered in the ownership of the Borrower with IMO Number 9315874, under an Approved Flag, further details of which are set out in Schedule 4 (*Details of the Ship*), and everything now or in the future belonging to her on board or ashore.

**"Specified Time"** means a day or time determined in accordance with Schedule 5 (*Timetables*). **"Subordinated Creditor"** means:

- (a) a Transaction Obligor; or
- (b) any other person who becomes a Subordinated Creditor in accordance with this Agreement.

**"Subordinated Debt Security"** means a Security over Subordinated Liabilities entered into or to be entered into by a Subordinated Creditor or any member of the Group who becomes a creditor of any Permitted Inter-Company Loan in favour of the Lender in an agreed form.

**"Subordinated Finance Document"** means:

- (a) a Subordinated Loan Agreement; and
- (b) any other document relating to or evidencing Subordinated Liabilities.

**"Subordinated Liabilities"** means all indebtedness owed or expressed to be owed by the Borrower to a Subordinated Creditor whether under the Subordinated Finance Documents or otherwise.

“**Subordinated Loan Agreement**” means any loan agreement made between (i) the Borrower and (ii) a Subordinated Creditor.

“**Subordination Agreement**” means a subordination agreement entered into or to be entered into by a Subordinated Creditor and the Lender in agreed form.

“**Subsidiary**” means a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006.

“**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**” has the meaning given to it in Clause 12.1 (*Definitions*).

“**Tax Deduction**” has the meaning given to it in Clause 12.1 (*Definitions*).

“**Tax Payment**” has the meaning given to it in Clause 12.1 (*Definitions*).

“**Technical Management Agreement**” means the agreement entered into between the Borrower and the Approved Technical Manager regarding the technical management of the Ship.

“**Termination Date**” means the date falling on the fifth anniversary from the Utilisation Date.

“**Third Parties Act**” has the meaning given to it in Clause 1.5 (*Third party rights*).

“**Total Loss**” means:

- (a) actual, constructive, compromised, agreed or arranged total loss of the Ship; or
- (b) any Requisition of the Ship unless the Ship is returned to the full control of the Borrower within 30 days of such Requisition (or such longer period as may be requested by the Borrower and accepted by the Lender).

“**Total Loss Date**” means, in relation to the Total Loss of the Ship:

- (a) in the case of an actual loss of the Ship, the date on which it occurred or, if that is unknown, the date when the Ship was last heard of;
- (b) in the case of a constructive, compromised, agreed or arranged total loss of the Ship, the earlier of:
  - (i) the date on which a notice of abandonment is given (or deemed or agreed to be given) to the insurers; and
  - (ii) the date of any compromise, arrangement or agreement made by or on behalf of the Borrower with the Ship’s insurers in which the insurers agree to treat the Ship as a total loss; and
- (c) in the case of any other type of Total Loss, the date (or the most likely date) on which it appears to the Lender that the event constituting the total loss occurred.

“**Transaction Document**” means:

- (a) a Finance Document;
- (b) any Subordinated Finance Document;
- (c) any Assignable Charter; or
- (d) any other document designated as such by (i) the Lender and (ii) a Transaction Obligor or an Approved Manager.

“**Transaction Obligor**” means an Obligor, the Member or any other member of the Group who executes a Finance Document.

“**Transaction Security**” means the Security created or evidenced or expressed to be created or evidenced under the Security Documents.

“**UK Establishment**” means a UK establishment as defined in the Overseas Regulations.

“**Unpaid Sum**” means any sum due and payable but unpaid by a Transaction Obligor under the Finance Documents.

“**US**” means the United States of America.

“**US Tax Obligor**” means:

- (a) a person which is resident for tax purposes in the US; or
- (b) a person some or all of whose payments under the Finance Documents are from sources within the US for US federal income tax purposes.

“**Utilisation**” means the utilisation of the Facility.

“**Utilisation Date**” means the date on which the Loan is to be made.

“**Utilisation Request**” means a notice substantially in the form set out in Part A of Schedule 3 (*Requests*).

“**VAT**” means:

- (a) any value added tax imposed by the Value Added Tax Act 1994;
- (b) 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
- (c) 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.

## 1.2 Construction

(a) Unless a contrary indication appears, a reference in this Agreement to:

- (i) the “**Lender**”, any “**Obligor**”, any “**Party**”, any “**Transaction Obligor**” or any other person shall be construed so as to include its successors in title and permitted assigns;

- (ii) “**assets**” includes present and future properties, revenues and rights of every description;
- (iii) a liability which is “**contingent**” means a liability which is not certain to arise and/or the amount of which remains unascertained;
- (iv) “**document**” includes a deed and also a letter, fax, email or telex;
- (v) “**expense**” means any kind of cost, charge or expense (including all legal costs, charges and expenses) and any applicable Tax including VAT;
- (vi) a “**Finance Document**”, a “**Security Document**” or “**Transaction Document**” or any other agreement or instrument is a reference to that Finance Document, Security Document or Transaction Document or other agreement or instrument as amended, replaced, novated, supplemented, extended or restated;
- (vii) “**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;
- (viii) “**law**” includes any order or decree, any form of delegated legislation, any treaty or international convention and any regulation or resolution of the Council of the European Union, the European Commission, the United Nations or its Security Council;
- (ix) “**proceedings**” means, in relation to any enforcement provision of a Finance Document, proceedings of any kind, including an application for a provisional or protective measure;
- (x) a “**person**” includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium, partnership or other entity (whether or not having separate legal personality);
- (xi) 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;
- (xii) a provision of law is a reference to that provision as amended or re-enacted from time to time;
- (xiii) a time of day is a reference to London time;
- (xiv) any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall, in respect of a jurisdiction other than England, be deemed to include that which most nearly approximates in that jurisdiction to the English legal term;
- (xv) words denoting the singular number shall include the plural and vice versa; and
- (xvi) “**including**” and “**in particular**” (and other similar expressions) shall be construed as not limiting any general words or expressions in connection with which they are used.

- (b) The determination of the extent to which a rate is “**for a period equal in length**” to an Interest Period shall disregard any inconsistency arising from the last day of that Interest Period being determined pursuant to the terms of this Agreement.
- (c) Section, Clause and Schedule headings are for ease of reference only and are not to be used for the purposes of construction or interpretation of the Finance Documents.
- (d) 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.
- (e) A Potential 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.

### 1.3 Construction of insurance terms

In this Agreement:

“**approved**” means, for the purposes of Clause 21 (*Insurance Undertakings*), approved in writing by the Lender.

“**excess risks**” means the proportion of claims for general average, salvage and salvage charges not recoverable under the hull and machinery policies in respect of the Ship in consequence of its insured value being less than the value at which the Ship is assessed for the purpose of such claims.

“**obligatory insurances**” means all insurances effected, or which the Borrower is obliged to effect, under Clause 21 (*Insurance Undertakings*) or any other provision of this Agreement or of another Finance Document.

“**policy**” includes a slip, cover note, certificate of entry or other document evidencing the contract of insurance or its terms.

“**protection and indemnity risks**” means the usual risks covered by a protection and indemnity association managed in London, including pollution risks and the proportion (if any) of any sums payable to any other person or persons in case of collision which are not recoverable under the hull and machinery policies by reason of the incorporation in them of clause 6 of the International Hull Clauses (1/11/02) (1/11/03), clause 8 of the Institute Time Clauses (Hulls) (1/10/83) (1/11/95) or the Institute Amended Running Down Clause (1/10/71) or any equivalent provision.

“**war risks**” includes the risk of mines and all risks excluded by clauses 29, 30 or 31 of the International Hull Clauses (1/11/02), clauses 29 or 30 of the International Hull Clauses (1/11/03), clauses 24, 25 or 26 of the Institute Time Clauses (Hulls) (1/11/95) or clauses 23, 24 or 25 of the Institute Time Clauses (Hulls) (1/10/83) or any equivalent provision.

### 1.4 Agreed forms of Finance Documents

References in Clause 1.1 (*Definitions*) to any Finance Document being in “**agreed form**” are to that Finance Document:

- (a) in a form attached to a certificate dated the same date as this Agreement (and signed by the Borrower and the Lender); or

(b) in any other form agreed in writing between the Borrower and the Lender.

**1.5 Third party rights**

(a) Unless expressly provided to the contrary in a Finance Document, a person who is not a Party 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 this Agreement.

(b) Notwithstanding any term of any Finance Document, the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.

(c) An amendment or waiver which adversely affects the rights or obligations of a Reference Bank may not be effected without the consent of that Reference Bank.

(d) Any Affiliate, Receiver, Delegate or any other person described in paragraph (c) of Clause 14.2 (*Other indemnities*), Clause 27.1 (*Role of Reference Banks*) or Clause 27.2 (*Third Party Reference Banks*) may, subject to this Clause 1.5 (*Third party rights*) and the Third Parties Act, rely on any Clause of this Agreement which expressly confers rights on it.

## SECTION 2

### THE FACILITY

#### 2 THE FACILITY

Subject to the terms of this Agreement, the Lender makes available to the Borrower a dollar term loan facility in an amount not exceeding the lower of (i) \$12,000,000 and (ii) 70 per cent. of the Initial Market Value of the Ship.

#### 3 PURPOSE

##### 3.1 Purpose

The Borrower shall apply all amounts borrowed by it under the Facility only for financing the Ship.

##### 3.2 Monitoring

The Lender is not 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 Borrower may not deliver the Utilisation Request unless the Lender has received all of the documents and other evidence listed in Part A of Schedule 2 (*Conditions Precedent*) or is satisfied that it will receive them when the Loan is made available, in form and substance satisfactory to the Lender.

##### 4.2 Further conditions precedent

The Lender will only be obliged to comply with Clause 5.4 (*Loan*) if:

(a) on the date of the Utilisation Request and on the proposed Utilisation Date and before the Loan is made available:

- (i) no Default is continuing or would result from the proposed Loan;
- (ii) the Repeating Representations to be made by each Transaction Obligor are true;
- (iii) no event described in paragraph (a) of Clause 7.2 (*Change of control*) has occurred; and
- (iv) the Ship has neither been sold nor become a Total Loss;

(b) the Lender has received on or before the Utilisation Date, or is satisfied that it will receive when the Loan is made available, all of the documents and other evidence listed in Part B of Schedule 2 (*Conditions Precedent and Subsequent*) in form and substance satisfactory to the Lender.

**4.3 Conditions Subsequent**

The Borrower undertakes to deliver or cause to be delivered to the Lender within one month after the Utilisation Date, the additional documents and other evidence listed in Part C of Schedule 2 (*Conditions Precedent and Subsequent*) in form and substance satisfactory to the Lender.

**4.4 Notification of satisfaction of conditions precedent**

The Lender shall notify the Borrower promptly upon being satisfied as to the satisfaction of the conditions precedent referred to in Clause 4.1 (*Initial conditions precedent*) and Clause 4.2 (*Further conditions precedent*).

**4.5 Waiver of conditions precedent**

If the Lender, at its discretion, permits the Loan to be borrowed before any of the conditions precedent referred to in Clause 4.1 (*Initial conditions precedent*) or Clause 4.2 (*Further conditions precedent*) has been satisfied, the Borrower shall ensure that that condition is satisfied within five Business Days after the Utilisation Date or such later date as the Lender may agree in writing with the Borrower.

## SECTION 3

### UTILISATION

#### 5 UTILISATION

##### 5.1 Delivery of the Utilisation Request

The Borrower may make one Utilisation only under the Facility by delivery to the Lender of a duly completed Utilisation Request not later than the Specified Time.

##### 5.2 Completion of the Utilisation Request

The Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:

- (a) the proposed Utilisation Date is a Business Day within the Availability Period;
- (b) the currency and amount of the Utilisation comply with Clause 5.3 (*Currency and amount*);
- (c) all applicable deductible items have been completed; and
- (d) 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) The amount of the proposed Loan must be an amount which is the lower of (i) \$12,000,000 and (ii) 70 per cent. of the Initial Market Value of the Ship.

##### 5.4 Loan

If the conditions set out in this Agreement have been met, the Lender shall make the Loan available by the Utilisation Date through its Facility Office.

##### 5.5 Cancellation of Commitment

On the earlier of the date on which the Loan has been made and the end of the Availability Period any Commitment which is then unutilised shall be cancelled.

## SECTION 4

### REPAYMENT, PREPAYMENT AND CANCELLATION

#### 6 REPAYMENT

##### 6.1 Repayment of Loan

The Borrower shall repay the Loan in the following instalments:

- (a) 20 equal consecutive quarterly instalments, each in an amount equal to \$420,000 (each a “**Repayment Instalment**”), the first of which shall be repaid on the date falling 3 Months after the Utilisation Date and the last on the Termination Date; and
- (b) a balloon instalment in an amount equal to \$3,600,000 (the “**Balloon Instalment**”), which shall be repaid together with the last Repayment Instalment on the Termination Date.

##### 6.2 Reduction of Repayment Instalments

If any part of the Facility is cancelled, the Repayment Instalments and the Balloon Instalment falling after that cancellation shall be reduced in inverse chronological order commencing with the Balloon Instalment by the amount cancelled.

##### 6.3 Termination Date

On the Termination Date, the Borrower shall additionally pay to the Lender all other sums then accrued and owing under the Finance Documents.

##### 6.4 Reborrowing

The Borrower may not reborrow any part of the Facility which is repaid.

#### 7 PREPAYMENT AND CANCELLATION

##### 7.1 Illegality

If it becomes unlawful in any applicable jurisdiction for the Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain the Loan or it becomes unlawful for any Affiliate of the Lender for the Lender to do so:

- (a) the Lender shall promptly notify the Borrower upon becoming aware of that event and the Available Facility will be immediately cancelled; and
- (b) the Borrower shall prepay the Loan on the last day of the Interest Period for the Loan occurring after it has notified the Borrower or, if earlier, the date specified by the Lender in the notice delivered to the Borrower (being no earlier than the last day of any applicable grace period permitted by law) and the Commitment shall be cancelled.

##### 7.2 Change of control

- (a) If:
  - (i) any person or group of persons acting in concert gains directly or indirectly control of the Parent Guarantor other than:

- (A) Mr. Georgios Giouroukos; or
  - (B) Kelso & Company or its Related Funds; or
- (ii) Mr. Georgios Giouroukos ceases during the Security Period to hold the position of executive chairman or equivalent executive officer position in the board of directors of the Parent Guarantor other than in case Mr. Georgios Giouroukos dies or become permanently incapable of managing his affairs;

then:

- (A) the Parent Guarantor shall promptly notify the Lender upon becoming aware of that event; and
- (B) the Lender may, by not less than 10 days' notice to the Borrower, cancel the Facility and declare the Loan, together with accrued interest, and all other amounts accrued under the Finance Documents immediately due and payable, whereupon the Facility will be cancelled and the Loan and all such outstanding interest and other amounts will become immediately due and payable.

(b) For the purpose of paragraph (a) above "**acting in concert**" means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the Parent Guarantor by any of them, either directly or indirectly, to obtain or consolidate control of the Parent Guarantor.

(c) For the purpose of paragraph (a) above "**control**" means:

- (i) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
  - (A) cast, or control (through one or more Affiliates) the casting of, more than 35 per cent. of the maximum number of votes that might be cast at a general meeting of the Parent Guarantor; or
  - (B) appoint or remove all, or the majority, of the directors or other equivalent officers of the Parent Guarantor; or
  - (C) give directions with respect to the operating and financial policies of the Parent Guarantor with which the directors or other equivalent officers of the Parent Guarantor are obliged to comply; and/or
- (ii) the holding beneficially (through one or more Affiliates) of more than 35 per cent. of the issued shares of the Parent Guarantor (excluding any part of that issued shares that carries no right to participate beyond a specified amount in a distribution of either profits or capital).

### 7.3 Voluntary and automatic cancellation

(a) The Borrower may, if it gives the Lender not less than 10 Business Days' (or such shorter period as the Lender may agree) prior notice, cancel the whole or any part (being a minimum amount of \$500,000 (and thereafter in integral multiples of \$500,000) of the Available Facility.

- (b) The unutilised Commitment (if any) shall be automatically cancelled at close of business on the Utilisation Date.

#### **7.4 Voluntary prepayment of Loan**

- (a) Subject to the provisions of paragraph (f) of Clause 7.6 (*Restrictions*) the Borrower may, if it gives the Lender not less than 10 Business Days' (or such shorter period as the Lender may agree) prior notice, prepay the whole or any part of the Loan (but, if in part, being an amount that reduces the amount of the Loan by a minimum amount of \$500,000 or multiple of that amount).
- (b) Any partial prepayment under this Clause 7.4 (*Voluntary prepayment of Loan*) shall reduce in inverse chronological order the amount of each Repayment Instalment (commencing with the Balloon Instalment) falling after that prepayment by the amount prepaid.

#### **7.5 Mandatory prepayment on sale or Total Loss**

If the Ship is sold (without prejudice to paragraph (a) of Clause 20.13 (*Disposals*)) or becomes a Total Loss, the Borrower shall repay the Loan together with accrued interest, and all other amounts accrued under the Finance Documents. Such repayment shall be made:

- (a) in the case of a sale of the Ship, on the date on which the sale is completed by delivery of the Ship to the buyer; or
- (b) in the case of a Total Loss, on the earlier of (i) the date falling 120 days after the Total Loss Date and (ii) the date of receipt by the Lender of the proceeds of insurance relating to such Total Loss.

#### **7.6 Restrictions**

- (a) Any notice of cancellation or prepayment given by any Party under this Clause 7 (*Prepayment and Cancellation*) 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 and, if relevant, the part of the Loan to be prepaid or cancelled.
- (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.
- (c) The Borrower may not reborrow any part of the Facility which is prepaid.
- (d) The Borrower shall not repay or prepay all or any part of the Loan or cancel all or any part of the Commitment except at the times and in the manner expressly provided for in this Agreement.
- (e) No amount of the Commitment cancelled under this Agreement may be subsequently reinstated.
- (f) Subject to paragraph (c) of Clause 11.2 (*Prepayment fee*) any prepayment under this Clause 7 (*Prepayment and Cancellation*) shall be subject to a prepayment fee as set out in Clause 11.2 (*Prepayment fee*).

## SECTION 5

### COSTS OF UTILISATION

#### 8 INTEREST

##### 8.1 Calculation of interest

The rate of interest on the Loan or any part of the Loan for each Interest Period is the percentage rate per annum which is the aggregate of:

- (a) the Margin; and
- (b) LIBOR.

##### 8.2 Payment of interest

- (a) The Borrower shall pay accrued interest on the Loan or any part of the Loan on the last day of each Interest Period.
- (b) If an Interest Period is longer than three Months, the Borrower shall also pay interest then accrued on any part of the Loan on the dates falling at three Monthly intervals after the first day of the Interest Period.

##### 8.3 Default interest

- (a) If a Transaction Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the Unpaid Sum from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to paragraph (b) below, is 2.00 per cent. per annum higher than the rate which would have been payable if the Unpaid Sum had, during the period of non-payment, constituted part of the Loan, in the currency of the Unpaid Sum for successive Interest Periods, each of a duration selected by the Lender. Any interest accruing under this Clause 8.3 (*Default interest*) shall be immediately payable by the Obligor on demand by the Lender.
- (b) If an Unpaid Sum consists of all or part of the Loan which became due on a day which was not the last day of an Interest Period relating to the Loan or that part of the Loan:
  - (i) the first Interest Period for that Unpaid Sum shall have a duration equal to the unexpired portion of the current Interest Period relating to the Loan or that part of the Loan; and
  - (ii) the rate of interest applying to that Unpaid Sum during that first Interest Period shall be 2.00 per cent. per annum higher than the rate which would have applied if that Unpaid Sum had not become due.
- (c) Default interest (if unpaid) arising on an Unpaid Sum will be compounded with the Unpaid Sum at the end of each Interest Period applicable to that Unpaid Sum but will remain immediately due and payable.

#### **8.4 Notification of rates of interest**

- (a) The Lender shall promptly notify the Borrower of the determination of a rate of interest under this Agreement.
- (b) The Lender shall promptly notify the Borrower of each Funding Rate relating to the Loan or any Unpaid Sum.

### **9 INTEREST PERIODS**

#### **9.1 Selection of Interest Periods**

- (a) Subject to paragraph (b) of Clause 9.1 the relevant Interest Period will be three Months.
- (b) An Interest Period in respect of the Loan shall not extend beyond the Termination Date.
- (c) The first Interest Period for the Loan shall start on the Utilisation Date and each subsequent Interest Period shall start on the last day of the preceding Interest Period.

#### **9.2 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**

If no Screen Rate is available for LIBOR for:

- (a) dollars; or
- (b) the Interest Period of the Loan and it is not possible to calculate the Interpolated Screen Rate,

there shall be no LIBOR for the Loan or that part of the Loan (as applicable) and Clause 10.4 (*Cost of funds*) shall apply to the Loan or that part of the Loan for that Interest Period.

#### **10.2 Calculation of Reference Bank Rate**

- (a) Subject to paragraph (b) below, if LIBOR is to be determined on the basis of a Reference Bank Rate but a Reference Bank does not supply a quotation by the Specified Time, the Reference Bank Rate shall be calculated on the basis of the quotations of the remaining Reference Banks.
- (b) If at or about noon on the Quotation Day none or only one of the Reference Banks supplies a quotation, there shall be no Reference Bank Rate for the relevant Interest Period.

#### **10.3 Market disruption**

If before close of business in London on the Quotation Day for the relevant Interest Period the Lender notifies the Borrower that the cost to it of funding the Loan from whatever source it may reasonably select would be in excess of LIBOR then Clause 10.4 (*Cost of funds*) shall apply to the Loan or that part of the Loan (as applicable) for the relevant Interest Period.

#### **10.4 Cost of funds**

- (a) If this Clause 10.4 (*Cost of funds*) applies, the rate of interest on the Loan or the relevant part of the Loan for the relevant Interest Period shall be the percentage rate per annum which is the sum of:
- (i) the Margin; and
  - (ii) the rate notified to the Borrower by the 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 the Lender of funding the Loan or that part of the Loan from whatever source it may reasonably select or, if such rate is less than zero, such rate shall be deemed to be zero.
- (b) If this Clause 10.4 (*Cost of funds*) applies and the Lender or the Borrower so require, the Lender and the Borrower shall enter into negotiations for a period of not more than 30 days (the “**Negotiation Period**”) with a view to agreeing a substitute basis for determining the rate of interest or (as the case may be) an alternative basis for funding.
- (c) Any substitute or alternative basis agreed pursuant to paragraph (b) above shall be binding on all Parties.
- (d) If a substitute or alternative basis is not agreed within the Negotiation Period and the relevant circumstances are continuing at the end of the Negotiation Period, the Borrower shall give the Lender not less than 10 Business Days’ notice of their intention to prepay the Loan at the end of the interest period set by the Lender.
- (e) The provisions of Clause 7.6 (*Restrictions*) shall apply to any prepayment made pursuant to this Clause 10.4 (*Cost of funds*).

#### **10.5 Break Costs**

The Borrower shall, within three Business Days of demand by the Lender, pay to the Lender its Break Costs attributable to all or any part of the Loan or Unpaid Sum being paid by the Borrower on a day other than the last day of an Interest Period for the Loan, the relevant part of the Loan or that Unpaid Sum.

### **11 FEES**

#### **11.1 Arrangement fee**

The Borrower shall pay to the Lender an arrangement fee equal to 1.25 per cent. of the amount of the Loan actually utilised, within 7 Business Days of the date of this Agreement.

#### **11.2 Prepayment fee**

- (a) If the Borrower requests to prepay the whole or any part of the Loan at any time prior to, and inclusive of, the second anniversary of the Utilisation Date, it must pay to the Lender a prepayment fee on the date of prepayment of all or part of the Loan.
- (b) The amount of the prepayment fee shall be 1 per cent. of the amount prepaid.

- (c) This Clause 11.2 (*Prepayment fee*) shall not apply in the case of a prepayment resulting from a sale or total loss of the Ship in accordance with, and pursuant to Clause 7.5 (*Mandatory prepayment on sale or Total Loss*) or in the case of prepayment made pursuant to Clause 7.1 (*Illegality*) or pursuant to Clause 7.2 (*Change of control*) or in case of prepayment made pursuant to Clause 10.4 (*Cost of Funds*) or pursuant to Clause 13.3 (*Payment of Increased Costs*) or Clause 23.2 (*Provision of additional security; prepayment*).

## SECTION 6

### ADDITIONAL PAYMENT OBLIGATIONS

#### 12 TAX GROSS UP AND INDEMNITIES

##### 12.1 Definitions

(a) In this Agreement:

“**Tax Credit**” means a credit against, relief or remission for, or repayment of any Tax.

“**Tax Deduction**” means a deduction or withholding for or on account of Tax from a payment under a Finance Document, other than a FATCA Deduction.

“**Tax Payment**” means either the increase in a payment made by an Obligor to the Lender 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 (*Tax Gross Up and Indemnities*) 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 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 Lender accordingly. Similarly, the Lender shall notify an Obligor on becoming so aware in respect of a payment payable to the Lender.

(c) If a Tax Deduction is required by law to be made by an Obligor, the amount of the payment due from that Obligor 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 Lender evidence reasonably satisfactory to the Lender that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

##### 12.3 Tax indemnity

(a) The Obligors shall (within three Business Days of demand by the Lender) pay to the Lender an amount equal to the loss, liability or cost which the Lender determines will be or has been (directly or indirectly) suffered for or on account of Tax by the Lender in respect of a Finance Document.

- (b) Paragraph (a) above shall not apply:
- (i) with respect to any Tax assessed on the Lender:
    - (A) under the law of the jurisdiction in which the Lender is incorporated or, if different, the jurisdiction (or jurisdictions) in which the Lender is treated as resident for tax purposes; or
    - (B) under the law of the jurisdiction in which the Lender'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 the Lender; or
  - (ii) to the extent a loss, liability or cost:
    - (A) is compensated for by an increased payment under Clause 12.2 (*Tax gross-up*); or
    - (B) relates to a FATCA Deduction required to be made by a Party.
- (c) The Lender shall, if making, or intending to make, a claim under paragraph (a) above promptly notify the Obligors of the event which will give, or has given, rise to the claim.

#### **12.4 Tax Credit**

If an Obligor makes a Tax Payment and the Lender determines that:

- (a) a Tax Credit is attributable to an increased payment of which that Tax Payment forms part, to that Tax Payment or to a Tax Deduction in consequence of which that Tax Payment was received; and
- (b) the Lender has obtained and utilised that Tax Credit,

the Lender shall pay an amount to the Obligor which the Lender 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 Stamp taxes**

The Obligors shall pay and, within three Business Days of demand, indemnify the Lender against any cost, loss or liability which the Lender incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

#### **12.6 VAT**

- (a) All amounts expressed to be payable under a Finance Document by any Party to the Lender 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, if VAT is or becomes chargeable on any supply made by the Lender to any Party under a Finance Document and the Lender is required to account to the relevant tax authority for the VAT, that Party must pay to the Lender (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 the Lender must promptly provide an appropriate VAT invoice to that Party).

- (b) Where a Finance Document requires any Party to reimburse or indemnify the Lender for any cost or expense, that Party shall reimburse or indemnify (as the case may be) the Lender for the full amount of such cost or expense, including such part of it as represents VAT, save to the extent that the Lender reasonably determines that it is entitled to credit or repayment in respect of such VAT from the relevant tax authority.
- (c) Any reference in this Clause 12.6 (VAT) to any Party shall, at any time when that Party is treated as a member of a group or unity (or fiscal unity) for VAT purposes, include (where appropriate and unless the context otherwise requires) a reference to the person who is treated at that time as making the supply, or (as appropriate) receiving the supply, under the grouping rules provided for in Article 11 of Council Directive 2006/112/EC (or as implemented by the relevant member state of the European Union or equivalent provisions imposed elsewhere) so that a reference to a Party shall be construed as a reference to that Party or the relevant group or unity (or fiscal unity) of which that Party is a member for VAT purposes at the relevant time or the relevant representative member (or representative or head) of that group or unity at the relevant time (as the case may be).
- (d) In relation to any supply made by the Lender to any Party under a Finance Document, if reasonably requested by the Lender, that Party must promptly provide the Lender with details of that Party's VAT registration and such other information as is reasonably requested in connection with the Lender's VAT reporting requirements in relation to such supply.

## 12.7 FATCA Information

- (a) Subject to paragraph (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; and
  - (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 sub-paragraph (i) of paragraph (a) 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) Paragraph (a) above shall not oblige the Lender to do anything and sub-paragraph (iii) of paragraph (a) 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 fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with sub-paragraphs (i) or (ii) of paragraph (a) above (including, for the avoidance of doubt, where paragraph (c) above 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.

## 12.8 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.

## 13 INCREASED COSTS

### 13.1 Increased costs

- (a) Subject to Clause 13.4 (*Exceptions*), the Borrower shall, within ten Business Days of the Lender's notification made pursuant to and in accordance with Clauses 13.2 (*Increased cost claims*) and 13.3 (*Payment of increased costs*) or, at the lapse of the Increased Costs Negotiation Period, as the case may be, pay for the account of the Lender the amount of any Increased Costs incurred by the Lender or any of its Affiliates 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,

in each case after the date of this Agreement; or

(iii) the implementation, application of or compliance with Basel III or CRD IV or any law or regulation that implements or applies Basel III or CRD IV.

- (b) In this Agreement:

(i) **"Basel III"** means:

(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”.
- (ii) “**CRD IV**” means:
- (A) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending regulation (EU) No. 648/2012, as amended by Regulation (EU) 2019/876;
  - (B) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended by Directive (EU) 2019/878; and
  - (C) any other law or regulation which implements Basel III.
- (iii) “**Increased Costs**” means:
- (A) a reduction in the rate of return from the Facility or on the Lender’s (or its Affiliate’s) overall capital;
  - (B) an additional or increased cost; or
  - (C) a reduction of any amount due and payable under any Finance Document,
- which is incurred or suffered by the Lender or any of its Affiliates to the extent that it is attributable to the Lender having entered into the Commitment or funding or performing its obligations under any Finance Document.

**13.2 Increased cost claims**

If the Lender intends to make a claim pursuant to Clause 13.1 (*Increased costs*) it shall notify the Borrower of the event giving rise to the claim.

**13.3 Payment of increased costs**

- (a) The Borrower shall pay to the Lender, within ten Business Days of the Lender’s notification as per Clause 13.2 (*Increased cost claims*) above, the amounts which the Lender from time to time specifies as necessary to compensate itself for the Increased Costs at the end of the Increased Costs Negotiation Period.
- (b) Notwithstanding paragraph (a) above, the Borrower may, by serving a notice (“**Borrower’s Relevant Notice**”) to the Lender within three Business Days of the Lender’s notification pursuant to paragraph (a) of this Clause 13.3 (*Payment of increased costs*) (“**Relevant Period**”), request they enter into negotiations with the Lender on the amount of Increased Costs, for a

period of not more than 30 days starting with the date of the Borrower's Relevant Notice (the "**Increased Costs Negotiation Period**") with a view to mutually agreeing the final amount of the Increased Costs to be paid by the Borrower **Provided that** such Borrower's Relevant Notice may only be served within the Relevant Period;

(c) If a final amount of the Increased Costs is not mutually agreed between the Lender and the Borrower within the Increased Costs Negotiation Period, the Borrower shall give the Lender not less than ten Business Days' notice of their intention to prepay the Loan at the end of an Interest Period.

(d) The provisions of Clause 7.6 (*Restrictions*) shall apply to any prepayment made pursuant to this Clause 13.3 (*Payment of increased costs*) and for the avoidance of doubt paragraph (b) of Clause 7.6 (*Restrictions*) in particular shall apply.

#### **13.4 Exceptions**

Clause 13.1 (*Increased costs*) does not apply to the extent any Increased Cost is:

(a) attributable to a Tax Deduction required by law to be made by an Obligor;

(b) attributable to a FATCA Deduction required to be made by a Party;

(c) 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 paragraph (b) of Clause 12.3 (*Tax indemnity*) applied); or

(d) attributable to the wilful breach by the Lender or its Affiliates of any law or regulation.

### **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; 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, on demand, indemnify the Lender to which that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) 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

- (a) Each Obligor shall, within three Business Days of demand indemnify the Lender and any Receiver or Delegate (if applicable) against any cost, loss or liability incurred by it as a result of:
- (i) the occurrence of any Event of Default;
  - (ii) a failure by a Transaction Obligor to pay any amount due under a Finance Document on its due date;
  - (iii) funding, or making arrangements to fund, the 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 the Lender alone);
  - (iv) the Loan (or part of the Loan) not being prepaid in accordance with a notice of prepayment given by the Borrower; or
  - (v) investigating any event which it reasonably believes is a Default; and
  - (vi) acting or relying on any notice, request or instruction provided under or in connection with any of the Finance Documents which it reasonably believes to be genuine, correct and appropriately authorised; or
  - (vii) instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted under the Finance Documents; and
  - (viii) any cost, loss or liability incurred by the Lender (otherwise than by reason of the Lender's gross negligence or wilful misconduct) or, in the case of any cost, loss or liability pursuant to Clause 28.8 (*Disruption to Payment Systems etc.*) notwithstanding the Lender's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Lender in acting as Lender under the Finance Documents.
- (b) Each Obligor shall, within three Business Days of demand, indemnify the Lender, each Affiliate of the Lender and any Receiver or Delegate (if applicable) and each officer or employee of the Lender or its Affiliate or any Receiver or Delegate (as applicable) (each such person for the purposes of this Clause 14.2 (*Other indemnities*) an "**Indemnified Person**"), against any cost, loss or liability incurred by that Indemnified Person pursuant to or in connection with any litigation, arbitration or administrative proceedings or regulatory enquiry, in connection with or arising out of the entry into and the transactions contemplated by the Finance Documents, having the benefit of any Security constituted by the Finance Documents or which relates to the condition or operation of, or any incident occurring in relation to, the Ship unless such cost, loss or liability is caused by the gross negligence or wilful misconduct of that Indemnified Person.
- (c) No Party other than the Lender or the Receiver or Delegate (as applicable) may take any proceedings against any officer, employee or agent of the Lender or the Receiver or Delegate (as applicable) in respect of any claim it might have against the Lender or the Receiver or Delegate or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Transaction Document or any Security Property.

- (d) Without limiting, but subject to any limitations set out in paragraph (b) above, the indemnity in paragraph (b) above shall cover any cost, loss or liability incurred by each Indemnified Person in any jurisdiction:
- (i) arising or asserted under or in connection with any law relating to safety at sea, the ISM Code, any Environmental Law or any Sanctions; or
  - (ii) in connection with any Environmental Claim.

**14.3 Indemnity to the lender**

Each Obligor shall, within three Business Days of demand, indemnify the Lender and every Receiver and Delegate against any cost, loss or liability incurred by any of them:

- (a) in relation to or as a result of:
- (i) any failure by the Borrower to comply with its obligations under Clause 16 (*Costs and Expenses*);
  - (ii) the taking, holding, protection or enforcement of the Finance Documents and the Transaction Security;
  - (iii) the exercise of any of the rights, powers, discretions, authorities and remedies vested in the Lender and each Receiver and Delegate by the Finance Documents or by law;
  - (iv) any default by any Transaction Obligor or any Approved Manager in the performance of any of the obligations expressed to be assumed by it in the Finance Documents;
  - (v) any action by any Transaction Obligor or any Approved Manager which vitiates, reduces the value of, or is otherwise prejudicial to, the Transaction Security; and
  - (vi) instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted under the Finance Documents.
- (b) Acting as Lender, Receiver or Delegate under the Finance Documents or which otherwise relates to any of the Security Property or the performance of the terms of this Agreement or the other Finance Documents (otherwise, in each case, than by reason of the Lender's, Receiver's or Delegate's gross negligence or wilful misconduct).
- (c) Any Affiliate or Receiver or Delegate or any officer or employee of the Lender or of any of its Affiliates or any Receiver or Delegate (as applicable) may rely on this Clause 14.2 (*Other indemnities*) and the provisions of the Third Parties Act subject to Clause 1.5 (*Third party rights*) and the provisions of the Third Parties Act.

**15 MITIGATION BY THE LENDER**

**15.1 Mitigation**

- (a) The Lender 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*), Clause 13 (*Increased Costs*) including (but not limited to) assigning its rights

or transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.

- (b) Paragraph (a) above does not in any way limit the obligations of any Transaction Obligor or Approved Manager under the Finance Documents.

## **15.2 Limitation of liability**

- (a) Each Obligor shall, within three Business Days of demand, indemnify the Lender for all costs and expenses reasonably incurred by the Lender as a result of steps taken by it under Clause 15.1 (*Mitigation*).
- (b) The Lender is not obliged to take any steps under Clause 15.1 (*Mitigation*) if either:
  - (i) a Default has occurred and is continuing; or
  - (ii) in the opinion of the Lender (acting reasonably), to do so might be prejudicial to it.

## **16 COSTS AND EXPENSES**

### **16.1 Transaction expenses**

The Obligors shall, within 15 days of demand, pay the Lender the amount of all costs and expenses (including legal fees but excluding any costs and expenses incurred in connection with Clause 25 (*Changes to the Lender*)) reasonably incurred by it in connection with the negotiation, preparation, printing, execution and perfection of:

- (a) this Agreement and any other documents referred to in this Agreement or in a Security Document; and
- (b) any other Finance Documents executed after the date of this Agreement.

### **16.2 Amendment costs**

If:

- (a) a Transaction Obligor requests an amendment, waiver or consent; or
- (b) an amendment is required pursuant to Clause 28.6 (*Change of currency*) or to address the fact that the Screen Rate is not or is likely not to be available for dollars; or
- (c) a Transaction Obligor requests, and the Lender agrees to, the release of all or any part of the Security Assets from the Transaction Security,

the Obligors shall, within 15 days of demand, reimburse the Lender for the amount of all costs and expenses (including legal fees) reasonably incurred by the Lender in responding to, evaluating, negotiating or complying with that request or requirement, including the payment of a non-refundable fixed fee of \$1,000 per amendment.

### **16.3 Enforcement and preservation costs**

The Obligors shall, on demand, pay to the Lender the amount of all costs and expenses (including legal fees) by the Lender in connection with the enforcement of, or the preservation of any rights under, any Finance Document or the Transaction Security and with any

proceedings instituted by or against the Lender as a consequence of it entering into a Finance Document, taking or holding the Transaction Security, or enforcing those rights.

## SECTION 7

### GUARANTEE

#### 17 GUARANTEE AND INDEMNITY

##### 17.1 Guarantee and indemnity

The Parent Guarantor irrevocably and unconditionally:

- (a) guarantees to the Lender punctual performance by the Borrower of all its obligations under the Finance Documents;
- (b) undertakes with the Lender that whenever the Borrower does not pay any amount when due under or in connection with any Finance Document, the Parent Guarantor shall immediately on demand pay that amount as if it were the principal obligor; and
- (c) agrees with the Lender that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify the Lender immediately on demand by the Lender 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 it under any Finance Document on the date when it would have been due. The amount payable by the Parent Guarantor under this indemnity will not exceed the amount it would have had to pay under this Clause 17 (*Guarantee and Indemnity*) 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 the Borrower 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 Transaction Obligor or any security for those obligations or otherwise) is made by the Lender 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 Guarantor under this Clause 17 (*Guarantee and Indemnity*) 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 Guarantor under this Clause 17 (*Guarantee and Indemnity*) and in respect of any Transaction Security will not be affected or discharged by an act, omission, matter or thing which, but for this Clause 17.4 (*Waiver of defences*), would reduce, release or prejudice any of its obligations under this Clause 17 (*Guarantee and Indemnity*) or in respect of any Transaction Security (without limitation and whether or not known to it or the Lender) including:

- (a) any time, waiver or consent granted to, or composition with, any Transaction Obligor or other person;

- (b) the release of any other Transaction Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect or delay in perfecting, or refusal or neglect to take up or enforce, or delay in taking or enforcing any rights against, or security over assets of, any Transaction 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 Guarantor waives any right it may have of first requiring the Lender (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person (including without limitation to commence any proceedings under any Finance Document or to enforce any Transaction Security) before claiming or commencing proceedings under this Clause 17 (*Guarantee and Indemnity*). 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 Transaction Obligors under or in connection with the Finance Documents have been irrevocably paid in full, the Lender (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 the Lender (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 Guarantor 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 Guarantor or on account of the Parent Guarantor's liability under this Clause 17 (*Guarantee and Indemnity*).

**17.7 Deferral of Parent Guarantor's rights**

All rights which the Parent Guarantor at any time has (whether in respect of this guarantee, a mortgage or any other transaction) against the Borrower, any other Transaction Obligor or their respective assets shall be fully subordinated to the rights of the Lender under the Finance Documents and until the end of the Security Period and unless the Lender otherwise directs,

the Parent Guarantor will not exercise any rights which it may have (whether in respect of any Finance Document to which it is a Party or any other transaction) 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 (*Guarantee and Indemnity*):

- (a) to be indemnified by a Transaction Obligor;
- (b) to claim any contribution from any third party providing security for, or any other guarantor of, any Transaction 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 Lender under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by the Lender;
- (d) to bring legal or other proceedings for an order requiring any Transaction Obligor to make any payment, or perform any obligation, in respect of which the Parent Guarantor has given a guarantee, undertaking or indemnity under Clause 17.1 (*Guarantee and indemnity*);
- (e) to exercise any right of set-off against any Transaction Obligor; and/or
- (f) to claim or prove as a creditor of any Transaction Obligor in competition with the Lender.

If the Parent Guarantor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Lender by the Transaction Obligors under or in connection with the Finance Documents to be repaid in full on trust for the Lender and shall promptly pay or transfer the same to the Lender may direct for application in accordance with Clause 28 (*Payment Mechanics*).

#### **17.8 Additional security**

This guarantee and any other Security given by the Parent Guarantor is in addition to and is not in any way prejudiced by, and shall not prejudice, any other guarantee or Security or any other right of recourse now or subsequently held by the Lender or any right of set-off or netting or right to combine accounts in connection with the Finance Documents.

#### **17.9 Applicability of provisions of Guarantee to other Security**

Clauses 17.2 (*Continuing guarantee*), 17.3 (*Reinstatement*), 17.4 (*Waiver of defences*), 17.5 (*Immediate recourse*), 17.6 (*Appropriations*), 17.7 (*Deferral of Parent Guarantor's rights*) and 17.8 (*Additional security*) shall apply, with any necessary modifications, to any Security which the Parent Guarantor creates (whether at the time at which it signs this Agreement or at any later time) to secure the Secured Liabilities or any part of them.

## SECTION 8

### REPRESENTATIONS, UNDERTAKINGS AND EVENTS OF DEFAULT

#### 18 REPRESENTATIONS

##### 18.1 General

Each Obligor makes the representations and warranties set out in this Clause 18 (*Representations*) to the Lender on the date of this Agreement.

##### 18.2 Status

- (a) It is, in the case of the Borrower, a limited liability company duly formed or, in the case of the Parent Guarantor, a corporation duly incorporated, and validly existing and in good standing under the law of its Original Jurisdiction.
- (b) It has the power to own its assets and carry on its business as it is being conducted.

##### 18.3 Share capital, membership interests and ownership

- (a) The aggregate number of limited liability company interests that the Borrower is authorised to issue is 500 LLC Shares (as such term is defined in the Amended and Restated Limited Liability Company Agreement dated October 14, 2020 of the Borrower) all of which (being 100 per cent. of its limited liability company interests) have been issued to the Member.
- (b) In the case of the Parent Guarantor the aggregate number of common stock shares that it is authorised to issue is 249,000,000 common stock shares, each with a par value \$0.01, consisting of:
  - (i) 214,000,000 Class A common stock shares, with a par value of \$0.01 per share, of which 36,283,468 shares are issued and outstanding;
  - (ii) 20,000,000 Class B common stock shares, with a par value of \$0.01 per share, none of which are issued and outstanding; and
  - (iii) 15,000,000 Class C common stock shares, with a par value of \$0.01 per share, none of which are issued and outstanding.
- (c) The aggregate number of shares that the Member is authorised to issue is 1,000 registered and/or bearer shares with a par value of one United States cent (\$0.01) per share, all of which (being 100 per cent. of its shares) have been issued to GSL Holdings Inc., of the Marshall Islands being a wholly owned subsidiary of the Parent Guarantor.
- (d) The legal title to and beneficial interest in the limited liability company interests in the Borrower is held by the Member free of any Security (other than Permitted Security) or any other claim.
- (e) None of the limited liability company interests in the Borrower is subject to any option to purchase, pre-emption rights or similar rights.

**18.4 Binding obligations**

The obligations expressed to be assumed by it in each Transaction Document and each Charter to which it is a party are legal, valid, binding and enforceable obligations.

**18.5 Validity, effectiveness and ranking of Security**

- (a) Each Finance Document to which it and an Approved Manager is a party does now or, as the case may be, will upon execution and delivery create the Security it purports to create over any assets to which such Security, by its terms, relates, and such Security will, when created or intended to be created, be valid and effective.
- (b) No third party has or will have any Security (except for Permitted Security) over any assets that are the subject of any Transaction Security granted by it.
- (c) The Transaction Security granted by it to the Lender has or will when created or intended to be created have first ranking priority or such other priority it is expressed to have in the Finance Documents and is not subject to any prior ranking or *pari passu* ranking security.
- (d) No concurrence, consent or authorisation of any person is required for the creation of or otherwise in connection with any Transaction Security.

**18.6 Non-conflict with other obligations**

The entry into and performance by it of, and the transactions contemplated by, each Transaction Document and each Charter to which it is a party do not and will not conflict with:

- (a) any law or regulation applicable to it;
- (b) its constitutional documents; or
- (c) any agreement or instrument binding upon it or any other Transaction Obligor or an Approved Manager or any of its assets of any other Transaction Obligor's or an Approved Manager's assets or constitute a default or termination event (however described) under any such agreement or instrument.

**18.7 Power and authority**

- (a) It has the power to enter into, perform and deliver, and has taken all necessary action to authorise:
  - (i) its entry into, performance and delivery of, each Transaction Document and each Charter to which it is or will be a party and the transactions contemplated by those Transaction Documents, or, as the case may be, that Charter; and
  - (ii) in the case of the Borrower, its registration of the Ship under the Approved Flag.
- (b) No limit on its powers will be exceeded as a result of the borrowing, granting of security or giving of guarantees or indemnities contemplated by the Transaction Documents and the Charter (or any of them) to which it is a party.

**18.8 Validity and admissibility in evidence**

All Authorisations required or desirable:

- (a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party; and
  - (b) to make the Transaction Documents to which it is a party admissible in evidence in its Relevant Jurisdictions,
- have been obtained or effected and are in full force and effect.

**18.9 Governing law and enforcement**

- (a) The choice of governing law of each Transaction Document to which it is a party will be recognised and enforced in its Relevant Jurisdictions.
- (b) Any judgment obtained in relation to a Transaction Document to which it is a party in the jurisdiction of the governing law of that Transaction Document will be recognised and enforced in its Relevant Jurisdictions.

**18.10 Insolvency**

No:

- (a) corporate action, legal proceeding or other procedure or step described in paragraph (a) of Clause 24.8 (*Insolvency proceedings*); or
- (b) creditors' process described in Clause 24.9 (*Creditors' process*),

has been taken or, to its knowledge, threatened in relation to any other Transaction Obligor or, to the best of its knowledge, any Approved Manager; and none of the circumstances described in Clause 24.7 (*Insolvency*) applies to any other Transaction Obligor or, to the best of its knowledge, any Approved Manager.

**18.11 No filing or stamp taxes**

Under the laws of its Relevant Jurisdictions it is not necessary that the Finance Documents to which it is a party be registered, filed, recorded, notarised 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 the Finance Documents to which it is a party or the transactions contemplated by those Finance Documents.

**18.12 Deduction of Tax**

It is not required to make any Tax Deduction from any payment it may make under any Finance Document to which it is a party.

**18.13 No default**

- (a) No Event of Default and, on the date of this Agreement and on the Utilisation Date, no Default is continuing or might reasonably be expected to result from the making of the Utilisation or the entry into, the performance of, or any transaction contemplated by, any Transaction Document.
- (b) No other event or circumstance is outstanding which constitutes a default or a termination event (however described) under any other agreement or instrument which is binding on it

(or, in the case of the Parent Guarantor, on any of its Subsidiaries) or to which (or, in the case of the Parent Guarantor, any of its Subsidiaries) assets are subject which might have a Material Adverse Effect.

**18.14 No misleading information**

- (a) Any factual information provided by any Transaction Obligor or an Approved Manager for the purposes of this Agreement was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.
- (b) The financial projections contained in any such information have been prepared on the basis of recent historical information and on the basis of reasonable assumptions.
- (c) Nothing has occurred or been omitted from any such information and no information has been given or withheld that results in any such information being untrue or misleading in any material respect.

**18.15 Financial Statements**

- (a) In the case of the Parent Guarantor:
  - (i) Its Original Financial Statements were prepared in accordance with GAAP or IFRS (at the Parent Guarantor's option) consistently applied unless expressly disclosed to the Lender in writing to the contrary before the date of this Agreement.
  - (ii) Its Original Financial Statements fairly present its financial conditions as at the end of the relevant financial year and its results of operations during the relevant financial year (consolidated in the case of the Parent Guarantor).
- (b) In the case of each Obligor:
  - (i) There has been no material adverse change in assets, business or financial condition since 31 December 2020.
  - (ii) Its most recent financial statements delivered pursuant to Clause 19.2 (*Financial statements*):
    - (A) have been prepared, in the case of the Parent Guarantor, in accordance with Clause 19.3 (*Requirements as to financial statements*); and
    - (B) fairly present its financial condition as at the end of the relevant financial year and operations during the relevant financial year (consolidated in the case of the Parent Guarantor).
- (c) Since the date of the most recent financial statements delivered pursuant to Clause 19.2 (*Financial statements*) there has been no material adverse change in its or any Transaction Obligor's business, assets or financial condition.

**18.16 *Pari passu* ranking**

Its payment obligations under the Finance Documents to which it is a party rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

**18.17 No proceedings pending or threatened**

- (a) No litigation, arbitration or administrative proceedings or investigations (including proceedings or investigations relating to any alleged or actual breach of the ISM Code or of the ISPS Code) of or before any court, arbitral body or agency have which, if adversely determined, might reasonably be expected to have a Material Adverse Effect (to the best of its knowledge and belief (having made due and careful enquiry)) been started or threatened against it or any other Transaction Obligor.
- (b) No judgment or order of a court, arbitral tribunal or other tribunal or any order or sanction of any governmental or other regulatory body which might reasonably be expected to have a Material Adverse Effect has (to the best of its knowledge and belief (having made due and careful enquiry)) been made against it or any other Transaction Obligor.

**18.18 Valuations**

- (a) All information supplied by it or on its behalf to an Approved Valuer for the purposes of a valuation delivered to the Lender in accordance with this Agreement was true and accurate as at the date it was supplied or (if appropriate) as at the date (if any) at which it is stated to be given.
- (b) It has not omitted to supply any information to an Approved Valuer which, if disclosed, would adversely affect any valuation prepared by such Approved Valuer.
- (c) There has been no change to the factual information provided pursuant to paragraph (a) above in relation to any valuation between the date such information was provided and the date of that valuation which, in either case, renders that information untrue or misleading in any material respect.

**18.19 No breach of laws**

It has not and, to the best of its knowledge and belief, no other member of the Group has breached any law or regulation applicable to it which breach has a Material Adverse Effect.

**18.20 No Charter**

The Ship is not subject to any Charter other than a Permitted Charter.

**18.21 Compliance with Environmental Laws**

In respect of the ownership, operation and management of the Ship all Environmental Laws and the terms of all Environmental Approvals have been complied with and, in respect of the business of each other Transaction Obligor (as now conducted and as reasonably anticipated to be conducted in the future), no Obligor has any knowledge or belief that any Environmental Law or Environmental Approval has not been complied with.

**18.22 No Environmental Claim**

No Environmental Claim has been made or threatened against any other Transaction Obligor or the Ship.

**18.23 No Environmental Incident**

No Environmental Incident has occurred and no person has claimed that an Environmental Incident has occurred.

**18.24 ISM and ISPS Code compliance**

All requirements of the ISM Code and the ISPS Code as they relate to the Borrower, the Approved Technical Manager and the Ship have been complied with.

**18.25 Taxes paid**

- (a) It is not materially overdue in the filing of any Tax returns and it is not overdue in the payment of any amount in respect of Tax and it has no knowledge that any other Transaction Obligor is materially overdue in the filing of any Tax returns or overdue in the payment of any amount in respect of Tax unless and only to the extent that (i) such payment is being contested in good faith and (ii) adequate reserves are being maintained for those Taxes and the costs required to contest them.
- (b) No claims or investigations are being made, or are reasonably likely to be, or conducted against it with respect to Taxes and it has no knowledge that claims or investigations in respect of Taxes are being made or conducted against any other Transaction Obligor.

**18.26 Financial Indebtedness**

The Borrower does not have any Financial Indebtedness outstanding other:

- (a) Permitted Financial Indebtedness; or
- (b) any guarantee or indemnity issued in the ordinary course of its business of operating, trading and chartering the Ship owned by it.

**18.27 Overseas companies**

No other Transaction Obligor nor any Approved Manager has delivered particulars, whether in its name stated in the Finance Documents or any other name, of any UK Establishment to the Registrar of Companies as required under the Overseas Regulations or, if it has so registered, it has provided to the Lender sufficient details to enable an accurate search against it to be undertaken by the Lender at the Companies Registry.

**18.28 Good title to assets**

It and each other Transaction Obligor and each Approved Manager have good, valid and marketable title to, or valid leases or licences of, and all appropriate Authorisations to use, the assets necessary to carry on its business as presently conducted.

**18.29 Ownership**

- (a) On the Utilisation Date, the Borrower will be the sole legal and beneficial owner of the Ship, its Earnings and its Insurances.
- (b) With effect on and from the date of its creation or intended creation, each Transaction Obligor and each Approved Manager will be the sole legal and beneficial owner of any asset that is the

subject of any Transaction Security created or intended to be created by such Transaction Obligor or such Approved Manager.

- (c) The constitutional documents of each Transaction Obligor do not and could not restrict or inhibit any transfer of the limited liability company interests of the Borrower on creation or enforcement of the security conferred by the Security Documents.

**18.30 Centre of main interests and establishments**

For the purposes of The Council of the European Union Regulation No. 2015/848 on Insolvency Proceedings (recast)(the “**Regulation**”), its centre of main interest (as that term is used in Article 3(1) of the Regulation) is situated in Greece and it has no “establishment” (as that term is used in Article 2(10) of the Regulation) in any other jurisdiction.

**18.31 Place of business**

No Transaction Obligor has a place of business in any country other than Greece.

**18.32 No employee or pension arrangements**

No Transaction Obligor has any employees or any liabilities under any pension scheme.

**18.33 Sanctions**

- (a) No Transaction Obligor or Approved Manager:

- (i) is a Prohibited Person;
- (ii) is owned or controlled by or acting directly or indirectly on behalf of or for the benefit of, a Prohibited Person;
- (iii) owns or controls a Prohibited Person; or
- (iv) has a Prohibited Person serving as a director, officer or, to the best of its knowledge, employee.

- (b) No proceeds of the Loan shall be made available, directly or indirectly, to or for the benefit of a Prohibited Person nor shall they be otherwise directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions.

**18.34 US Tax Obligor**

No Transaction Obligor is a US Tax Obligor.

**18.35 Anti-corruption law**

Each Obligor and each Affiliate of any of them has conducted its respective business in compliance with applicable anti-corruption laws and has instituted and maintained procedures designed to promote and achieve compliance with such laws, and to the best knowledge and belief of each Obligor, each member of the Group and each Affiliate of any of them has conducted its respective business in compliance with applicable anti-corruption laws and has instituted and maintained procedures designed to promote and achieve compliance with such laws.

**18.36 Completeness of documents**

The copies of any Transaction Documents and any Charter and any other relevant documents provided or to be provided by the Borrower to the Lender in accordance with Clause 4 (*Conditions of Utilisation*) are, or will be, true and accurate copies of the originals and represent, or will represent, the full agreement between the parties to those documents and there are no commission, rebates, premiums or other payments due or to become due in connection with the subject matter of those documents other than as disclosed to, and approved in writing by, the Lender.

**18.37 Money Laundering**

Any borrowing by the Borrower under this Agreement, and the performance of its obligations under the Finance Documents, will be for its own account and will not involve any breach by it of any law or regulatory measure relating to “money laundering” as defined in Article 1 of the Directive 2015/849/EC of the European Parliament and of the Council of the European Communities.

**18.38 Repetition**

The Repeating Representations are deemed to be made by each Obligor by reference to the facts and circumstances then existing on the date of the Utilisation Request and the first day of each Interest Period.

**19 INFORMATION UNDERTAKINGS**

**19.1 General**

The undertakings in this Clause 19 (*Information Undertakings*) remain in force throughout the Security Period unless the Lender, may otherwise permit.

**19.2 Financial statements**

(a) The Parent Guarantor shall supply to the Lender:

- (i) as soon as they become available, but in any event within 180 days after the end of each of the Parent Guarantor’s financial years, its consolidated audited annual financial statements for that financial year as presented in the Parent Guarantor’s 20-F filing; and
- (ii) as soon as the same become available, but in any event within 90 days after the end of each six-month period of each of its respective financial years, its consolidated semiannual unaudited financial statements for that financial half-year as presented in the Parent Guarantor’s 6K filing.

(b) The Borrower shall supply to the Lender management accounts in a format approved by the Lender which show the results of the operation of the Ship during the preceding financial half year.

### **19.3 Requirements as to financial statements**

- (a) Each set of financial statements delivered by the Parent Guarantor pursuant to Clause 19.2 (*Financial statements*) shall fairly represent its financial condition and operations as at the date at which those financial statements were drawn up.
- (b) The Obligors shall procure that each set of financial statements of the Parent Guarantor delivered pursuant to Clause 19.2 (*Financial statements*) is prepared using GAAP.

### **19.4 Information: miscellaneous**

Each Obligor shall and shall procure that each other Transaction Obligor (and in the case of paragraphs (b), (c), (d), sub-paragraph (i), (ii) and (iii) of paragraph (e) and (f) below, any Approved Manager and in the case of paragraphs (b) and (c) and sub-paragraph (iv) of paragraph (e) below, the Parent Guarantor) shall supply to the Lender:

- (a) as soon as practically possible after the Lender's request, all material documents dispatched by it to its shareholders (or any class of them) in their capacity as shareholders or its creditors which are not considered of a confidential nature;
- (b) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings or investigations (including proceedings or investigations relating to any alleged or actual breach of the ISM Code or of the ISPS Code) which are current, threatened or pending against any other Transaction Obligor, and which might, if adversely determined, have a Material Adverse Effect;
- (c) promptly upon becoming aware of them, the details of any judgment or order of a court, arbitral body or agency which is made against any member of the Group and which might have a Material Adverse Effect;
- (d) promptly, its constitutional documents where these have been amended or varied;
- (e) promptly, such further information and/or documents regarding:
  - (i) the Ship, goods transported on the Ship, the Earnings and the Insurances;
  - (ii) the Security Assets which are subject of the Transaction Security created under the Security Documents to which it is a party;
  - (iii) compliance of the Transaction Obligors and the Approved Managers with the terms of the Finance Documents;
  - (iv) the financial condition, business and operations of any other Transaction Obligor, as the Lender may reasonably request; and
- (f) promptly, such further information and/or documents as the Lender may reasonably request so as to enable the Lender to comply with any laws applicable to it or as may be required by any regulatory authority.

## 19.5 Notification of Default

- (a) Each Obligor shall, and shall procure that each other Transaction Obligor shall, notify the Lender of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence (unless that Obligor is aware that a notification has already been provided by another Obligor).
- (b) Promptly upon a request by the Lender, the Borrower shall supply to the Lender a certificate signed by its senior officer on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

## 19.6 “Know your customer” checks

If:

- (a) 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;
- (b) any change in the status of a Transaction Obligor (including, without limitation, a change of ownership of a Transaction Obligor) after the date of this Agreement; or
- (c) a proposed assignment or transfer by the Lender of any of its rights under this Agreement,

obliges the Lender (or, in the case of paragraph (c) above, any prospective assignee) 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 Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Lender (for itself or, in the case of the event described in paragraph (c) above, on behalf of any prospective new Lender in order for the Lender or, in the case of the event described in paragraph (c) above, on behalf of any prospective assignee) in order for the Lender or, in the case of the event described in paragraph (c) above, any prospective assignee to carry out and be satisfied it has complied with 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 GENERAL UNDERTAKINGS

### 20.1 General

The undertakings in this Clause 20 (*General Undertakings*) remain in force throughout the Security Period except as the Lender may otherwise permit (and in respect of Clauses 20.16 (*Financial Indebtedness*) and paragraph (b) of Clause 20.20 (*Other transactions*) such permission not to be unreasonably withheld or delayed).

### 20.2 Authorisations

Each Obligor shall, and shall procure that each other Transaction Obligor and each Approved Manager will (where applicable) 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 Lender of,

any Authorisation required under any law or regulation of a Relevant Jurisdiction or the state of the Approved Flag at any time of the Ship to enable it to:

- (i) perform its obligations under the Transaction Documents to which it is a party;
- (ii) ensure the legality, validity, enforceability or admissibility in evidence in any Relevant Jurisdiction and in the state of the Approved Flag at any time of the Ship of any Transaction Document to which it is a party; and
- (iii) own and operate the Ship (in the case of the Borrower).

### **20.3 Compliance with laws**

Each Obligor shall, and shall procure that each other Transaction Obligor and each Approved Manager will, comply in all respects with all laws and regulations to which it may be subject, if failure so to comply has or is reasonably likely to have a Material Adverse Effect.

### **20.4 Environmental compliance**

Each Obligor shall, and shall (i) ensure that each other Transaction Obligor and (ii) use its best efforts and have appropriate controls in place to procure each Approved Manager, will:

- (a) comply with all Environmental Laws;
- (b) obtain, maintain and ensure compliance with all requisite Environmental Approvals;
- (c) implement procedures to monitor compliance with and to prevent liability under any Environmental Law,

where failure to do so has or is reasonably likely to have a Material Adverse Effect.

### **20.5 Environmental Claims**

Each Obligor shall, and shall procure that each other Transaction Obligor and each Approved Manager will use its best efforts to, promptly upon becoming aware of the same, inform the Lender in writing of:

- (a) any Environmental Claim against any Transaction Obligor or any Approved Manager which is current, pending or threatened; and
- (b) any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against any Transaction Obligor or any Approved Manager,

where the claim, if determined against that Transaction Obligor or any Approved Manager, has a Material Adverse Effect.

### **20.6 Anti-corruption law**

- (a) Each Obligor shall not directly or indirectly use the proceeds of the Loan 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.

- (b) Each Obligor shall:

- (i) conduct its businesses in compliance with applicable anti-corruption laws; and
- (ii) maintain procedures designed to promote and achieve compliance with such laws.

**20.7 Taxation**

- (a) Each Obligor shall, and shall procure that each other Transaction Obligor will, pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that:
- (i) such payment is being contested in good faith;
  - (ii) adequate reserves are maintained for those Taxes and the costs required to contest them and, in relation to the Parent Guarantor, both have been disclosed in its latest financial statements delivered to the Lender under Clause 19.2 (*Financial statements*) to the extent that such disclosure is required by NYSE/SEC rules or requirements; and
  - (iii) such payment can be lawfully withheld and failure to pay those Taxes does not have a Material Adverse Effect.
- (b) No Obligor shall, and the Parent Guarantor shall procure that no other Transaction Obligor will, change its residence for Tax purposes.

**20.8 Overseas companies**

Each Obligor shall, and shall procure that each other Transaction Obligor and each Approved Manager will, promptly inform the Lender if it delivers to the Registrar particulars required under the Overseas Regulations of any UK Establishment and it shall comply with any directions given to it by the Lender regarding the recording of any Transaction Security on the register which it is required to maintain under The Overseas Companies (Execution of Documents and Registration of Charges) Regulations 2009.

**20.9 No change to centre of main interests**

No Obligor shall change the location of its centre of main interest (as that term is used in Article 3(1) of the Regulation) from that stated in relation to it in Clause 18.30 (*Centre of main interests and establishments*) and it will create no “establishment” (as that term is used in Article 2(10) of the Regulation) in any other jurisdiction.

**20.10 *Pari passu* ranking**

Each Obligor shall, and shall procure that each other Transaction Obligor will, ensure that at all times any unsecured and unsubordinated claims of the Lender against it under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies.

**20.11 Title**

- (a) The Borrower shall hold legal title to, and own the entire beneficial interest in the Ship, its Earnings and its Insurances (except where a third party may be named as co-assured).

- (b) With effect on and from its creation or intended creation, any other assets which are the subject of any Transaction Security created or intended to be created by the Borrower.
- (c) The Parent Guarantor shall hold the legal title to, and own the entire beneficial interest in with effect on and from its creation or intended creation, any assets which are the subject of any Transaction Security created or intended to be created by the Parent Guarantor.
- (d) The Borrower shall remain a wholly owned Subsidiary of the Parent Guarantor at all times.

**20.12 Negative pledge**

- (a) Neither the Borrower or the Member shall create or permit to subsist any Security over any of its assets which are the subject of the Security created or intended to be created by the Finance Documents.
- (b) The Borrower shall not:
  - (i) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by a Transaction Obligor or any other member of the Group;
  - (ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms;
  - (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) Paragraphs (a) and (b) above do not apply to any Permitted Security.

**20.13 Disposals**

- (a) The Borrower shall not enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset (including without limitation the Ship, its Earnings or its Insurances) except for a sale of the Ship with respect to which a mandatory prepayment pursuant to the provisions of Clauses 7.5 (*Mandatory prepayment on sale or Total Loss*) and 7.6 (*Restrictions*) is made and provided any other terms of this Agreement are complied with.
- (b) Paragraph (a) above does not apply to any Charter as all Charters are subject to Clause 22.16 (*Restrictions on chartering, appointment of managers etc.*).

**20.14 Merger**

No Obligor shall enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction **Provided that** in the case of the Parent Guarantor such amalgamation, demerger, merger, consolidation or corporate reconstruction is permitted without restrictions so long as (i) the Parent Guarantor remains the surviving entity of any such process, (ii) no Default has occurred at the relevant time or would be triggered as a result of such process and

(iii) the process of any such further amalgamation, demerger, merger, consolidation or corporate reconstruction does not have a Material Adverse Effect.

**20.15 Change of business**

- (a) The Parent Guarantor shall procure that no substantial change is made to the general nature of the business of the Parent Guarantor from that carried on at the date of this Agreement.
- (b) The Borrower shall not engage in any business other than the ownership and operation of the Ship.

**20.16 Financial Indebtedness**

The Borrower shall not incur or permit to be outstanding any Financial Indebtedness of the Borrower except:

- (a) Permitted Financial Indebtedness; or
- (b) any guarantee or indemnity issued in the ordinary course of its business of operating, trading and chartering its Ship.

**20.17 Expenditure**

The Borrower shall not incur any expenditure, except for expenditure or trade debt reasonably incurred in the ordinary course of owning, operating, chartering, maintaining and repairing the Ship.

**20.18 Share capital**

The Borrower shall not:

- (a) purchase, cancel or redeem any of its limited liability company interests;
- (b) increase or reduce its authorised limited liability company interests;
- (c) issue any further limited liability company interests except to the Member or the Parent Guarantor and provided such limited liability company interests are made subject to the terms of the LLC Interests Security immediately upon the issue of such limited liability company interests in a manner satisfactory to the Lender and the terms of the LLC Interests Security are complied with;
- (d) appoint any further officer of the Borrower (unless the provisions of the LLC Interests Security are complied with).

**20.19 Dividends**

The Borrower shall be entitled to make or pay any dividend or other distribution having similar effect (in cash or in kind) in respect of its limited liability company interests **Provided** that neither an Event of Default has occurred which is continuing nor the making or payment of such dividend or distribution would result in the occurrence of an Event of Default.

**20.20 Other transactions**

The Borrower shall not:

- (a) be the creditor in respect of any loan or any form of credit to any person other than another Transaction Obligor and where such loan or form of credit is Permitted Financial Indebtedness;
- (b) give or allow to be outstanding any guarantee or indemnity to or for the benefit of any person in respect of any obligation of any other person or enter into any document under which the Borrower assumes any liability of any other person other than any guarantee or indemnity given under the Finance Documents or any guarantee or indemnity issued in the ordinary course of its business of operating, trading and chartering the Ship owned by it;
- (c) enter into any material agreement other than:
  - (i) the Transaction Documents, the Management Agreements and the Permitted Charters;
  - (ii) any other agreement expressly allowed under any other term of this Agreement or in the ordinary course of the Borrower's business of operating, trading and chartering the Ship owned by it; and
- (d) enter into any transaction on terms which are, in any respect, less favourable to the Borrower than those which it could obtain in a bargain made at arms' length; or
- (e) acquire any equity interests or other securities other than US or UK Treasury bills and certificates of deposit issued by major North American or European banks.

**20.21 No substantial liabilities**

Without prejudice to the Borrower's other obligations under this Clause 20 (*General Undertakings*), except for any Permitted Financial Indebtedness and as otherwise provided by this Agreement, the Borrower shall not incur any liability to any third party which is in the Lender's opinion of a substantial nature.

**20.22 Unlawfulness, invalidity and ranking; Security imperilled**

No Obligor shall, (and the Parent Guarantor shall procure that no other member of the Group or any Approved Manager will) do (or fail to do) or cause or permit another person to do (or omit to do) anything which is likely to:

- (a) make it unlawful for a Transaction Obligor to perform any of its obligations under the Transaction Documents or, in the case of an Approved Manager, any of its obligations under the Transaction Documents to which it is party;
- (b) cause any obligation of a Transaction Obligor under the Transaction Documents, or in the case of an Approved Manager, under the Transaction Documents to which it is party to cease to be legal, valid, binding or enforceable;
- (c) cause any Transaction Document to cease to be in full force and effect;
- (d) cause any Transaction Security to rank after, or lose its priority to, any other Security; and
- (e) imperil or jeopardise the Transaction Security.

**20.23****Further assurance**

- (a) Each Obligor shall, and shall procure that each other Transaction Obligor and each Approved Manager will, promptly, and in any event within the time period specified by the Lender do all such acts (including procuring or arranging any registration, notarisation or authentication or the giving of any notice) or execute or procure execution of all such documents (including assignments, transfers, mortgages, charges, notices, instructions, acknowledgments, proxies and powers of attorney), as the Lender may specify (and in such form as the Lender may require in favour of the Lender or its nominee(s)):
- (i) to create, perfect, vest in favour of the Lender or protect the priority of the Security or any right of any kind created or intended to be created under or evidenced by the Finance Documents to which such Transaction Obligor or such Approved Manager is a party (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 Transaction Security) or for the exercise of any rights, powers and remedies of any of the Lender or any Receiver or Delegate (as applicable) provided by or pursuant to the Finance Documents or by law;
  - (ii) to confer on the Lender Security over any property and assets of that Transaction Obligor located in any jurisdiction equivalent or similar to the Security intended to be conferred by or pursuant to the Finance Documents;
  - (iii) to facilitate or expedite the realisation and/or sale of, the transfer of title to or the grant of, any interest in or right relating to the assets which are, or are intended to be, the subject of the Transaction Security or to exercise any power specified in any Finance Document in respect of which the Security has become enforceable; and/or
  - (iv) to enable or assist the Lender to enter into any transaction to commence, defend or conduct any proceedings and/or to take any other action relating to any item of the Security Property.
- (b) Each Obligor shall, and shall procure that each other Transaction Obligor and each Approved Manager will, 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 conferred or intended to be conferred on the Lender by or pursuant to the Finance Documents.
- (c) At the same time as an Obligor delivers to the Lender any document executed by itself or another Transaction Obligor or any Approved Manager pursuant to this Clause 20.23 (*Further assurance*), that Obligor shall deliver, or shall procure that such other Transaction Obligor or such Approved Manager will deliver, to the Lender a certificate signed by one of that Obligor's or Transaction Obligor's or Approved Manager's directors or officers or member, as applicable, which shall:
- (i) set out the text of a resolution of that Obligor's or Transaction Obligor's or Approved Manager's directors or member, as applicable, specifically authorising the execution of the document specified by the Lender; and
  - (ii) state that either the resolution was duly passed at a meeting of the directors or member, as applicable, validly convened and held, throughout which a quorum of directors or members entitled to vote on the resolution was present, or that the resolution has been signed by all the directors or members and is valid under that

Obligor's or Transaction Obligor's or Approved Manager's articles of incorporation, limited liability company agreement or other constitutional documents.

**20.24 Change of listing**

The shares of the Parent Guarantor shall continue to be listed on an exchange registered with the New York Stock Exchange.

**21 INSURANCE UNDERTAKINGS**

**21.1 General**

The undertakings in this Clause 21 (*Insurance Undertakings*) remain in force on and from the date of this Agreement and throughout the rest of the Security Period except as the Lender may otherwise permit.

**21.2 Maintenance of obligatory insurances**

The Borrower shall keep the Ship insured at its expense against:

- (a) fire and usual marine risks (including hull and machinery and excess risks);
- (b) war risks (including, without limitation, protection and indemnity war risks, piracy and terrorism);
- (c) protection and indemnity risks (including, without limitation, freight demurrage and defence cover); and
- (d) any other risks, excluding loss of hire unless it is obtained and maintained by Borrower at any relevant time, against which the Lender considers, having regard to practices and other circumstances prevailing at the relevant time, it would be reasonable for the Borrower to insure and which are specified by the Lender by notice to the Borrower.

**21.3 Terms of obligatory insurances**

The Borrower shall effect such insurances:

- (a) in dollars;
- (b) in the case of fire and usual marine risks and war risks, in an amount on an agreed value basis at least the greater of:
  - (i) an amount which equals at least 120 per cent. of the Loan; and
  - (ii) the Market Value of the Ship;
- (c) in the case of oil pollution liability risks, for an aggregate amount equal to the highest level of cover from time to time available under basic protection and indemnity club as per International Group of Protection & Indemnity;
- (d) in the case of protection and indemnity risks, in respect of the full tonnage of the Ship;
- (e) on approved terms; and

- (f) through Approved Brokers and with approved insurance companies and/or underwriters or, in the case of war risks and protection and indemnity risks, in approved war risks and protection and indemnity risks associations.

#### **21.4 Further protections for the Lender**

In addition to the terms set out in Clause 21.3 (*Terms of obligatory insurances*), the Borrower shall procure that the obligatory insurances effected by it shall:

- (a) subject always to paragraph (b), name the Borrower as the sole named insured unless the interest of every other named insured is limited:
- (i) in respect of any obligatory insurances for hull and machinery and war risks;
    - (A) to any provable out-of-pocket expenses that it has incurred and which form part of any recoverable claim on underwriters; and
    - (B) to any third party liability claims where cover for such claims is provided by the policy (and then only in respect of discharge of any claims made against it); and
  - (ii) in respect of any obligatory insurances for protection and indemnity risks, to any recoveries it is entitled to make by way of reimbursement following discharge of any third party liability claims made specifically against it;

and every other named insured has undertaken in writing to the Lender (in such form as it requires) that any deductible shall be apportioned between the Borrower and every other named insured in proportion to the gross claims made or paid by each of them and that it shall do all things necessary and provide all documents, evidence and information to enable the Lender to collect or recover any moneys which at any time become payable in respect of the obligatory insurances;

- (b) whenever the Lender requires, name (or be amended to name) the Lender as additional named insured for its rights and interests, warranted no operational interest and with full waiver of rights of subrogation against the Lender, but without the Lender being liable to pay (but having the right to pay) premiums, calls or other assessments in respect of such insurance;
- (c) name the Lender as loss payee with such directions for payment as the Lender may specify;
- (d) provide that all payments by or on behalf of the insurers under the obligatory insurances to the Lender shall be made without set off, counterclaim or deductions or condition whatsoever;
- (e) provide that the obligatory insurances shall be primary without right of contribution from other insurances which may be carried by the Lender; and
- (f) provide that the Lender may make proof of loss if the Borrower fails to do so.

#### **21.5 Renewal of obligatory insurances**

The Borrower shall:

- (a) at least 7 days before the expiry of any obligatory insurance:

- (i) notify the Lender of the Approved Brokers (or other insurers) and any protection and indemnity or war risks association through or with which the Borrower proposes to renew that obligatory insurance and of the proposed terms of renewal; and
  - (ii) obtain the Lender's approval to the matters referred to in sub-paragraph (i) above;
- (b) at least seven days before the expiry of any obligatory insurance, renew that obligatory insurance in accordance with the Lender's approval pursuant to paragraph (a) above; and
- (c) procure that the Approved Brokers and/or the approved war risks and protection and indemnity associations with which such a renewal is effected shall promptly after the renewal notify the Lender in writing of the terms and conditions of the renewal.

#### **21.6 Copies of policies; letters of undertaking**

The Borrower shall ensure that the Approved Brokers provide the Lender with:

- (a) *pro forma* copies of all policies relating to the obligatory insurances which they are to effect or renew; and
- (b) a letter or letters or undertaking in a form required by the Lender and including undertakings by the Approved Brokers that:
  - (i) they will have endorsed on each policy, immediately upon issue, a loss payable clause and a notice of assignment complying with the provisions of Clause 21.4 (*Further protections for the Lender*);
  - (ii) they will hold such policies, and the benefit of such insurances, to the order of the Lender in accordance with such loss payable clause;
  - (iii) they will advise the Lender immediately of any material change to the terms of the obligatory insurances;
  - (iv) they will, if they have not received notice of renewal instructions from the Borrower or its agents, notify the Lender not less than 14 days before the expiry of the obligatory insurances;
  - (v) if they receive instructions to renew the obligatory insurances, they will promptly notify the Lender of the terms of the instructions;
  - (vi) they will not set off against any sum recoverable in respect of a claim relating to the Ship under such obligatory insurances any premiums or other amounts due to them or any other person whether in respect of the Ship or otherwise, they waive any lien on the policies, or any sums received under them, which they might have in respect of such premiums or other amounts and they will not cancel such obligatory insurances by reason of non-payment of such premiums or other amounts; and
  - (vii) they will arrange for a separate policy to be issued in respect of the Ship forthwith upon being so requested by the Lender.

**21.7 Copies of certificates of entry**

The Borrower shall ensure that any protection and indemnity and/or war risks associations in which the Ship is entered provide the Lender with:

- (a) a certified copy of the certificate of entry for the Ship;
- (b) a letter or letters of undertaking in such form as may be required by the Lender; and
- (c) a certified copy of each certificate of financial responsibility for pollution by oil or other Environmentally Sensitive Material issued by the relevant certifying authority in relation to the Ship.

**21.8 Deposit of original policies**

The Borrower shall ensure that all policies relating to obligatory insurances effected by it are deposited with the Approved Brokers through which the insurances are effected or renewed.

**21.9 Payment of premiums**

The Borrower shall punctually pay all premiums or other sums payable in respect of the obligatory insurances effected by it and produce all relevant receipts when so required by the Lender.

**21.10 Guarantees**

The Borrower shall ensure that any guarantees required by a protection and indemnity or war risks association are issued as soon as practicable and remain in full force and effect.

**21.11 Compliance with terms of insurances**

- (a) The Borrower shall not do nor omit to do (nor permit to be done or not to be done) any act or thing which would or might render any obligatory insurance invalid, void, voidable or unenforceable or render any sum payable under an obligatory insurance repayable in whole or in part.
- (b) Without limiting paragraph (a) above, the Borrower shall:
  - (i) take all necessary action and comply with all requirements which may from time to time be applicable to the obligatory insurances, and (without limiting the obligation contained in sub-paragraph (iii) of paragraph (b) of Clause 21.6 (*Copies of policies; letters of undertaking*)) ensure that the obligatory insurances are not made subject to any exclusions or qualifications to which the Lender has not given its prior approval;
  - (ii) not make any changes relating to the classification or classification society or manager or operator of the Ship approved by the underwriters of the obligatory insurances;
  - (iii) make (and promptly supply copies to the Lender of) all quarterly or other voyage declarations which may be required by the protection and indemnity risks association in which the Ship is entered to maintain cover for trading to the United States of America and Exclusive Economic Zone (as defined in the United States Oil Pollution Act 1990 or any other applicable legislation); and

- (iv) not employ the Ship, nor allow it to be employed, otherwise than in conformity with the terms and conditions of the obligatory insurances, without first obtaining the consent of the insurers and complying with any requirements (as to extra premium or otherwise) which the insurers specify.

**21.12 Alteration to terms of insurances**

The Borrower shall not make or agree to any alteration to the terms of any obligatory insurance or waive any right relating to any obligatory insurance.

**21.13 Settlement of claims**

The Borrower shall:

- (a) not settle, compromise or abandon any claim under any obligatory insurance for Total Loss or for a Major Casualty; and
- (b) do all things necessary and provide all documents, evidence and information to enable the Lender to collect or recover any moneys which at any time become payable in respect of the obligatory insurances.

**21.14 Provision of copies of communications**

The Borrower shall provide the Lender, upon the Lender's request, with copies of all written communications between the Borrower and:

- (a) the Approved Brokers;
- (b) the approved protection and indemnity and/or war risks associations; and
- (c) the approved insurance companies and/or underwriters,

which relate directly or indirectly to:

- (i) the Borrower's obligations relating to the obligatory insurances including, without limitation, all requisite declarations and payments of additional premiums or calls; and
- (ii) any credit arrangements made between the Borrower and any of the persons referred to in paragraphs (a) or (b) above relating wholly or partly to the effecting or maintenance of the obligatory insurances.

**21.15 Provision of information**

The Borrower shall promptly provide the Lender (or any persons which it may designate) with any information which the Lender (or any such designated person) requests for the purpose of:

- (a) obtaining or preparing any report from an independent marine insurance broker as to the adequacy of the obligatory insurances effected or proposed to be effected; and/or
- (b) effecting, maintaining or renewing any such insurances as are referred to in Clause 21.16 (*Mortgagee's interest and additional perils*) or dealing with or considering any matters relating to any such insurances,

and the Borrower shall, forthwith upon demand, indemnify the Lender in respect of all fees and other expenses incurred by or for the account of the Lender in connection with any such report as is referred to in paragraph (a) above.

**21.16 Mortgagee's interest and additional perils**

- (a) The Lender shall be entitled from time to time to effect, maintain and renew a mortgagee's interest marine insurance and a mortgagee's interest additional perils insurance in such amounts (but not less than 120 per cent. of the Loan in respect of mortgagee's interest marine insurance and 120 per cent. of the Loan in respect of mortgagee's interest additional perils insurance), on such terms, through such insurers and generally in such manner as the Lender may from time to time consider appropriate.
- (b) The Borrower shall within 15 days of demand fully indemnify the Lender once annually during the Security Period in respect of all premiums and other expenses which are incurred in connection with or with a view to effecting, maintaining or renewing any insurance referred to in paragraph (a) above or dealing with, or considering, any matter arising out of any such insurance.

**22 SHIP UNDERTAKINGS**

**22.1 General**

The undertakings in this Clause 22 (*Ship Undertakings*) remain in force on and from the date of this Agreement and throughout the rest of the Security Period except as the Lender may otherwise permit in writing (and in the case of Clauses 22.2 (*Ship's name and registration*), 22.3 (*Repair and classification*), 22.5 (*Modifications*), 22.6 (*Removal and installation of parts*) and 22.16 (*Restrictions on chartering, appointment of managers etc.*) such permission not to be unreasonably withheld or delayed).

**22.2 Ship's name and registration**

The Borrower shall:

- (a) keep the Ship registered in its name under the Approved Flag from time to time at its port of registration;
- (b) not do or allow to be done anything as a result of which such registration might be suspended, cancelled or imperilled;
- (c) not enter into any dual flagging arrangement in respect of the Ship; and
- (d) not change the name of the Ship,

**provided that** any change of flag of the Ship shall be subject to:

- (i) the Ship remaining subject to Security securing the Secured Liabilities created by a first priority or preferred ship mortgage on the Ship and, if appropriate, a first priority deed of covenant collateral to that mortgage (or equivalent first priority Security) on substantially the same terms as the Mortgage and, if applicable, the related Deed of Covenant and on such other terms and in such other form as the Lender shall approve or require; and

- (ii) the execution of such other documentation amending and supplementing the Finance Documents as the Lender shall approve or require.

**22.3 Repair and classification**

The Borrower shall keep the Ship in a good and safe condition and state of repair:

- (a) consistent with first class ship ownership and management practice; and
- (b) so as to maintain the Approved Classification free of overdue recommendations and conditions.

**22.4 Classification society undertaking**

If required by the Lender in writing the Borrower shall instruct the Approved Classification Society (and procure that the Approved Classification Society undertakes with the Lender):

- (a) to send to the Lender, following receipt of a written request from the Lender, certified true copies of all original class records held by the Approved Classification Society in relation to the Ship;
- (b) to allow the Lender (or its agents), at any time and from time to time, to inspect the original class and related records of the Borrower and the Ship at the offices of the Approved Classification Society and to take copies of them;
- (c) to notify the Lender immediately in writing if the Approved Classification Society:
  - (i) receives notification from the Borrower or any person that the Ship's Approved Classification Society is to be changed; or
  - (ii) becomes aware of any facts or matters which may result in or have resulted in a change, suspension, discontinuance, withdrawal or expiry of the Ship's class under the rules or terms and conditions of the Borrower or the Ship's membership of the Approved Classification Society;
- (d) following receipt of a written request from the Lender:
  - (i) to confirm that the Borrower is not in default of any of its contractual obligations or liabilities to the Approved Classification Society, including confirmation that it has paid in full all fees or other charges due and payable to the Approved Classification Society; or
  - (ii) to confirm that the Borrower is in default of any of its contractual obligations or liabilities to the Approved Classification Society, to specify to the Lender in reasonable detail the facts and circumstances of such default, the consequences of such default, and any remedy period agreed or allowed by the Approved Classification Society.

**22.5 Modifications**

The Borrower shall not make any modification or repairs to, or replacement of, the Ship or equipment installed on it which would or might materially and adversely alter the structure, type or performance characteristics of the Ship or materially reduce its value; scrubber retrofitting will not be considered a material modification to the Ship.

**22.6 Removal and installation of parts**

- (a) Subject to paragraph (b) below, the Borrower shall not remove any material part of the Ship, or any item of equipment installed on the Ship unless:
- (i) the part or item so removed is forthwith replaced by a suitable part or item which is in the same condition as or better condition than the part or item removed;
  - (ii) the replacement part or item is free from any Security in favour of any person other than the Lender; and
  - (iii) the replacement part or item becomes, on installation on the Ship, the property of the Borrower and subject to the security constituted by the Mortgage and, if applicable, the related Deed of Covenant.
- (b) The Borrower may install equipment owned by a third party if the equipment can be removed without any risk of damage to the Ship.

**22.7 Surveys**

The Borrower shall submit the Ship regularly to all periodic or other surveys which may be required for classification purposes and, if so required by the Lender, provide the Lender, with copies of all survey reports.

**22.8 Inspection**

- (a) The Borrower shall permit the Lender (acting through surveyors or other persons appointed by it for that purpose) to board the Ship at all reasonable times and on a best endeavour basis to not interfere with the Ship's trading schedule, to inspect its condition or to satisfy themselves about proposed or executed repairs and shall afford all proper facilities for such inspections.
- (b) Unless an Event of Default has occurred and is continuing, the Borrower shall bear the costs of one inspection per year under this Clause 22.8 (*Inspection*).

**22.9 Prevention of and release from arrest**

- (a) The Borrower shall promptly discharge:
- (i) all liabilities which give or may give rise to maritime or possessory liens on or claims enforceable against the Ship, its Earnings or its Insurances;
  - (ii) all Taxes, dues and other amounts charged in respect of the Ship, its Earnings or its Insurances; and
  - (iii) all other outgoings whatsoever in respect of the Ship, its Earnings or its Insurances.
- (b) The Borrower shall, immediately upon receiving notice of the arrest of the Ship or of its detention in exercise or purported exercise of any lien or claim, take all steps necessary to procure its release by providing bail or otherwise as the circumstances may require.

**22.10 Compliance with laws etc.**

The Borrower shall:

- (a) comply, or procure compliance with all laws or regulations:
  - (i) relating to its business generally; and
  - (ii) relating to the Ship, its ownership, employment, operation, management and registration,including, but not limited to, the ISM Code, the ISPS Code, all Environmental Laws, all Sanctions and the laws of the Approved Flag;
- (b) obtain, comply with and do all that is necessary to maintain in full force and effect any Environmental Approvals; and
- (c) without limiting paragraph (a) above, not employ the 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, all Environmental Laws and Sanctions (or which would be contrary to Sanctions if Sanctions were binding on each Transaction Obligor or each Approved Manager).

#### 22.11 ISPS Code

Without limiting paragraph (a) of Clause 22.10 (*Compliance with laws etc.*), the Borrower shall:

- (a) procure that the Ship and the company responsible for the Ship's compliance with the ISPS Code comply with the ISPS Code; and
- (b) maintain an ISSC for the Ship; and
- (c) notify the Lender immediately in writing of any actual or threatened withdrawal, suspension, cancellation or modification of the ISSC.

#### 22.12 Sanctions and Ship trading

Without limiting Clause 22.10 (*Compliance with laws etc.*), the Borrower shall procure:

- (a) that the Ship shall not be used by or for the benefit of a Prohibited Person;
- (b) that the Ship shall not be used in trading in any manner contrary to Sanctions (including without limitation, entering or trading in a zone situated within a country, area or region that is subject to Sanctions) (or which could be contrary to Sanctions if Sanctions were binding on each Transaction Obligor or each Approved Manager) **Provided that** if an Emergency Event occurs and for so long as that Emergency Event continues, the relevant Ship may enter into such a zone, area or region that is subject to Sanctions only for the purpose of avoiding or dealing with such Emergency Event **Provided further that** the Obligors shall use best endeavours to ensure that the entry of the Ship into such zone, area or region shall not affect the validity of the obligatory insurances and such entry into such zone, area or region shall be promptly notified to the Ship's insurers, as may be required, and the Lender and shall further provide the Lender with any information which it requests. For the avoidance of doubt, the Ship, for so long as it remains at that zone or area, shall not, in any way, trade within that country, area or region which is subject to Sanctions;
- (c) and the Borrower shall ensure that the Ship departs such zone or area immediately after the Emergency Event is no longer relevant to the Ship;

- (d) that the Ship shall not be traded in any manner which would trigger the operation of any sanctions limitation or exclusion clause (or similar) in the Insurances; and
- (e) (and for the purposes of this sub-paragraph the Borrower shall use its best endeavours to procure) that each charterparty in respect of the Ship shall contain, for the benefit of the Borrower, language which gives effect to the provisions of paragraph (c) of Clause 22.10 (*Compliance with laws etc.*) as regards Sanctions and of this Clause 22.12 (*Sanctions and Ship trading*) and which permits refusal of employment or voyage orders if compliance would result in a breach of Sanctions (or which would result in a breach of Sanctions if Sanctions were binding on each Transaction Obligor or each Approved Manager).

**22.13 Trading in war zones or excluded areas**

In the event of hostilities in any part of the world (whether war is declared or not), the Borrower shall not cause or permit the Ship to enter or trade to any zone which is declared a war zone by any government or by the Ship's war risks insurers or which is otherwise excluded from the scope of coverage of the obligatory insurances unless:

- (a) the prior written consent of the underwriters of the Ship has been given; and
- (b) the Borrower has (at its expense) effected any special, additional or modified insurance cover (to the extent not covered by the Ship's war risks insurances) which the underwriters of the Ship may require.

**22.14 Provision of information**

Without prejudice to Clause 19.4 (*Information: miscellaneous*) the Borrower shall promptly provide the Lender with any information which it requests regarding:

- (a) the Ship, its employment, position and engagements;
- (b) the Earnings and payments and amounts due to its master and crew;
- (c) any expenditure incurred, or likely to be incurred, in connection with the operation, maintenance or repair of the Ship and any payments made by it in respect of the Ship;
- (d) any towages and salvages; and
- (e) its compliance, the Approved Manager's compliance and the compliance of the Ship with the ISM Code and the ISPS Code,

and, upon the Lender's request, promptly provide copies of any current Charter relating to the Ship, of any current guarantee of any such Charter, the Ship's Safety Management Certificate and any relevant Document of Compliance.

**22.15 Notification of certain events**

The Borrower shall immediately and, in the case of paragraph (a) below, once the Borrower becomes aware of such casualty, notify the Lender by fax, confirmed forthwith by letter, of:

- (a) any casualty to the Ship which is or is reasonably likely to be or to become a Major Casualty;

- (b) any occurrence as a result of which the Ship has become or is, by the passing of time or otherwise, likely to become a Total Loss;
- (c) any requisition of the Ship for hire;
- (d) any requirement or recommendation made in relation to the Ship by any insurer or classification society or by any competent authority;
- (e) any arrest or detention of the Ship, other than a detention which does not exceed one day, or any exercise or purported exercise of any lien on the Ship or its Earnings;
- (f) any intended dry docking of the Ship;
- (g) any Environmental Claim made against the Borrower or in connection with the Ship, or any Environmental Incident;
- (h) any claim for breach of the ISM Code or the ISPS Code being made against the Borrower, an Approved Manager or otherwise in connection with the Ship; or
- (i) any other matter, event or incident, actual or threatened, the effect of which will or could lead to the ISM Code or the ISPS Code not being complied with,

and the Borrower shall keep the Lender advised in writing on a regular basis and in such detail as the Lender shall require as to the Borrower's, any such Approved Manager's or any other person's response to any of those events or matters.

**22.16 Restrictions on chartering, appointment of managers etc.** The Borrower shall not:

- (a) let the Ship on demise charter for any period;
- (b) enter into any time, voyage or consecutive voyage charter in respect of the Ship other than a Permitted Charter;
- (c) materially amend, supplement or terminate a Management Agreement (material amendments shall include, without limitation, any amendments to the management fees resulting in an increase to such fees in excess of 5% per annum, duration of the management agreement or terms permitting the termination of such Management Agreement);
- (d) appoint a manager of the Ship other than the Approved Commercial Manager and the Approved Technical Manager or agree to any alteration to the terms of an Approved Manager's appointment;
- (e) de activate or lay up the Ship; or
- (f) put the Ship into the possession of any person for the purpose of work being done upon it in an amount exceeding or likely to exceed \$1,000,000 (or the equivalent in any other currency) unless that person has first given to the Lender and in terms satisfactory to it a written undertaking not to exercise any lien on the Ship or the Earnings for the cost of such work or for any other reason.

**22.17 Notice of Mortgage**

The Borrower shall keep the Mortgage registered against the Ship as a valid first preferred mortgage, carry on board the Ship a certified copy of the Mortgage and place and maintain in a conspicuous place in the navigation room and the master's cabin of the Ship a framed printed notice stating that the Ship is mortgaged by the Borrower to the Lender.

**22.18 Sharing of Earnings**

The Borrower shall not enter into any agreement or arrangement for the sharing of any Earnings other than for the purposes of this Agreement.

**22.19 Charterparty Assignment**

If the Borrower enters into any Assignable Charter, the Borrower shall promptly after the date of entry into of such Assignable Charter:

- (a) if such Assignable Charter is a time charterparty, enter into a Charterparty Assignment and the assignment contemplated thereunder shall be notified to the relevant charterer and any charter guarantor, and the Borrower shall use its best efforts to procure that such charterer and such charter guarantor acknowledges such assignment in accordance with the terms of such Charterparty Assignment; and
- (b) if such Assignable Charter is a bareboat charter, enter into a Charterparty Assignment and the assignment contemplated thereunder shall be notified to the relevant charterer and any charter guarantor, and the Borrower shall use its best efforts to procure that the relevant charterer or any charter guarantor acknowledges such assignment in accordance with the terms of such Charterparty Assignment, and the Borrower shall procure that the relevant charterer executes in favour of the Lender an assignment of (*inter alia*) all its rights, title and interest in and to the Insurances in respect of the Ship effected either by the Borrower or by the relevant charterer and a customary letter of undertaking in favour of the Lender whereby (*inter alia*) the interests of that charterer under the Charter are subordinated to the interests of the Lender under the Finance Documents,

and shall additionally deliver to the Lender such other documents equivalent to those referred to at paragraphs 1.1, 1.2, 1.3, 1.4, 4, 5.1 and 5.2 of Part A and paragraph 2.5 of Part B of Schedule 2 (*Conditions Precedent and Subsequent*) as the Lender may require from the Borrower in connection with such Charterparty Assignment.

**22.20 Notification of compliance**

The Borrower shall promptly provide the Lender, upon the Lender's written request, from time to time with evidence (in such form as the Lender requires) that it is complying with this Clause 22 (*Ship Undertakings*).

**23 SECURITY COVER**

**23.1 Minimum required security cover**

Clause 23.2 (*Provision of additional security; prepayment*) applies if the Lender notifies the Borrower that the Security Cover Ratio is below the applicable Required Security Cover Ratio.

**23.2 Provision of additional security; prepayment**

- (a) If the Lender serves a notice on the Borrower under Clause 23.1 (*Minimum required security cover*), the Borrower shall, on or before the date falling one Month (the "**Prepayment Date**") on which the Lender's notice is served, prepay such part of the Loan as shall eliminate the shortfall.
- (b) The Borrower may, instead of making a prepayment as described in paragraph (a) above, provide, or ensure that a third party has provided, additional security, including cash deposits pledged in favour of the Lender which, in the reasonable opinion of the Lender:
- (i) has a net realisable value at least equal to the shortfall; and
  - (ii) is documented in such terms as the Lender may approve or require,

before the Prepayment Date; and conditional upon such security being provided in such manner, it shall satisfy such prepayment obligation.

**23.3 Value of additional vessel security**

The net realisable value of any additional security which is provided under Clause 23.2 (*Provision of additional security; prepayment*) and which consists of Security over a vessel shall be the Market Value of the vessel concerned.

**23.4 Valuations binding**

Any valuation under this Clause 23 (*Security Cover*), always subject to Borrower's right under paragraph (b) of Clause 23.7, shall be binding and conclusive as regards the Borrower.

**23.5 Provision of information**

- (a) The Borrower shall promptly provide the Lender and any Approved Valuer acting under this Clause 23 (*Security Cover*) with any information which the Lender or the Approved Valuer may request for the purposes of the valuation.
- (b) If the Borrower fails to provide the information referred to in paragraph (a) above by the date specified in the request, the valuation may be made on any basis and assumptions which the Approved Valuer or the Lender considers prudent.

**23.6 Prepayment mechanism**

Any prepayment pursuant to Clause 23.2 (*Provision of additional security; prepayment*) shall be made in accordance with the relevant provisions of Clause 7 (*Prepayment and Cancellation*) and shall be treated as a voluntary prepayment pursuant to Clause 7.4 (*Voluntary prepayment of Loan*); for the avoidance of doubt, there shall be no requirement for a minimum prepayment amount of \$500,000 or any prior notice to be provided in the case of prepayment pursuant to Clause 23.2 (*Provision of additional security; prepayment*).

**23.7 Provision of valuations**

- (a) The Borrower shall provide the Lender with a valuation of the Ship and any other vessel over which additional Security has been created in accordance with Clause 23.2 (*Provision of additional security; prepayment*), from an Approved Valuer, selected by the Lender, addressed

to the Lender, to enable the Lender to determine the Market Value of the Ship on two occasions in each year on 30 June and 31 December.

- (b) The Borrower may also nominate another Approved Valuer to provide a second valuation addressed to the Lender, appointed by the Borrower, in which case the Market Value will be that shown by taking the arithmetic average of such two valuations.

### **23.8 Release of additional security**

In the event that the Borrower has provided additional security in accordance with paragraph (b) of Clause 23.2 and the Security Cover Ratio is at least equal to the Required Security Cover Ratio for a period of at least 3 months after providing such additional security, the Lender, after receiving a notice from the Borrower to do so, will release any such additional security specified by the Borrower **provided that** (i) the Security Cover Ratio (without taking into account of the additional security whose release the Borrower is requesting pursuant to this Clause 23.8 (*Release of additional security*)) shall continue to be at least the Required Security Cover Ratio following such release, (ii) at such time no Event Default has occurred and is continuing or will result from such release and (iii) the Lender is indemnified to its satisfaction for the cost relating to such release.

## **24 EVENTS OF DEFAULT**

### **24.1 General**

Each of the events or circumstances set out in this Clause 24 (*Events of Default*) is an Event of Default except for Clause 24.18 (*Acceleration*) and Clause 24.19 (*Enforcement of security*).

### **24.2 Non-payment**

A Transaction Obligor does not pay on the due date any amount payable pursuant to a Finance Document to which it is a party at the place at and in the currency in which it is expressed to be payable unless its failure to pay is caused by an administrative or technical error or a Disruption Event, but the payment is made within 3 Business Days of its due date or, if earlier, the date when the Disruption Event ceased to be continuing or the error was rectified.

### **24.3 Specific obligations**

A breach occurs of Clause 4.5 (*Waiver of conditions precedent*), Clause 20.6 (*Anti-corruption law*), Clause 20.11 (*Title*), Clause 20.12 (*Negative pledge*), Clause 20.21 (*No substantial liabilities*), Clause 20.22 (*Unlawfulness, invalidity and ranking; Security imperilled*), Clause 21.2 (*Maintenance of obligatory insurances*), Clause 21.3 (*Terms of obligatory insurances*), Clause 21.5 (*Renewal of obligatory insurances*) or, save to the extent such breach is a failure to pay and therefore subject to Clause 24.2 (*Non-payment*), Clause 23 (*Security Cover*).

### **24.4 Other obligations**

- (a) A Transaction Obligor does not comply with any provision of the Finance Documents (other than those referred to in Clause 24.2 (*Non-payment*) and Clause 24.3 (*Specific obligations*)) or, in the case of an Approved Manager, with any provision of the Finance Documents to which it is party.

## 24.5 **Misrepresentation**

Any representation or statement made or deemed to be made by a Transaction Obligor in the Finance Documents (or in the case of an Approved Manager in the Finance Documents to which it is a party) or any other document delivered by or on behalf of any Transaction Obligor or any Approved Manager under or in connection with any Finance Document is or proves to have been incorrect or misleading when made or deemed to be made unless such misrepresentation or statement is, or is deemed to have been, unintentionally made and is rectified within 5 Business Days of the making of such representation or statement.

## 24.6 **Cross default**

- (a) Any Financial Indebtedness of any Obligor is not paid when due nor within any originally applicable grace period.
- (b) Any Financial Indebtedness of any Obligor 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 Transaction Obligor is cancelled or suspended by a creditor of any such Transaction Obligor as a result of an event of default (however described) unless, in the case of the Parent Guarantor, the Lender is satisfied, in its sole discretion, that such cancellation or suspension will not have any negative impact on the ability of the Parent Guarantor to satisfy its debts as they fall due.
- (d) Any creditor of any Obligor becomes entitled to declare any Financial Indebtedness of any Obligor due and payable prior to its specified maturity as a result of an event of default (however described).
- (e) No Event of Default will occur under this Clause 24.6 (*Cross Default*) in respect of a Transaction Obligor other than the Borrower if the aggregate amount of Financial Indebtedness falling within paragraphs (a) to (d) above, is less than \$5,000,000 (or its equivalent in any other currency).
- (f) No Event of Default will occur under this Clause 24.6 (*Cross default*) in relation to the Parent Guarantor if the event(s) of default (however described) giving rise to the circumstances described in paragraphs (a) to (d) above is capable of remedy and is remedied within 30 days of such event.

## 24.7 **Insolvency**

- (a) A Transaction Obligor:
  - (i) is unable or admits inability to pay its debts as they fall due;
  - (ii) is deemed to, or is declared to, be unable to pay its debts under applicable law;
  - (iii) suspends or threatens to suspend making payments on any of its debts.

**Provided however that** should a Transaction Obligor, for any reason, including without limitation, any actual or anticipated financial difficulties, commence negotiations with one or more of its creditors (including the Lender in its capacity as such), with prior written notice to the Lender, with a view to rescheduling, deferring, re-organizing or suspending any of its indebtedness, the negotiations themselves or the entering, as a result of such negotiations,

into any agreement or contract with one or more of its creditors (including the Lender) shall not constitute an Event of Default under the provisions of this Agreement.

- (b) The value of the assets of any Transaction Obligor is less than its liabilities (taking into account contingent and prospective liabilities).
- (c) A moratorium is declared (and, if applicable registered with appropriate authorities) in respect of any indebtedness of any Transaction Obligor. If a moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium.

#### **24.8 Insolvency proceedings**

- (a) Any corporate action, similar legal proceedings or other similar legal 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 Transaction Obligor;
  - (ii) a composition, compromise, assignment or arrangement with any creditor of any Transaction Obligor;
  - (iii) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any Transaction Obligor or any of its assets; or
  - (iv) enforcement of any Security over any assets of any Transaction Obligor, or any analogous procedure or step is taken in any jurisdiction.
- (b) Paragraph (a) above shall not apply to any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 30 days of commencement.

#### **24.9 Creditors' process**

Any expropriation, attachment, sequestration, distress or execution (or any analogous process in any jurisdiction) affects any asset or assets of a Transaction Obligor (other than an arrest or detention of the Ship referred to in Clause 24.13 (*Arrest*)) and is not discharged within 30 days (or such longer period the Lender may reasonably agree to).

#### **24.10 Unlawfulness, invalidity and ranking**

- (a) It is or becomes unlawful for a Transaction Obligor to perform any of its obligations under the Finance Documents (or, in the case of any Approved Manager, under the Finance Documents to which it is party).
- (b) Any obligation of a Transaction Obligor under the Finance Documents is not or ceases to be legal, valid, binding or enforceable (or, in the case of any Approved Manager, under the Finance Documents to which it is party).
- (c) Any Finance Document ceases to be in full force and effect or to be continuing or is or purports to be determined or any Transaction Security is alleged by a party to it (other than the Lender) to be ineffective.

- (d) Any Transaction Security proves to have ranked after, or loses its priority to, any other Security.

**24.11 Security imperilled**

Any Security created or intended to be created by a Finance Document is in any way imperilled or in jeopardy.

**24.12 Cessation of business**

- (a) Any Transaction Obligor or any Approved Manager suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business and in the case of an Approved Manager or a Transaction Obligor such cessation has a Material Adverse Effect.

- (b) No Event of Default will be triggered under this Clause 24.12 (*Cessation of business*), if any such suspension or cessation occurs in relation to an Approved Manager and the Obligors procure that within 14 days of such suspension or cessation:

- (i) a replacement Approved Manager acceptable to the Lender is appointed in relation to the commercial or, as the case may be, the technical management in relation to the Ship; and
- (ii) the replacement Approved Manager has granted, upon the Lender's request, a Manager's Undertaking in favour of the Lender in respect of each Ship and such other documents equivalent to those referred to at paragraphs 1.1, 1.2, 1.3, 1.4, 5.1 and 5.2 of Part A and paragraph 2.3 of Part B of Schedule 2 (*Conditions Precedent and Subsequent*) as the Lender may require from that Approved Manager in connection with the Ship.

**24.13 Arrest**

Any arrest of the Ship or its detention in the exercise or the purported exercise of any lien or claim unless it is redelivered to the full control of the Borrower within 30 days of such arrest or detention (or, at the Borrower's request, any such longer period that the Lender (acting in its absolute discretion) may consent to).

**24.14 Expropriation**

- (a) The authority or ability of any Transaction Obligor or an Approved Manager 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 Transaction Obligor or any Approved Manager or any of its assets other than:

- (i) an arrest or detention of the Ship referred to in Clause 24.13 (*Arrest*); or
- (ii) any Requisition.

- (b) No Event of Default will be triggered under this Clause 24.14 (*Expropriation*), if any such seizure, expropriation, nationalisation, intervention, restriction or other action occurs in relation to an Approved Manager and the Obligors procure that within 14 days of such seizure, expropriation, nationalisation, intervention, restriction or other action:

- (i) a replacement Approved Manager acceptable to the Lender is appointed in relation to the commercial or, as the case may be, the technical management in relation to the Ship; and
- (ii) the replacement Approved Manager has granted, upon the Lender's request, a Manager's Undertaking in favour of the Lender in respect of the Ship and such other documents equivalent to those referred to at paragraphs 1.1, 1.2, 1.3, 1.4, 5.1 and 5.2 of Part A and paragraph 2.3 of Part B of Schedule 2 (*Conditions Precedent*) as the Lender may require from that Approved Manager in connection with the Ship.

**24.15 Repudiation and rescission of agreements**

A Transaction Obligor or any Approved manager rescinds or purports to rescind or repudiates or purports to repudiate a Transaction Document (other than an Assignable Charter) to which it is a party or any of the Transaction Security or evidences an intention to rescind or repudiate a Transaction Document (other than an Assignable Charter) or any Transaction Security.

**24.16 Litigation**

Any litigation, arbitration or administrative proceedings or investigations of, or before, any court, arbitral body or agency are started or threatened, or any judgment or order of a court, arbitral body or agency is made, in relation to any of the Transaction Documents or the transactions contemplated in any of the Transaction Documents which has a Material Adverse Effect.

**24.17 Material adverse change**

Any event or circumstance occurs which has a Material Adverse Effect.

**24.18 Acceleration**

On and at any time after the occurrence of an Event of Default which is continuing the Lender may by notice to the Borrower:

- (a) cancel the Commitment, whereupon it shall immediately be cancelled;
- (b) declare that all or part of the Loan, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon it shall become immediately due and payable; and/or
- (c) declare that all or part of the Loan be payable on demand, whereupon it shall immediately become payable on demand by the Lender,

and the Lender may serve notices under paragraphs (a), (b) and (c) above simultaneously or on different dates and the Lender may take any action referred to in Clause 24.19 (*Enforcement of security*) if no such notice is served or simultaneously with or at any time after the service of any of such notice.

**24.19 Enforcement of security**

On and at any time after the occurrence of an Event of Default the Lender may take any action which, as a result of the Event of Default or any notice served under Clause 24.18

(Acceleration), the Lender is entitled to take under any Finance Document or any applicable law or regulation.

## SECTION 9

### CHANGES TO PARTIES

#### 25 CHANGES TO THE LENDER

##### 25.1 Assignment by the Lender

Subject to this Clause 25 (*Changes to the Lender*), the Lender (the “**Existing Lender**”) may assign any of its rights under the Finance Documents to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (the “**New Lender**”).

##### 25.2 Conditions of assignment

(a) The consent of the Borrower is required for an assignment by the Existing Lender, unless the assignment is:

- (i) to an Affiliate of the Existing Lender;
- (ii) if the Existing Lender is a fund, to a fund which is a Related Fund; or
- (iii) made at a time when an Event of Default is continuing.

(b) The consent of the Borrower to an assignment must not be unreasonably withheld or delayed. The Borrower will be deemed to have given its consent five Business Days after the Existing Lender has requested it unless consent is expressly refused by the Borrower within that time.

(c) If:

- (i) the Existing Lender assigns any of its rights or obligations under the Finance Documents or changes its Facility Office; and
- (ii) as a result of circumstances existing at the date the assignment or change occurs, a Transaction Obligor would be obliged to make a payment to the New Lender or the Existing Lender acting through its new Facility Office under Clause 12 (*Tax Gross Up and Indemnities*) or under that Clause as incorporated by reference or in full in any other Finance Document or Clause 13 (*Increased Costs*),

then the New Lender or the Existing Lender acting through its new Facility Office is only entitled to receive payment under those Clauses to the same extent as the Existing Lender would have been if the assignment or change had not occurred.

(d) Each Obligor on behalf of itself and each Transaction Obligor agrees that all rights and interests (present, future or contingent) which the Existing Lender has under or by virtue of the Finance Documents are assigned to the New Lender absolutely, free of any defects in the Existing Lender’s title and of any rights or equities which the Borrower or any other Transaction Obligor had against the Existing Lender.

### 25.3 Security over Lender's rights

In addition to the other rights provided to the Lender under this Clause 25 (*Changes to the Lender*), the Lender may without consulting with or obtaining consent from any Transaction Obligor or any Approved Manager, at any time charge, assign or otherwise create Security in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of the Lender including, without limitation:

- (a) any charge, assignment or other Security to secure obligations to a federal reserve or central bank; and
- (b) if the Lender is a fund, any charge, assignment or other Security granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by the Lender as security for those obligations or securities,  
  
except that no such charge, assignment or Security shall:
  - (i) release the Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security for the Lender as a party to any of the Finance Documents; or
  - (ii) require any payments to be made by a Transaction 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 Lender under the Finance Documents.

## 26 CHANGES TO THE TRANSACTION OBLIGORS

### 26.1 Assignment or transfer by Transaction Obligors

No Transaction Obligor nor any Approved Manager may assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

### 26.2 Additional Subordinated Creditors

- (a) The Borrower may request that any person becomes a Subordinated Creditor, with the prior approval of the Lender, by delivering to the Lender:
  - (i) a duly executed Subordination Agreement;
  - (ii) a duly executed Subordinated Debt Security; and
  - (iii) such constitutional documents, corporate authorisations and other documents and matters as the Lender may reasonably require, in form and substance satisfactory to the Lender, to verify that the person's obligations are legally binding, valid and enforceable and to satisfy any applicable legal and regulatory requirements.
- (b) A person referred to in paragraph (a) above will become a Subordinated Creditor on the date the Lender enters into the Subordination Agreement and the Subordinated Debt Security delivered under paragraph (a) above.

**27 THE REFERENCE BANKS**

**27.1 Role of Reference Banks**

- (a) No Reference Bank is under any obligation to provide a quotation or any other information to the Lender.
- (b) No Reference Bank will be liable for any action taken by it under or in connection with any Finance Document, or for any Reference Bank Quotation, unless directly caused by its gross negligence or wilful misconduct.
- (c) No Party (other than the relevant Reference Bank) may take any proceedings against any officer, employee or agent of any Reference Bank in respect of any claim it might have against that Reference Bank or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document, or to any Reference Bank Quotation, and any officer, employee or agent of each Reference Bank may rely on this Clause 27.1 (*Role of Reference Banks*) subject to Clause 1.5 (*Third party rights*) and the provisions of the Third Parties Act.

**27.2 Third Party Reference Banks**

A Reference Bank which is not a Party may rely on Clause 27.1 (*Role of Reference Banks*), and Clause 39 (*Confidentiality of Funding Rates and Reference Bank Quotations*) subject to Clause 1.5 (*Third party rights*) and the provisions of the Third Parties Act.

## SECTION 10

### ADMINISTRATION

#### 28 PAYMENT MECHANICS

##### 28.1 Payments to the Lender

- (a) On each date on which a Transaction Obligor is required to make a payment under a Finance Document, that Transaction Obligor shall make an amount equal to such payment available to the Lender (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 Lender 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 the payment account (as set out in a separate repayment letter issued by the Lender), or such account in the principal financial centre of the country of that currency (or, in relation to euro, in a principal financial centre in such Participating Member State or London, as specified by the Lender) and with such bank as the Lender, in each case, specifies in writing.

##### 28.2 Application of receipts; partial payments

- (a) If the Lender receives a payment that is insufficient to discharge all the amounts then due and payable by a Transaction Obligor under the Finance Documents, the Lender may apply that payment towards the obligations of that Transaction Obligor under the Finance Documents in any manner it may decide.
- (b) Paragraph (a) above will override any appropriation made by a Transaction Obligor.

##### 28.3 No set-off by Transaction Obligors

All payments to be made by a Transaction Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

##### 28.4 Business Days

- (a) Any payment under the Finance Documents 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 an Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

##### 28.5 Currency of account

- (a) Subject to paragraphs (b) and (c) below, dollars is the currency of account and payment for any sum due from a Transaction Obligor under any Finance Document.
- (b) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.

- (c) Any amount expressed to be payable in a currency other than dollars shall be paid in that other currency.

#### **28.6 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 Lender (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 Lender (acting reasonably).
- (b) If a change in any currency of a country occurs, this Agreement will, to the extent the Lender (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 Relevant Interbank Market and otherwise to reflect the change in currency.

#### **28.7 Currency conversion**

The obligations of any Transaction Obligor to pay in the due currency shall only be satisfied to the extent of the amount of the due currency purchased after deducting the costs of conversion.

#### **28.8 Disruption to Payment Systems etc.**

If either the Lender determines (in its discretion) that a Disruption Event has occurred or the Lender is notified by the Borrower that a Disruption Event has occurred:

- (a) the Lender 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 Lender may deem necessary in the circumstances;
- (b) the Lender 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) any such changes agreed upon by the Lender and the Borrower shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the Parties and any Transaction Obligors as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents;
- (d) the Lender shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability 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 Lender) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this Clause 28.8 (*Disruption to Payment Systems etc.*).

**SET-OFF**

The Lender may set off any matured obligation due from a Transaction Obligor under the Finance Documents (to the extent beneficially owned by the Lender) against any matured obligation owed by the Lender to that Transaction Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Lender may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

**CONDUCT OF BUSINESS BY THE LENDER**

No provision of this Agreement will:

- (a) interfere with the right of the Lender to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;
- (b) oblige the Lender 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 the Lender to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

**NOTICES****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.

**Addresses**

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents are:

- (a) in the case of the Borrower, that specified in Schedule 1 (*The Parties*); and
- (b) in the case of any other Obligor or the Lender, that specified in Schedule 1 (*The Parties*) or, if it becomes a Party after the date of this Agreement, that notified in writing to the Lender on or before the date on which it becomes a Party;

or any substitute address, fax number or department or officer as an Obligor may notify to the Lender (or the Lender may notify to the other Parties, if a change is made by the Lender) by not less than five Business Days' notice.

**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 31.2 (*Addresses*), if addressed to that department or officer.

- (b) Any communication or document to be made or delivered to the Lender will be effective only when actually received by it and then only if it is expressly marked for the attention of the department or officer of the Lender specified in Schedule 1 (*The Parties*) (or any substitute department or officer as the Lender shall specify for this purpose).
- (c) 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 any of the Transaction Obligors.
- (d) Any communication or document which becomes effective, in accordance with paragraphs (a) to (c) above, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

#### **31.4 Electronic communication**

- (a) Any communication to be made or document to be delivered between any two Parties 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 as specified in paragraph (a) above to be made between an Obligor and the Lender 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.
- (c) Any such electronic communication or document as specified in paragraph (a) above made between any two Parties will be effective only when actually received (or made available) in readable form and in the case of any electronic communication made by a Party to the Lender only if it is addressed in such a manner as the Lender shall specify for this purpose.
- (d) Any electronic communication 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 is sent or made available has its address for the purpose of this Agreement 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 shall be construed to include that communication being made available in accordance with this Clause 31.4 (*Electronic communication*).

**31.5 English language**

- (a) Any notice given under or in connection with any Finance Document must be in English.
- (b) All other documents provided under or in connection with any Finance Document must be:
  - (i) in English; or
  - (ii) if not in English, and if so required by the Lender, accompanied by a certified English translation prepared by a translator approved by the Lender and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

**32 CALCULATIONS AND CERTIFICATES**

**32.1 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 the Lender are *prima facie* evidence of the matters to which they relate.

**32.2 Certificates and determinations**

Any certification or determination by the Lender 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.

**32.3 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 Relevant Interbank Market differs, in accordance with that market practice.

**33 PARTIAL INVALIDITY**

If, at any time, any provision of a Finance Document 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 under the law of that jurisdiction nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

**34 REMEDIES AND WAIVERS**

- (a) No failure to exercise, nor any delay in exercising, on the part of the Lender or any Receiver or Delegate (as applicable), 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 Finance Document. No election to affirm any Finance Document on the part of the Lender or any Receiver or Delegate (as applicable) 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 each Finance Document are cumulative and not exclusive of any rights or remedies provided by law.

(b) No variation or amendment of a Finance Document shall be valid unless in writing and signed by the Lender.

**35 ENTIRE AGREEMENT**

(a) This Agreement, in conjunction with the other Finance Documents, constitutes the entire agreement between the Parties and supersedes all previous agreements, understandings and arrangements between them, whether in writing or oral, in respect of its subject matter.

(b) Each Obligor acknowledges that it has not entered into this Agreement or any other Finance Document in reliance on, and shall have no remedies in respect of, any representation or warranty that is not expressly set out in this Agreement or in any other Finance Document.

**36 SETTLEMENT OR DISCHARGE CONDITIONAL**

Any settlement or discharge under any Finance Document between the Lender and any Transaction Obligor or any Approved Manager shall be conditional upon no security or payment to the Lender by any Transaction Obligor or any Approved Manager or any other person being set aside, adjusted or ordered to be repaid, whether under any insolvency law or otherwise.

**37 IRREVOCABLE PAYMENT**

If the Lender considers that an amount paid or discharged by, or on behalf of, a Transaction Obligor or by any other person in purported payment or discharge of an obligation of that Transaction Obligor or that Approved Manager to the Lender under the Finance Documents is capable of being avoided or otherwise set aside on the liquidation or administration of that Transaction Obligor or otherwise, then that amount shall not be considered to have been unconditionally and irrevocably paid or discharged for the purposes of the Finance Documents.

**38 CONFIDENTIAL INFORMATION**

**38.1 Confidentiality**

The Lender agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by Clause 38.2 (*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.

**38.2 Disclosure of Confidential Information**

The Lender may disclose:

(a) to any of its Affiliates and Related Funds and any of its or their officers, directors, employees, professional advisers, auditors, insurers, insurance advisors, insurance brokers, partners and Representatives such Confidential Information as the Lender shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this paragraph (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 may potentially assign) all or any of its rights and/or obligations under one or more Finance Documents and to any of that person's Affiliates, Related Funds, Representatives and professional advisers;
- (ii) with (or through) whom it enters into (or may potentially enter into), whether directly or indirectly, any sub-participation 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 Transaction Obligors and to any of that person's Affiliates, Related Funds, Representatives and professional advisers;
- (iii) appointed by the Lender or by a person to whom sub-paragraph (i) or (ii) of paragraph (b) above applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf;
- (iv) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in sub-paragraph (i) or (ii) of paragraph (b) above;
- (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, arbitrations, administrative or other investigations, proceedings or disputes;
- (vii) to whom or for whose benefit the Lender charges, assigns or otherwise creates Security (or may do so) pursuant to Clause 25.3 (*Security over Lender's rights*);
- (viii) who is a Party, a member of the Group or any related entity of a Transaction Obligor;
- (ix) as a result of the registration of any Finance Document as contemplated by any Finance Document or any legal opinion obtained in connection with any Finance Document; or
- (x) with the consent of the Parent Guarantor;

in each case, such Confidential Information as the Lender shall consider appropriate if:

- (A) in relation to sub-paragraphs (i), (ii) and (iii) of paragraph (b) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking except that there shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information;
- (B) in relation to sub-paragraph (iv) of paragraph (b) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive and is informed that

some or all of such Confidential Information may be price-sensitive information;

- (C) in relation to sub-paragraphs (v), (vi) and (vii) of paragraph (b) above, the person to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of the Lender, it is not practicable so to do in the circumstances;

(c) to any person appointed by the Lender or by a person to whom sub-paragraph (i) or (ii) of paragraph (b) above 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 paragraph (c) if the service provider to whom the Confidential Information is to be given has entered in to 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 Lender;

(d) to any rating agency (including its professional advisers) such Confidential Information as may be required to be disclosed to enable such rating agency to carry out its normal rating activities in relation to the Finance Documents and/or the Transaction Obligors if the rating agency to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information.

### **38.3 Entire agreement**

This Clause 38 (*Confidential Information*) constitutes the entire agreement between the Parties in relation to the obligations of the Lender under the Finance Documents regarding Confidential Information and supersedes any previous agreement, whether express or implied, regarding Confidential Information.

### **38.4 Inside information**

The Lender 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 the Lender undertakes not to use any Confidential Information for any unlawful purpose.

### **38.5 Notification of disclosure**

The Lender agrees (to the extent permitted by law and regulation) to inform the Borrower:

(a) of the circumstances of any disclosure of Confidential Information made pursuant to sub-paragraph (v) of paragraph (b) of Clause 38.2 (*Disclosure of Confidential Information*) except where such disclosure is made to any of the persons referred to in that paragraph 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 38 (*Confidential Information*).

### **38.6 Continuing obligations**

The obligations in this Clause 38 (*Confidential Information*) are continuing and, in particular, shall survive and remain binding on the Lender for a period of 12 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 the Lender otherwise ceases to be the Lender.

### **39 CONFIDENTIALITY OF FUNDING RATES AND REFERENCE BANK QUOTATIONS**

#### **39.1 Confidentiality and disclosure**

- (a) Each Obligor agrees to keep each Funding Rate (and the Lender agrees to keep each Reference Bank Quotation) confidential and not to disclose it to anyone, save to the extent permitted by paragraphs (b), (d) and (e) below.
- (b) The Lender may not disclose any Reference Bank Quotation to the Borrower.
- (c) The Lender may disclose any Reference Bank Quotation to any person appointed by it to provide administration services in respect of one or more of the Finance Documents to the extent necessary to enable such service provider to provide those services if the service provider to whom that 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 Lender and the relevant Reference Bank.
- (d) The Lender may disclose any Reference Bank Quotation, and each Obligor may disclose any Funding Rate, to:
  - (i) any of its Affiliates and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives, if any person to whom that Funding Rate or Reference Bank Quotation is to be given pursuant to this sub-paragraph (i) is informed in writing of its confidential nature and that it 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 that Funding Rate or Reference Bank Quotation or is otherwise bound by requirements of confidentiality in relation to it;
  - (ii) any person 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 if the person to whom that Funding Rate or Reference Bank Quotation is to be given is informed in writing of its confidential nature and that it may be price sensitive information except that there shall be no requirement to so inform if, in the opinion of the Lender or the relevant Obligor, as the case may be, it is not practicable to do so in the circumstances;
  - (iii) any person 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 if the person to whom that Funding Rate or Reference Bank

Quotation is to be given is informed in writing of its confidential nature and that it may be price sensitive information except that there shall be no requirement to so inform if, in the opinion of the Lender or the relevant Obligor, as the case may be, it is not practicable to do so in the circumstances; and

(iv) any person with the consent of the Lender or Reference Bank, as the case may be.

(e) The Lender's obligations in this Clause 39 (*Confidentiality of Funding Rates and Reference Bank Quotations*) relating to Reference Bank Quotations are without prejudice to its obligations to make notifications under Clause 8.4 (*Notification of rates of interest*) provided that the Lender shall not include the details of any individual Reference Bank Quotation as part of any such notification.

### **39.2 Related obligations**

(a) The Lender and each Obligor acknowledges that each Funding Rate (and the Lender acknowledges that each Reference Bank Quotation) is or may be price sensitive information and that its use may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and each Obligor undertakes not to use any Funding Rate and the Lender undertakes not to use any Reference Bank Quotation for any unlawful purpose.

(b) The Lender and each Obligor agree (to the extent permitted by law and regulation) to inform the Lender or the relevant Reference Bank, as the case may be:

(i) of the circumstances of any disclosure made pursuant to sub-paragraph (ii) of paragraph (d) of Clause 39.1 (*Confidentiality and disclosure*) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and

(ii) upon becoming aware that any information has been disclosed in breach of this Clause 39 (*Confidentiality of Funding Rates and Reference Bank Quotations*).

### **39.3 No Event of Default**

No Event of Default will occur under Clause 24.4 (*Other obligations*) by reason only of an Obligor's failure to comply with this Clause 39 (*Confidentiality of Funding Rates and Reference Bank Quotations*).

## **40 AMENDMENTS**

### **40.1 Replacement of Screen Rate**

(a) If a Screen Rate Replacement Event has occurred in relation to any Screen Rate for LIBOR:

(i) the Lender shall forthwith give notice thereof to the Borrower;

(ii) the Lender and the Borrower shall enter into negotiations in good faith first; and

(iii) then at the Lender's sole discretion, to decide and designate the use of an alternative Replacement Benchmark in relation to Dollars in place of that Screen Rate from and including a date no later than 30 June 2021.

(b) The Lender shall be under no obligation what so ever to maintain the Loan hereunder until an alternative Replacement Benchmark has been decided accordingly.

(c) In this Agreement:

“**Screen Rate Replacement Event**” means, in relation to a Screen Rate:

- (i) 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
- (ii) the administrator of that Screen Rate or its supervisor announces that that Screen Rate may no longer be used; or
- (iii) the supervisor of the administrator of that Screen Rate makes a public announcement or publishes information stating that that Screen Rate is no longer or, as of a specified future date will no longer be, representative of the underlying market or economic reality that it is intended to measure and that representativeness will not be restored (as determined by such supervisor).

#### 40.2 **Obligor intent**

Without prejudice to the generality of Clauses 1.2 (*Construction*) and 17.4 (*Waiver of defences*), each Obligor acknowledges that it intends that any guarantee contained in this Agreement or any other Finance Document and any Security created by any Finance Document shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to any of the Finance Documents and/or any facility or amount made available under any of the Finance Documents for the purposes of or in connection with any of the following: business acquisitions of any nature; increasing working capital; enabling investor distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variation or extension of the purposes for which any such facility or amount might be made available from time to time; and any fees, costs and/or expenses associated with any of the foregoing.

#### 41 **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.

## SECTION 11

### GOVERNING LAW AND ENFORCEMENT

#### 42 GOVERNING LAW

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

#### 43 ENFORCEMENT

##### 43.1 Jurisdiction

- (a) Unless specifically provided in another Finance Document in relation to that Finance Document, the courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with any Finance Document (including a dispute regarding the existence, validity or termination of any Finance Document or any non-contractual obligation arising out of or in connection with any Finance Document) (a “**Dispute**”).
- (b) The Obligors accept that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Obligor will argue to the contrary.
- (c) To the extent allowed by law, this Clause 43.1 (*Jurisdiction*) is for the benefit of the Lender only. As a result, the Lender shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Lender may take concurrent proceedings in any number of jurisdictions.

##### 43.2 Service of process

- (a) Without prejudice to any other mode of service allowed under any relevant law, each Obligor (other than an Obligor incorporated in England and Wales):
  - (i) irrevocably appoints Global Ship Lease Services Limited, currently at 25 Wilton Road, London SW1V 1LW, United Kingdom as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document; and
  - (ii) agrees that failure by a process agent to notify the relevant Obligor of the process will not invalidate the proceedings concerned.
- (b) If any person appointed as an agent for service of process is unable for any reason to act as agent for service of process, the Borrower (on behalf of all the Obligors) must immediately (and in any event within five days of such event taking place) appoint another agent on terms acceptable to the Lender. Failing this, the Lender 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 A**

**THE OBLIGORS**

<b>Name Borrower</b>	<b>of</b>	<b>Place of Incorporation</b>	<b>Registration number (or equivalent, if any)</b>	<b>Address for Communication</b>
GLOBAL LEASE 42 LLC	SHIP	Liberia	LLC-960163	c/o the Approved Technical Manager 3-5 Menandrou Street 145 61 Kifissia Greece  Fax: +30 210 80 84 224  email: <a href="mailto:legalconfidential@technomar.gr">legalconfidential@technomar.gr</a>

<b>Name Guarantor</b>	<b>of</b>	<b>Place of Incorporation</b>	<b>Registration number (or equivalent, if any)</b>	<b>Address for Communication</b>
GLOBAL LEASE, INC.	SHIP	Marshall Islands	28891	c/o the Approved Technical Manager 3-5 Menandrou Street 145 61 Kifissia Greece  Fax: +30 210 80 84 224  email: <a href="mailto:legalconfidential@technomar.gr">legalconfidential@technomar.gr</a>

**PART B**

**THE ORIGINAL LENDER**

<b>Name of Original Lender</b>	<b>Commitment</b>	<b>Address for Communication</b>
SINOPAC CAPITAL INTERNATIONAL (HK) LIMITED	\$12,000,000	Having its registered address at Suites 3306, 33F, Tower 1, The Gateway, 25 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong and acting through its office at 5F, No. 203, Bade Rd., Sec. 2, Taipei, Taiwan Fax: +886 2 8161 2452  email: <a href="mailto:allen.su@sinopac.com">allen.su@sinopac.com</a> <a href="mailto:ya.tsao@sinopac.com">ya.tsao@sinopac.com</a> <a href="mailto:L00488@sinopac.com">L00488@sinopac.com</a>

## SCHEDULE 2

### CONDITIONS PRECEDENT AND SUBSEQUENT

#### PART A

##### CONDITIONS PRECEDENT TO UTILISATION REQUEST

#### 1 Obligors

- 1.1 A copy of the constitutional documents of each Transaction Obligor and each Approved Manager.
- 1.2 A copy of a resolution of the board of directors or members, as appropriate, of each Transaction Obligor and each Approved Manager:
- (a) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute the Finance Documents to which it is a party;
- (b) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and
- (c) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, the Utilisation Request) to be signed and/or despatched by it under, or in connection with, the Finance Documents to which it is a party.
- 1.3 An original of the power of attorney of any Transaction Obligor and any Approved Manager authorising a specified person or persons to execute the Finance Documents to which it is a party.
- 1.4 A specimen of the signature of each person authorised by the resolution referred to in paragraph 1.2 above.
- 1.5 A copy of a resolution signed by the Member as the holder of the issued limited liability company interests in the Borrower, approving the terms of, and the transactions contemplated by, the Finance Documents to which the Borrower is a party.
- 1.6 A certificate of each Transaction Obligor (signed by a director or officer) confirming that borrowing or guaranteeing, as appropriate, the Commitment would not cause any borrowing, guaranteeing or similar limit binding on that Transaction Obligor to be exceeded.
- 1.7 A certificate of each Transaction Obligor and each Approved Manager that is incorporated outside the UK (signed by a director, officer or member, as applicable) certifying either that (i) it has not delivered particulars of any UK Establishment to the Registrar of Companies as required under the Overseas Regulations or (ii) it has a UK Establishment and specifying the name and registered number under which it is registered with the Registrar of Companies.
- 1.8 A certificate of an authorised signatory of the relevant Transaction Obligor and the relevant Approved Manager certifying that each copy document relating to it specified in this Part A of Schedule 2 (*Conditions Precedent and Subsequent*) is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

**2 Finance Documents**

2.1 If applicable, any subordination agreement in relation to any Permitted Inter-Company Loans.

2.2 A duly executed original of any Finance Document not otherwise referred to in this Schedule 2 (*Conditions Precedent and Subsequent*).

2.3 A duly executed original of any other document required to be delivered by each Finance Document if not otherwise referred to this Schedule 2 (*Conditions Precedent and Subsequent*).

2.4 If applicable, a duly executed original of a Subordinated Finance Document.

**3 Security**

3.1 A duly executed original of the LLC Interests Security (and of each document to be delivered under each of them).

3.2 If applicable, a duly executed original of the Subordinated Debt Security.

**4 Legal opinions**

4.1 A legal opinion of Watson Farley & Williams Greece, legal advisers to the Lender in England, substantially in the form obtained by the Lender before signing this Agreement.

4.2 If a Transaction Obligor or an Approved Manager is incorporated in a jurisdiction other than England and Wales, a legal opinion of the legal advisers to the Lender in the relevant jurisdiction, substantially in the form distributed to the Lender before signing this Agreement.

**5 Other documents and evidence**

5.1 Evidence that any process agent referred to in Clause 43.2 (*Service of process*), if not an Obligor, has accepted its appointment.

5.2 A copy of any other Authorisation or other document, opinion or assurance which the Lender 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 Transaction Document or for the validity and enforceability of any Transaction Document.

5.3 The Original Financial Statements.

5.4 Such evidence as the Lender may require for it to be able to satisfy its “know your customer” or similar identification procedures in relation to the transactions contemplated by the Finance Documents.

## PART B

### CONDITIONS PRECEDENT TO UTILISATION

#### 1 Borrower

A certificate of an authorised signatory of the Borrower certifying that each copy document which it is required to provide under this Part B of Schedule 2 (*Conditions Precedent and*

*Subsequent*) is correct, complete and in full force and effect as at the Utilisation Date.

#### 2 Ship and other security

2.1 A duly executed original of the Mortgage, any Deed of Covenant, the General Assignment and any Charterparty Assignment in respect of the Ship and of each document to be delivered under or pursuant to each of them together with documentary evidence that the Mortgage has been duly registered as a valid first preferred or, as the case may be, priority ship mortgage in accordance with the laws of the jurisdiction of the Approved Flag.

2.2 Documentary evidence that the Ship:

- (a) is definitively and permanently registered in the name of the Borrower under the Approved Flag;
- (b) is in the absolute and unencumbered ownership of the Borrower save as contemplated by the Finance Documents;
- (c) maintains the Approved Classification with the Approved Classification Society free of all overdue recommendations and conditions of the Approved Classification Society; and
- (d) is insured in accordance with the provisions of this Agreement and all requirements in this Agreement in respect of insurances have been complied with.

2.3 Documents establishing that the Ship will, as from the Utilisation Date, be managed commercially by the Approved Commercial Manager and managed technically by the Approved Technical Manager on terms acceptable to the Lender, together with:

- (a) a Manager's Undertaking for each of the Approved Technical Manager and the Approved Commercial Manager; and
- (b) copies of the Approved Technical Manager's Document of Compliance and of the Ship's Safety Management Certificate (together with any other details of the applicable Safety Management System which the Lender requires) and of any other documents required under the ISM Code and the ISPS Code in relation to the Ship including without limitation an ISSC.

2.4 An opinion from an independent insurance consultant acceptable to the Lender on such matters relating to the Insurances as the Lender may require.

2.5 A valuation of the Ship, addressed to the Lender, stated to be for the purposes of this Agreement and dated not earlier than 14 days before the Utilisation Date from an Approved Valuer which shows a value for the Ship of not less than 120 per cent. of the Loan (after the Utilisation Date).

#### 3 Legal opinions

Legal opinions of the legal advisers to the Lender in the jurisdiction of the Approved Flag of the Ship and such other relevant jurisdictions as the Lender may require.

**4 Other documents and evidence**

4.1 Evidence that any process agent referred to in Clause 43.2 (*Service of process*) has accepted its appointment.

4.2 Evidence that the costs and expenses then due from the Borrower pursuant to Clause 16 (*Costs and Expenses*) have been paid or will be paid by the Utilisation Date (or within a reasonable time thereafter subject to Lender's prior consent).

**PART C**

**CONDITIONS SUBSEQUENT**

**5 Ship and other security**

- 5.1 A duly executed original of a Letter of Undertaking in respect of the Ship from the Approved Brokers in a form acceptable to the Lender.
- 5.2 A duly executed original of a Letter of Undertaking in respect of the Ship from any protection and indemnity club or war risks association through or with whom any obligatory insurances are placed or effected in a form acceptable to the Lender.

**SCHEDULE 3**  
**REQUESTS**  
**PART A**  
**UTILISATION REQUEST**

From: **GLOBAL SHIP LEASE 42 LLC**  
80 Broad Street  
Monrovia  
Liberia

To: **SINOPAC CAPITAL INTERNATIONAL (HK) LIMITED**  
5F, No. 203, Bade Rd., Sec. 2, Taipei, Taiwan

Dated: [●] 2021

**GLOBAL SHIP LEASE 42 LLC – US\$12,000,000 Facility Agreement dated [●] 2021 (the “Agreement”)**

1 We refer to the Agreement. This is the Utilisation Request. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.

2 We wish to borrow the Loan on the following terms:

Proposed Utilisation Date: [●] (or, if that is not a Business Day, the next Business Day)

Amount: [●]

Interest Period: 3 Months

3 You are authorised and requested to credit the proceeds to the following account:

Account Name:	Global Ship Lease 42 LLC
Beneficiary Address:	80 Broad Street, Monrovia, Liberia
Bank Name:	ABN AMRO Bank N.V.
Bank Address:	Gustav Mahlerlaan 10, Amsterdam, 1082 PP, Netherlands
Accounts Number:	870696882
Swift Code:	ABNANL2AXXX
IBAN Number:	NL93ABNA0870696882

4 We confirm that each condition specified in Clause 4.1 (*Initial conditions precedent*) and Clause 4.2 (*Further conditions precedent*) of the Agreement is satisfied on the date of this Utilisation Request.

5 The net proceeds of the Loan should be credited to [account].

6 This Utilisation Request is irrevocable.

Yours faithfully

[•]  
authorised signatory for  
**GLOBAL SHIP LEASE 42 LLC**

**SCHEDULE 4**

**DETAILS OF THE SHIP**

<b>Ship name</b>	<b>Type</b>	<b>GRT</b>	<b>NRT</b>	<b>Approved Flag</b>	<b>Approved Classification Society</b>	<b>Approved Classification</b>	<b>Approved Commercial Manager</b>	<b>Approved Technical Manager</b>
"GSL VALERIE"	Container	28,927	15,033	Liberia	DNV	1A1 Container carrier BIS DG(P) E0 NAUTICUS (Newbuilding) TMON	Conchart Commercial  Inc. of the Marshall Islands	Technomar Shipping  Inc. of Liberia

**SCHEDULE 5  
TIMETABLES**

Delivery of a duly completed Utilisation Request (Clause 5.1 ( <i>Delivery of the Utilisation Request</i> ))	Two Business Days (or at the Borrower's request, any such shorter period that the Lender may agree in its absolute discretion) before the intended Utilisation Date (Clause 5.1 ( <i>Delivery of a Utilisation Request</i> ))
LIBOR is fixed	Quotation Day as of 11:00 am London time
Reference Bank Rate calculated by reference to available quotations in accordance with Clause 10.2 ( <i>Calculation of Reference Bank Rate</i> )	Noon on the Quotation Day

EXECUTION PAGES

**BORROWER**

SIGNED by GLOBAL SHIP LEASE 42 LLC )  
acting by Aikaterini Emmanouil ) /s/ Aikaterini Emmanouil  
its attorney-in-fact )  
in the presence of: )  
  
Witness' signature:/s/ Christina Economides )  
Witness' name:Christina Economides )  
Solicitor )  
Witness' address:Solicitor, Watson Farley & Wiliams, 348 Syngrou Avenue, 17674 Kallithea, )  
Athens-Greece )

**PARENT GUARANTOR**

SIGNED by GLOBAL SHIP LEASE INC. )  
acting by Aikaterini Emmanouil ) /s/ Aikaterini Emmanouil  
its attorney-in-fact )  
in the presence of: )  
  
Witness' signature: /s/ Christina Economides )  
Witness' name: Christina Economides )  
Solicitor )  
Witness' address: Solicitor, Watson Farley & Wiliams, 348 Syngrou Avenue, 17674 Kallithea, )  
Athens-Greece )

**LENDER**

SIGNED by [ILLEGIBLE] ) /s/ [ILLEGIBLE]  
duly authorised )  
for and on behalf of )  
SINOPAC CAPITAL INTERNATIONAL (HK) LIMITED )  
in the presence of: )  
  
Witness' signature: /s/ [ILLEGIBLE] )  
Witness' name: [ILLEGIBLE] )  
Witness' address: 5F, No. 203, Bade Rd., Sec. 2, )  
Taipei, Taiwan 10491 )





# BARECON 2017

STANDARD BAREBOAT CHARTER PARTY PART I

1. Place and date <b>Athens, 12 May 2021</b>	
2. <del>Owners Lessor</del> (Cl. 1) (i) Name: <b>NML VIOLETTA LLC</b> (ii) Place of registered office: <b>80 Broad Street, Monrovia, Republic of Liberia</b> (iii) Law of registry: <b>Republic of Liberia</b>	3. <del>Charterers Lessee</del> (Cl. 1) (i) Name: <b>GSL VIOLETTA LLC</b> (ii) Place of registered office: <b>80 Broad Street, Monrovia, Republic of Liberia</b> (iii) Law of registry: <b>Republic of Liberia</b>
4. Vessel (Cl. 1 and 3) (i) Name: <b>GSL VIOLETTA</b> (ii) IMO number: <b>9214202</b> (iii) Flag State: <b>Liberia</b> (iv) Type: <b>Container Carrier</b>	(v) GT/NT: <b>66,289/ 33,235</b> (vi) Summer DWT: <b>67,566.00</b> (vii) When/where built: <b>2000/ Samsung Heavy Industries Co., Ltd</b> (viii) Classification Society: <b>As defined in Clause 39.1</b>
5. Date of last special survey by the Vessel's Classification Society <b>N.A.</b>	6. Validity of class certificates (state number of months to apply) (i) Delivery (Cl. 3): <b>N.A.</b> (ii) Redelivery (Cl. 10): <b>N.A.</b>
7. Latent Defects (state number of months to apply) (Cl. 1, 3) <b>N.A.</b>	8. Port or place of delivery (Cl. 3) <b>Highseas</b>
9. Delivery notices (Cl. 4) <b>N.A. days' approximate notices and days' definite notices</b>	10. Time for delivery (Cl. 4) <b>See Clause 41</b>
11. Cancelling date (Cl. 4, 5) <b>N.A.</b>	12. Port or place of redelivery (Cl. 10) <b>See Clause 62</b>
13. Redelivery notices (Cl. 10) <b>See Clause 62 days' approximate notices and definite notices</b>	14. Trading limits (Cl. 11) <b>Worldwide subject to Clause 11 and Clauses 56, 57 and 58</b>
15. Bunker fuels, unused oils and greases (optional, state if (a) (actual net price), or (b) (current net market price) to apply) (Cl. 9) <b>N.A.</b>	16. Charter period (Cl. 2) <b>57 months after the Delivery Date unless otherwise terminated in accordance with the terms of this Charter.</b>
17. Charter hire (state currency and amount) (Cl. 2, 10 and 15) (i) Charter hire: <b>See Clause 44</b> (ii) Charter hire for optional period: <b>N.A.</b>	18. Optional period and notice (Cl. 2) (i) State extension period in months: <b>N.A.</b> (ii) State when declarable: <b>N.A.</b>
19. Rate of interest payable (Cl. 15(g)) <b>See Clause 44.8</b>	20. <del>Owners' Lessor's</del> bank details (state beneficiary and bank account) (Cl. 15) <b>See Clause 44.4</b>
21. New class and other regulatory requirements (Cl. 13(b)) (i) State if 13(b)(i) or (ii) to apply: <b>13(b)(i)</b> (ii) Threshold amount (AMT): <b>N.A.</b> (iii) Vessel's expected remaining life in years on the date of delivery: <b>N.A.</b>	
22. Mortgage(s), if any (state if 16(a) or (b) to apply; if 16(b) applies state date of Financial Instrument and name of Mortgagee(s)/Place of business) (Cl. 1, 16) <b>See Clauses 52.1(q) and 57.6 which apply</b>	
23. Insured Total Loss value (Cl. 17) <b>See Clause 58</b>	24. Insuring party (state if Cl. 17(b) ( <del>Charterers Lessee</del> to insure) or Cl. 17(c) ( <del>Owners Lessor</del> to insure) to apply) <b>Clause 58.2 and 58.3 of the Clauses to apply</b>



25.	Performance guarantee (state amount and entity) (Cl. 27) (optional) <b>See definition of "Guarantee" and "Guarantor" in the Clauses</b>	
26.	Dispute Resolution (state 33(a), 33(b), 33(c) or 33(d); if 33(c) is agreed, state Singapore or English law; if 33(d) is agreed, state governing law and place of arbitration) (Cl. 33) <b>(d) Clauses 81 and 83 shall apply</b>	
27.	Newbuilding Vessel (indicate with "yes" or "no" whether PART III applies and if "yes", complete details below) (optional) <b>No</b> (i) Name of Builders: (ii) Hull number: (iii) Date of newbuilding contract: (iv) Liquidated damages for physical defects or deficiencies (state party): (v) Liquidated damages for delay in delivery (state party):	
28.	Purchase Option (indicate with "yes" or "no" whether PART IV applies) (optional) No, <u>but see Clause 64.1</u>	29. Bareboat Charter Registry (indicate with "yes" or "no" whether PART V applies and if "yes", complete details below) (optional) <u>No</u> (i) Underlying Registry: <b>N.A.</b> (ii) Bareboat Charter Registry: <b>N.A.</b>
30.	Notices to <del>Owners</del> <u>Lessor</u> (state full style details for serving notices) (Cl. 34) <b>See Clause 73</b>	31. Notices to <del>Charterers</del> <u>Lessee</u> (state full style details for serving notices) (Cl. 34) <b>See Clause 73</b>

It is mutually agreed that this Charter ~~Party~~ shall be performed subject to the conditions contained in this Charter ~~Party~~ which shall include the Clauses (as attached) PART I and PART II. In the event of a conflict of conditions, the provisions of the Clauses shall prevail over PART 1 to the extent of such conflict but no further, and the provisions of PART I shall prevail over those of PART II to the extent of such conflict but no further. It is further mutually agreed that PART III and/or PART IV and/or PART V shall only apply and only form part of this Charter Party if expressly agreed and stated in Box 27, 28 and 29. If PART III and/or PART IV and/or PART V applies, it is further agreed that in the event of a conflict of conditions, the provisions of the Clauses, PART I and PART II shall prevail over those of PART III and/or PART IV and/or PART V to the extent of such conflict but no further. The additional clauses 39 to 82 (both inclusive) and the Schedules attached to this Charter and signed by the Lessor and the Lessee (together the "Additional Clauses") form an integral part of Part II of this Charter and shall be read and construed together with, and as forming part of, Part II (and this Charter as a whole). Notwithstanding anything to the contrary in this Charter, in the event of a conflict of conditions, the provisions of the Additional Clauses shall prevail over the remaining clauses of Part II and over Part I to the extent of such conflict but no further.

Signature ( <u>Owners Lessor</u> )  /s/ Athanasios Voudris  Athanasios Voudris	Signature ( <u>Charterers Lessee</u> )  /s/ Vassiliki Georgopoulos  Vassiliki Georgopoulos
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**PART II**  
**BARECON 2017 Standard Bareboat Charter Party**

**1. Definitions**

In this Charter Party:

~~"Banking Day" means a day on which banks are open in the places stated in Boxes 2, 3, 30 and 31, and, for payments in US dollars, in New York.~~

~~"Charterers" means the party identified in Box 3.~~

"Crew" means the Master, officers and ratings and any other personnel employed on board the Vessel.

~~"Financial Instrument" means the mortgage, deed of covenant or other such financial security instrument as identified in Box 22.~~

"Flag State" means the flag state in Box 4 or such other flag state to which the ~~Charterers~~ Lessee may have re-registered the Vessel with the Owners' Lessor's consent during the Charter Period.

"Lessee" means the party identified in Box 3.

~~"Latent Defect" means a defect which could not be discovered on such an examination as a reasonably careful skilled person would make.~~

"Owners Lessor" means the party identified in Box 2.

~~"Total Loss" means an actual, constructive, compromised or agreed total loss of the Vessel under the ~~C~~ insurances.~~

~~"Vessel" means the vessel described in Box 4 including its equipment, machinery, boilers, fixtures and fittings.~~

**2. Charter Period**

~~The Owners have Lessor has~~ agreed to let and the ~~Charterers~~ Lessee has~~ve~~ agreed to hire the Vessel for the period stated in Box 16 ("Charter Period"). See also Clause 40.

~~The Charterers shall have the option to extend the Charter Period by the period stated in Box 18(i) at the rate stated in Box 17(ii), which option shall be exercised by written notice to the Owners latest as stated in Box 18(ii).~~

~~Subject to the terms and conditions herein provided, during the Charter Period the Vessel shall be in the full possession and at the absolute disposal for all purposes of the Charterers and under their complete control in every respect.~~

**3. Delivery**

(not applicable when Part III applies, as stated in Box 27). See Clause 41.

- (a) ~~The Owners shall deliver the Vessel in a seaworthy condition and in every respect ready for service under this Charter Party and in accordance with the particulars stated in Boxes 4 to 6.~~

~~If the Charterers have inspected the Vessel prior to delivery, the Vessel shall be delivered by the Owners in the same condition as at the time of inspection, fair wear and tear excepted.~~

~~The Vessel shall be delivered by the Owners and taken over by the Charterers at the port or place stated in Box 8 at such readily accessible safe berth or mooring as the Charterers may direct.~~

**PART II**  
**BARECON 2017 Standard Bareboat Charter Party**

- (b) ~~The Vessel shall be properly documented on delivery in accordance with the laws and regulations of the Flag State and the requirements of the Classification Society stated in Box 4. The Vessel upon delivery shall have its survey cycles up to date and class certificates valid and unextended for at least the number of months stated in Box 6(i) free of any conditions or recommendations. If Box 6(i) is not filled in, then six (6) months shall apply.~~
- (c) ~~The delivery of the Vessel by the Owners and the taking over of the Vessel by the Charterers shall constitute a full performance by the Owners of all the Owners' obligations under this Clause, and thereafter the Charterers shall not be entitled to make or assert any claim against the Owners on account of any conditions, representations or warranties expressed or implied with respect to the Vessel but the Owners shall be liable for the cost of but not the time for repairs or renewals arising out of Latent Defects in the Vessel existing at the time of delivery under this Charter Party, provided such Latent Defects manifest themselves within the number of months after delivery stated in Box 7. If Box 7 is not filled in, then twelve (12) months shall apply.~~

**4. Time for Delivery**

(not applicable when Part III applies, as stated in Box 27). See Clause 41.

~~The Vessel shall not be delivered before the date stated in Box 10 without the Charterers' consent and the Owners shall exercise due diligence to deliver the Vessel not later than the date stated in Box 11.~~

~~The Owners shall keep the Charterers informed of the Vessel's itinerary for the voyage leading up to delivery and shall serve the Charterers with the number of days approximate/definite notices of the Vessel's delivery stated in Box 9. Following the tender of any such notices the Owners shall give or allow to be given to the Vessel only such further employment orders as are reasonably expected when given to allow delivery to occur by the date notified.~~

**5. Cancelling**

(not applicable when Part III applies, as stated in Box 27)

- (a) ~~Should the Vessel not be delivered by the cancelling date stated in Box 11, the Charterers shall have the option of cancelling this Charter Party.~~
- (b) ~~If it appears that the Vessel will be delayed beyond the cancelling date, the Owners may, as soon as they are in a position to state with reasonable certainty the day on which the Vessel should be ready, give notice thereof to the Charterers asking whether they will exercise their option of cancelling, and the option must then be declared within three (3) Banking Days of the receipt by the Charterers of such notice. If the Charterers do not then exercise their option of cancelling, the readiness date stated in the Owners' notice shall be substituted for the cancelling date stated in Box 11 for the purpose of this Clause 51 (Cancelling).~~
- (c) ~~Cancellation under this Clause 5 (Cancelling) shall be without prejudice to any claim the Charterers may otherwise have against the Owners under this Charter Party.~~

**6. Familiarisation**

- (a) ~~The Charterers shall have the right to place a maximum of two (2) representatives on board the Vessel at their sole risk and expense for a reasonable period prior to the delivery of the Vessel.~~
- ~~The Charterers and the Charterers' representatives shall sign the Owners' usual letter of indemnity prior to embarkation.~~
- (b) ~~The Owners shall have the right to place a maximum of two (2) representatives on board the Vessel at their sole risk and expense for a reasonable period prior to the redelivery of the Vessel.~~
- ~~The Owners and the Owners' representatives shall sign the Charterers' usual letter of indemnity prior to embarkation.~~

**PART II**  
**BARECON 2017 Standard Bareboat Charter Party**

- (c) ~~Such representatives shall be on board for the purpose of familiarisation and in the capacity of observers only, and they shall not interfere in any respect with the operation of the Vessel.~~

**7. Surveys on Delivery and Redelivery**

- (a) ~~The Owners Lessor and Charterers shall each appoint an independent and pay for their respective surveyors for the purpose of determining and agreeing in writing the condition of the Vessel at the time of delivery and redelivery hereunder. The Owners shall bear all the Vessel's expenses related to the on-hire survey including loss of time, if any. The Lessee Charterers shall bear all the Vessel's expenses related to the off-hire survey including loss of time, if any.~~
- (b) Divers inspection on delivery/re-delivery

~~The Charterers shall have the option at delivery and the Owners Lessor shall have the option at redelivery, at their its respective time, cost and expense, to arrange for an underwater inspection by a diver approved by the Classification Society, in the presence of a Classification Society surveyor, to determine the condition of the rudder, propeller, bottom and other underwater parts of the Vessel.~~

**8. Inventories**

A complete inventory of the Vessel's equipment, outfit, spare parts and consumable stores on board the Vessel shall be made by the parties on delivery and redelivery of the Vessel.

**9. Bunker fuels, oils and greases**

~~The Charterers and the Owners Lessor, respectively, shall at the time of delivery and redelivery (if any) take over and pay for all bunker fuels and unused lubricating and hydraulic oils and greases in storage tanks and unopened drums at no cost to the Lessor:-~~

- (a)\* ~~The actual price paid (excluding barging expenses) as evidenced by invoices or vouchers.~~
- (b)\* ~~The current market price (excluding barging expenses) at the port and date of delivery/redelivery of the Vessel or, if unavailable, at the nearest bunkering port.~~

~~\*Subclauses (a) and (b) are alternatives; state alternative agreed in Box 15. If Box 15 is not filled in, then subclause (a) shall apply.~~

**10. Redelivery**

~~See Clause 62. At the expiration of the Charter Period the Vessel shall be redelivered by the Charterers and taken over by the Owners at the port or place stated in Box 12 at such readily accessible safe berth or mooring as the Owners may direct.~~

~~The Charterers shall keep the Owners informed of the Vessel's itinerary for the voyage leading up to redelivery and shall serve the Owners with the number of days approximate/definite notices of the Vessel's redelivery stated in Box 13.~~

~~The Charterers warrant that they will not permit the Vessel to commence a voyage (including any preceding ballast voyage) which cannot reasonably be expected to be completed in time to allow redelivery of the Vessel within the Charter Period and in accordance with the notices given. Notwithstanding the above, should the Charterers fail to redeliver the Vessel within the Charter Period, the Charterers shall pay the daily equivalent to the rate of hire stated in Box 17(i) applicable at the time plus ten (10) per cent of the market rate, whichever is the higher, for the number of days by which the Charter Period is exceeded. Such payment of the enhanced hire rate shall be without prejudice to any claims the Owners may have against the Charterers in this respect. All other terms, conditions and provisions of this Charter Party shall continue to apply.~~

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~~Subject to the provisions of Clause 13 (Maintenance and Operation), the Vessel shall be redelivered to the Owners in the same condition and class as that in which it was delivered, fair wear and tear not affecting class excepted.~~

~~The Vessel upon redelivery shall have her survey cycles up to date and class certificates valid and unextended for at least the number of months agreed in Box 6(ii) free of any conditions or recommendations. If Box 6(ii) is not filled in, then six (6) months shall apply.~~

~~All plans, drawings and manuals (excluding ISM/ISPS manuals) and maintenance records shall remain on board and accessible to the Owners upon redelivery. Any other technical documentation regarding the Vessel which may be in the Charterers' possession shall promptly after redelivery be forwarded to the Owners at their expense, if they so request. The Charterers may keep the Vessel's log books but the Owners shall have the right to make copies of the same.~~

**11. Trading Restrictions**

The Vessel shall be employed in lawful trades for the carriage of lawful merchandise within the trading limits stated in Box 14.

The Charterers Lessee undertake not to employ the Vessel or allow the Vessel to be employed otherwise than in conformity with the terms of the contracts of insurance (including any warranties expressed or implied therein) without first obtaining the consent of the insurers to such employment and complying with such requirements as to additional premium or otherwise as the insurers may require.

The Charterers Lessee will not do or permit do be done anything which might cause any breach or infringement of the laws and regulations of the Flag State, or of the places where the Vessel trades.

Notwithstanding any other provisions contained in this Charter Party it is agreed that nuclear fuels or radioactive products or waste are specifically excluded from the cargo permitted to be loaded or carried under this Charter Party. This exclusion does not apply to radio isotopes used or intended to be used for any industrial, commercial, agricultural, medical or scientific purposes provided the Owners' Lessor's prior approval has been obtained to loading thereof. See also Clauses 56, 57 and 58.

**12. Contracts of Carriage**

- (a) ~~The Charterers Lessee is/are to procure that all documents issued during the Charter Period evidencing the terms and conditions agreed in respect of carriage of goods shall contain a paramount clause which shall incorporate the Hague-Visby Rules unless any other legislation relating to carrier's liability for cargo is compulsorily applicable in the trade. The documents shall also contain the New Jason Clause and the Both-to-Blame Collision Clause.~~
- (b) ~~The Charterers are to procure that all passenger tickets issued during the Charter Period for the carriage of passengers and their luggage under this Charter Party shall contain a paramount clause which shall incorporate the Athens Convention Relating to the Carriage of Passengers and their Luggage by Sea, 1974, and any protocol thereto, unless any other legislation relating to carrier's liability for passengers and their luggage is compulsorily applicable in the trade.~~

**13. Maintenance and Operation**

- (a) Maintenance

The Charterers Lessee shall properly maintain the Vessel in a good state of repair, in efficient operating condition and in accordance with good commercial maintenance practice and, at ~~their~~its own expense, maintain the Vessel's Class with the Classification Society stated in Box 4 and all necessary certificates.

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(b) New Class and Other Regulatory Requirements

(i)\* In the event of any structural changes or new equipment becoming necessary for the continued operation of the Vessel by reason of new class requirements or by compulsory legislation ("Required Modification"), all such costs shall be for the ~~Charterers' Lessee's~~ account.

(ii)\* ~~In the event of any structural changes or new equipment becoming necessary for the continued operation of the Vessel by reason of a Required Modification, the costs shall be apportioned as follows:~~

- (1) ~~if the costs of the Required Modification are less than the amount stated in Box 21(ii), such costs shall be for the Charterers' account;~~
- (2) ~~if the costs of the Required Modification are greater than the amount stated in Box 21(ii), the Charterers' portion of costs shall be apportioned using the formula below; all costs other than the Charterers' portion shall be for the Owners' account.~~

AMT = agreed amount stated in Box 21(ii)

CRM = cost of Required Modification

MEL = modification's expected life in years

VEL = the Vessel's expected remaining life in years stated in Box 21(iii) less the number of years between the date of delivery and the date of the modification.

RPY = remaining charter period in years

(i) If the Required Modification is expected to last for the remaining life of the Vessel, then:

$$\text{Charterers' portion of costs} = \frac{CRM}{VEL} \times RPY$$

(ii) If the Required Modification is not expected to last the remaining life of the Vessel, then:

$$\text{Charterers' portion of costs} = \frac{CRM}{MEL} \times RPY$$

\*Subclauses 13(b)(i) and 13(b)(ii) are alternatives, state alternative agreed in Box 21(i). If Box 21(i) is not filled in, then subclause 13(b)(i) shall apply.

(c) Financial Security

The ~~Charterers-Lessee~~ shall maintain financial security or responsibility in respect of third party liabilities as required by any government, including federal, state or municipal or other division or authority thereof, to enable the Vessel, without penalty or charge, lawfully to enter, remain at, or leave any port, place, territorial or contiguous waters of any country, state or municipality in performance of this Charter Party without any delay. This obligation shall apply whether or not such requirements have been lawfully imposed by such government or division or authority thereof. The ~~Charterers-Lessee~~ shall make and maintain all arrangements by bond or otherwise as may be necessary to satisfy such requirements at the ~~Charterers-Lessee's~~ sole expense and the ~~Charterers-Lessee~~ shall indemnify the ~~Owners-Lessor~~ against all consequences whatsoever (including loss of time) for any failure or inability to do so.

(d) Operation of the Vessel

The ~~Charterers-Lessee~~ shall at ~~their-its~~ own expense crew, victual, navigate, operate, supply, fuel, maintain and repair the Vessel during the Charter Period and ~~they-it~~ shall be responsible for all costs and expenses

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whatsoever relating to ~~their~~ its use and operation of the Vessel, including any taxes and fees. The Crew shall be the servants of the ~~Charterers~~ Lessee for all purposes whatsoever, even if for any reason appointed by the ~~Owners~~ Lessor. The Lessee shall comply with the regulations regarding officers and Crew in force in the Flag State or any other applicable law.

(e) Information to ~~Owners~~ Lessor

The ~~Charterers~~ Lessee shall keep the ~~Owners~~ Lessor advised of the intended employment, planned dry-docking and major repairs of the Vessel, as reasonably required by the ~~Owners~~ Lessor.

(f) Flag and Name of Vessel

During the Charter Period, the ~~Charterers~~ Lessee shall have the liberty to paint the Vessel in ~~their~~ its own colours, install and display ~~their~~ its funnel insignia and fly their own house flag. ~~The Charterers shall also have the liberty, with the Owners' prior written consent, which shall not be unreasonably withheld, to change the flag and/or the name of the Vessel during the Charter Period.~~ Painting and re-painting, instalment and re-instalment, registration and re-registration, if required by the ~~Owners~~ Lessor, shall be at the ~~Charterers'~~ Lessee's expense and time.

~~(g)~~ ~~Changes to the Vessel~~

~~Subject to subclause 13(b) (New Class and Other Regulatory Requirements), the Charterers shall make no structural or substantial changes to the Vessel without the Owners' prior written approval. If the Owners agree to such changes, the Charterers shall, if the Owners so require, restore the Vessel, prior to redelivery of the Vessel, to its former condition.~~

(h) Use of the Vessel's Outfit and Equipment

The ~~Charterers~~ Lessee shall have the use of all outfit, equipment and spare parts on board the Vessel at the time of delivery, provided the same or their substantial equivalent shall be returned to the ~~Owners~~ Lessor on redelivery in the same good order and condition as on delivery as per the inventory (see Clause 8 (Inventories)), ordinary wear and tear excepted. The ~~Charterers~~ Lessee shall from time to time during the Charter Period replace such equipment that become unfit for use. The ~~Charterers~~ Lessee shall procure that all repairs to or replacement of any damaged, worn or lost parts or equipment will be effected in such manner (both as regards workmanship and quality of materials, including spare parts) as not to diminish the value of the Vessel.

The ~~Charterers~~ Lessee has the right to fit additional equipment at their expense and risk but the ~~Lessee~~ Charterers shall remove such equipment at the end of the Charter Period if requested by the ~~Owners~~ Lessor. Any hired equipment on board the Vessel at the time of delivery shall be kept and maintained by the ~~Charterers~~ Lessee and the ~~Charterers~~ Lessee shall assume the obligations and liabilities of the ~~Owners~~ Lessor under any lease contracts in connection therewith and shall reimburse the ~~Owners~~ Lessor for all expenses incurred in connection therewith, also for any new hired equipment required in order to comply with any regulations.

(i) Periodical Dry-Docking

The ~~Charterers~~ Lessee shall dry-dock the Vessel and clean and paint her underwater parts whenever the same may be necessary, but not less than once ~~in every every sixty (60) calendar months or such other~~ period as may be required by the Classification Society or Flag State.

**14 Inspection during the Charter Period**

~~See Clause 56.12. The Owners shall have the right at any time after giving reasonable notice to the Charterers to inspect the Vessel or instruct a duly authorised surveyor to carry out such inspection on their behalf to ascertain its condition and satisfy themselves that the Vessel is being properly repaired and maintained or for~~

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~~any other commercial reason they consider necessary (provided it does not unduly interfere with the commercial operation of the Vessel).~~

~~The fees for such inspections shall be paid for by the Owners. All time used in respect of inspection shall be for the Charterers' account and form part of the Charter Period.~~

~~The Charterers-Lessee shall furnish also permit the Owners to inspect the Vessel's class records, log books, certificates, maintenance and other records whenever requested and shall whenever required by the Owners Lessor furnish them with full information regarding any casualties or other accidents or damage to the Vessel.~~

**15. Hire**

(a) ~~The Charterers-Lessee shall pay hire due to the Owners Lessor punctually in accordance with the terms of this Charter Party. See also Clause 44.~~

(b) ~~The Charterers shall pay to the Owners for the hire of the Vessel a lump sum in the amount stated in Box 17(i) which shall be payable not later than every thirty (30) running days in advance, the first lump sum being payable on the date and hour of the Vessel's delivery to the Charterers. Hire shall be paid continuously throughout the Charter Period.~~

(c) ~~Payment of hire shall be made to the Owners' bank account stated in Box 20.~~

(d) ~~All payments of Charter Hire and any other payments due under this Charter shall be made without any set off whatsoever and free and clear of any withholding or deduction for, or on account of, any present or future income, freight, stamp or other taxes, levies, imposts, duties, fees, charges, restrictions or conditions of any nature. If the Charterers are required by any authority in any country to make any withholding or deduction from any such payment, the sum due from the Charterers in respect of such payment will be increased to the extent necessary to ensure that, after the making of such withholding or deduction the Owners receive a net sum equal to the amount which it would have received had no such deduction or withholding been required to be made.~~

(e) ~~If the Charterers fail to make punctual payment of hire due, the Owners shall give the Charterers three (3) Banking Days written notice to rectify the failure, and when so rectified within those three (3) Banking Days following the Owners' notice, the payment shall stand as punctual.~~

~~Failure by the Charterers to pay hire due in full within three (3) Banking Days of their receiving a notice from Owners shall entitle the Owners, without prejudice to any other rights or claims the Owners may have against the Charterers, to terminate this Charter Party at any time thereafter, as long as hire remains outstanding.~~

(f) ~~If the Owners choose not to exercise any of the rights afforded to them by this Clause in respect of any particular late payment of hire, or a series of late payments of hire, under the Charter Party, this shall not be construed as a waiver of their right to terminate the Charter Party.~~

(g) ~~Any delay in payment of hire shall entitle the Owners to interest at the rate per annum as agreed in Box 19. If Box 19 has not been filled in, the one month Interbank offered rate in London (LIBOR or its successor) for the currency stated in Box 17, as quoted on the date when the hire fell due, increased by three (3) per cent, shall apply.~~

(h) ~~Payment of interest due under subclause 15(g) shall be made within seven (7) running days of the date of the Owners' invoice specifying the amount payable or, in the absence of an invoice, at the time of the next hire payment date.~~

(i) ~~Final payment of hire, if for a period of less than thirty (30) running days, shall be calculated proportionally according to the number of days and hours remaining before redelivery and advance payment to be effected accordingly.~~

**PART II**  
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**16. Mortgage**

(only to apply if Box 22 has been appropriately filled in). See Clauses 52.1(tg) and 57.6.

- (a)\* ~~The Owners warrant that they have not effected any mortgage(s) of the Vessel and that they shall not effect any mortgage(s) without the prior consent of the Charterers, which shall not be unreasonably withheld.~~
- (b)\* ~~The Vessel chartered under this Charter Party is financed by a mortgage according to the Financial Instrument. The Charterers undertake to comply, and provide such information and documents to enable the Owners to comply, with all such instructions or directions in regard to the employment, insurances, operation, repairs and maintenance of the Vessel as laid down in the Financial Instrument or as may be directed from time to time during the currency of the Charter Party by the mortgagee(s) in conformity with the Financial Instrument, including the display or posting of such notices as the Mortgagees may require. The Charterers confirm that, for this purpose, they have acquainted themselves with all relevant terms, conditions and provisions of the Financial Instrument and agree to acknowledge this in writing in any form that may be required by the mortgagee(s). The Owners warrant that they have not effected any mortgage(s) other than stated in Box 22 and that they shall not agree to any amendment of the mortgage(s) referred to in Box 22 or effect any other mortgage(s) without the prior consent of the Charterers, which shall not be unreasonably withheld.~~

~~\*(Optional, Subclauses 16(a) and 16(b) are alternatives; indicate alternative agreed in Box 22).~~

**17 Insurance**

- (a) See Clause 58.General

~~(i) The value of the Vessel for hull and machinery (including increased value) and war risks insurance is the sum stated in Box 23, or such other sum as the parties may from time to time agree in writing. The party insuring the Vessel shall do so on such terms and conditions and with such insurers as the other party shall approve in writing, which approval shall not be unreasonably withheld, and shall name the other party as co-assured.~~

~~(ii) Notwithstanding that the parties co-assured, these insurance provisions shall neither exclude nor discharge liability between the Owners and the Charterers under this Charter Party, but are intended to secure payment of the loss insurance proceeds as a first resort to make good the Owners' loss. If such payment is made to the Owners it shall be treated as satisfaction (but not exclusion or discharge) of the Charterers' liability towards the Owners. For the avoidance of doubt, such payment is no bar to a claim by the Owners and/or their insurers against the Charterers to seek indemnify by way of subrogation.~~

~~(iii) Nothing herein shall prejudice any rights of recovery of the Owners or the Charterers (or their insurers) against third parties.~~

- (b)\* ~~Charterers to Insure~~

~~(i) During the Charter Period the Vessel shall be kept insured by the Charterers at their expense against hull and machinery, war, and protection and indemnity risks (and any risks against which it is compulsory to insure for the operation of the Vessel, including maintaining financial security in accordance with subclause 13(e) (Financial Security)).~~

~~(ii) Such insurances shall be arranged by the Charterers to protect the interests of the Owners and the Charterers and the mortgagee(s) (if any), and the Charterers shall be at liberty to protect under such insurances the interests of any managers they may appoint.~~

~~(iii) The Charterers shall upon the request of the Owners, provide information and promptly execute such documents as may be required to enable the Owners to comply with the insurance provisions of the Financial Instrument.~~

**PART II**  
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(c)\* **Owners to Insure**

~~(i) During the Charter Period the Vessel shall be kept insured by the Owners at their expense against hull and machinery and war risks. The Charterers shall progress claims for recovery against any third parties for the benefit of the Owners' and the Charterers' respective interests.~~

~~(ii) During the Charter Period the Vessel shall be kept insured by the Charterers at their expense against Protection and Indemnity risks (and any risks against which it is compulsory to insure for the operation of the Vessel, including maintaining financial security in accordance with subclause 13(c) (Financial Security)).~~

~~(iii) In the event that any act or negligence of the Charterers prejudices any of the insurances herein provided, the Charterers shall pay to the Owners all losses and indemnify the Owners against all claims and demands which would otherwise have been covered by such insurances.~~

~~\*Subclauses 17(b) and 17(c) are alternatives, state alternative agreed in Box 24. If Box 24 is not filled in, then subclause 17(b) (Charterers to Insure) shall apply.~~

**18. Repairs**

~~See Clause 56.3 and 56.4. (a) Subject to the provisions of any Financial Instrument, and the approval of the Owners, the Charterers shall effect all insured repairs, and undertake settlement of all miscellaneous expenses in connection with such repairs as well as all insured charges, expenses and liabilities.~~

~~To the extent of coverage under the insurances provided for under the provisions of subclause 17(c) (Owners to Insure), the Charterers shall be reimbursed under the Owners' insurances for such expenditures upon presentation of accounts.~~

~~(b) The Charterers shall remain responsible for and effect repairs and settlement of costs and expenses incurred thereby in respect of all repairs not covered by the insurances and/or not exceeding any deductibles provided for in the insurances.~~

~~(c) All time used for repairs under the provisions of subclauses 18(a) and 18(b) and for repairs of Latent Defects according to Clause 3 (Delivery) above, including any deviation, shall be for the Charterers' account and shall form part of the Charter Period.~~

**19. Total loss**

~~See Clause 60 (a) The Charterers shall be liable to the Owners by way of damages if the Vessel becomes a Total Loss. Subject to the provisions of any Financial Instrument, if the Vessel becomes a Total Loss, all insurance payments for such loss shall be paid to the Owners who shall distribute the monies between the Owners and the Charterers according to their respective interests, which shall satisfy (but not exclude or discharge) the Charterers' liability to the Owners thereof. The Charterers undertake to notify the Owners and the mortgagee(s), if any, of any occurrences in consequence of which the Vessel is likely to become a Total Loss.~~

~~(b) Notwithstanding any other clause herein, it is recognised that the Charterers have a continuing obligation to protect and preserve the Vessel as an asset of the Owners. The Charterers shall have a continuing duty after the termination of the Charter Party to preserve and present claims on behalf of Owners and Charterers and/or any subrogated insurers against any third party held responsible for the Total Loss during the Charter Period and account for any recovery achieved.~~

~~(c) The Owners or the Charterers, as the case may be, shall upon the request of the other party, promptly execute such documents as may be required to enable the other party to abandon the Vessel to the insurers and claim a constructive total loss.~~

**20. Lien**

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**BARECON 2017 Standard Bareboat Charter Party**

The ~~Owners Lessor~~ shall have a lien upon all cargoes, hires and freights (including deadfreight and demurrage) belonging or due to the ~~Charterers-Lessee~~ or any sub-charterers, for any amounts due under this Charter Party and the ~~Charterers shall have a lien on the Vessel for all monies paid in advance and not earned.~~

**21. Non-Lien**

~~The Charterers will not suffer, nor permit to be continued, any lien or encumbrance incurred by them or their agents, which might have priority over the title and interest of the Owners in the Vessel. See Clause 51.1(t).~~

**22. Indemnity - INTENTIONALLY OMITTED**

(a) ~~The Charterers shall indemnify the Owners against any loss, damage or expense arising out of or in relation to the operation of the Vessel by the Charterers, and against any lien of whatsoever nature arising out of an event occurring during the Charter Period. This shall include indemnity for any loss, damage or expense arising out of or in relation to any international convention which may impose liability upon the Owners.~~

(b) ~~Without prejudice to the generality of the foregoing, the Charterers agree to indemnify the Owners against all consequences or liabilities arising from the Master, officers or agents signing bills of lading or other documents.~~

(c) ~~If the Vessel is arrested or otherwise detained for any reason whatsoever other than those covered in subclause (d), the Charterers shall at their own expense take all reasonable steps to secure that within a reasonable time the Vessel is released, including the provision of bail.~~

(d) ~~If the Vessel is arrested or otherwise detained by reason of a claim or claims against the Owners, the Owners shall at their own expense take all reasonable steps to secure that within a reasonable time the Vessel is released, including the provision of bail.~~

~~In such circumstances the Owners shall indemnify the Charterers against any loss, damage or expense incurred by the Charterers (including hire paid under this Charter Party) as a direct consequence of such arrest or detention.~~

**23. Salvage**

All salvage and towage performed by the Vessel shall be for the Lessee's Charterers' benefit and the cost of repairing damage occasioned thereby shall be borne by the ~~Charterers-Lessee~~.

**24. Wreck Removal**

If the Vessel becomes a wreck, or any part of the Vessel is lost or abandoned, and is an obstruction to navigation or poses a hazard and has to be raised, removed, destroyed, marked or lit by order of any lawful authority having jurisdiction over the area or as a result of any applicable law, the ~~Lessee Charterers~~ shall be liable for any and all expenses in connection with the raising, removal, destruction, lighting or marking of the Vessel and shall indemnify the Owners Lessor against any sums whatsoever, which the Owners Lessor become liable to pay as a consequence. See also Clause 47.3(d).

**25. General Average**

The ~~Owners Lessor~~ shall not contribute to General Average.

**26. Assignment, Novation, Sub-Charter and Sale**

~~See Clause 71. (a) The Charterers shall not assign or novate this Charter Party nor sub charter the Vessel on a bareboat basis except with the prior consent in writing of the Owners, which shall not be unreasonably withheld, and subject to such terms and conditions as the Owners shall approve.~~

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- (b) ~~The Owners shall not sell the Vessel during the currency of this Charter Party except with the prior written consent of the Charterers, which shall not be unreasonably withheld, and subject to the buyer accepting a novation of this Charter Party.~~
- (c) ~~The Owners shall be entitled to assign their rights under this Charter Party.~~

**27. Performance Guarantee**

(Optional, to apply only if Box 25 filled in)

The ~~Charterers~~ Lessee undertakes to furnish, before delivery of the Vessel, a guarantee or bond in the amount of and from the entity stated in Box 25 in a form acceptable to the ~~Owners~~ Lessor as guarantee for full performance of ~~their~~ the Lessee's obligations under this Charter Party.

**28 Anti-Corruption**

~~See Clauses 51.1(w) and 52.1(m). (a) The parties agree that in connection with the performance of this Charter Party they shall each:~~

~~(i) comply at all times with all applicable anti corruption legislation and have procedures in place that are, to the best of its knowledge and belief, designed to prevent the commission of any offence under such legislation by any member of its organisation and/or by any person providing services for it or on its behalf; and~~

~~(ii) make and keep books, records, and accounts which in reasonable detail accurately and fairly reflect the transactions in connection with this Charter Party.~~

~~(b) If either party fails to comply with any applicable anti corruption legislation, it shall defend and indemnify the other party against any fine, penalty, liability, loss or damage and for any related costs (including, without limitation, court costs and legal fees arising from such breach.~~

~~(c) Without prejudice to any of its other rights under this Charter Party, either party may terminate this Charter Party without incurring any liability to the other party if:~~

~~(i) at any time the other party or any member of its organisation has committed a breach of any applicable anti corruption legislation in connection with the Charter Party, and~~

~~(ii) such breach causes the non-breaching party to be in breach of any applicable anti corruption legislation.~~

~~Any such right to terminate must be exercised without undue delay.~~

~~(d) Each party represents and warrants that in connection with the negotiation of this Charter Party neither it nor any member of its organisation has committed any breach of applicable anti corruption legislation. Breach of this subclause (d) shall entitle the other party to terminate the Charter Party without incurring any liability to the other.~~

**29. Sanctions and Designated Entities**

~~See Clauses 42.3, and 52.1(m) and 54.15. (a) The provisions of this clause shall apply in relation to any sanction, prohibition or restriction imposed on any specified persons, entities or bodies including the designation of specified vessels or fleets under United Nations Resolutions or trade or economic sanctions, laws or regulations of the European Union or the United States of America.~~

~~(b) The Owners and the Charterers respectively warrant for themselves (and in the case of any sub-charter, the Charterers further warrant in respect of any sub-charterers, shippers, receivers, or cargo interests) that at the date of this fixture and throughout the duration of this Charter Party they are not subject to any of the~~

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~~sanctions, prohibitions, restrictions or designation referred to in subclause (a) which prohibit or render unlawful any performance under this Charter Party. The Owners further warrant that the Vessel is not a designated vessel.~~

- ~~(e) If at any time during the performance of this Charter Party either party becomes aware that the other party is in breach of warranty in this Clause, the party not in breach shall comply with the laws and regulations of any Government to which that party or the Vessel is subject, and follow any orders or directions which may be~~

~~given by any body acting with powers to compel compliance, including where applicable the Owners' Flag State. In the absence of any such orders, directions, laws or regulations, the party not in breach may, in its option, terminate the Charter Party forthwith in accordance with Clause 31 (Termination).~~

- ~~(d) If, in compliance with the provisions of this Clause, anything is done or is not done, such shall not be deemed a deviation but shall be considered due fulfilment of this Charter Party.~~

- ~~(e) Notwithstanding anything in this Clause to the contrary, the Owners or the Charterers shall not be required to do anything which constitutes a violation of the laws and regulations of any State to which either of them is subject.~~

- ~~(f) The Owners or the Charterers shall be liable to indemnify the other party against any and all claims, losses, damage, costs and fines whatsoever suffered by the other party resulting from any breach of warranty in this Clause.~~

**30. Requisition/Acquisition**

~~See Clause 2361. (a) In the event of the requisition for hire of the Vessel by any governmental or other competent authority at any time during the Charter Period, this Charter Party shall not be deemed to be frustrated or otherwise terminated. The Charterers shall continue to pay hire according to the Charter Party until the time when the Charter Party would have expired or terminated pursuant to any of the provisions hereof. However, if any requisition hire or compensation is received by the Owners for the remainder of the Charter Period or period of the requisition, whichever is shorter, it shall be payable by the Owners to the Charterers.~~

- ~~(b) In the event of the Owners being deprived of their ownership in the Vessel by any compulsory acquisition of the Vessel or requisition for title by any governmental or other competent authority (hereinafter referred to as "Compulsory Acquisition"), then, irrespective of the date during the Charter Period when Compulsory Acquisition may occur, this Charter Party shall be deemed terminated as of the date of such Compulsory Acquisition. In such event hire to be considered as due and to be paid up to the date and time of such Compulsory Acquisition. The Owners shall be entitled to any compensation received for such Compulsory Acquisition.~~

**31. Termination**

~~See Clauses 41, 42, 63, 65 and 66. (a) Charterers' Default~~

~~The Owners shall be entitled to terminate this Charter Party by written notice to the Charterers under the following circumstances and to claim damages including, but not limited to, for the loss of the remainder of the Charter Party:~~

~~(i) Non-payment of hire (see Clause 15 (Hire));~~

~~(ii) Charterers' failure to comply with the requirements of:~~

~~(1) Clause 11 (Trading Restrictions); or~~

~~(2) Subclause 17(b) (Charterers to Insure).~~

**PART II**  
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~~(iii) The Charterers do not rectify any failure to comply with the requirements of subclause 13(a) (Maintenance) as soon as practically possible after the Owners have notified them to do so and in any event so that the Vessel's insurance cover is not prejudiced.~~

~~(b) Owners' Default~~

~~The Charterers shall be entitled to terminate this Charter Party with immediate effect by written notice to the Owners and to claim damages including, but not limited to, for the loss of the remainder of the Charter Party:~~

~~(i) If the Owners shall by any act or omission be in breach of their obligations under this Charter Party to the extent that the Charterers are deprived of the use of the Vessel and such breach continues for a period of fourteen (14) running days after written notice thereof has been given by the Charterers to the Owners; or~~

~~(ii) if the Owners fail to arrange or maintain the insurances in accordance with subclause 17(c) (Owners to Insure).~~

~~(c) Loss of Vessel~~

~~This Charter Party shall be deemed to be terminated, without prejudice to any accrued rights or obligations, if the Vessel becomes lost either when it has become an actual total loss or agreement has been reached with the Vessel's underwriters in respect of its constructive total loss or if such agreement with the Vessel's underwriters is not reached it is adjudged by a competent tribunal that a constructive loss of the Vessel has occurred, or has been declared missing. The date upon which the Vessel is to be treated as declared missing shall be ten (10) days after the Vessel was last reported or when the Vessel is recorded as missing by the Vessel's underwriters, whichever occurs first.~~

~~(d) Bankruptcy~~

~~Either party shall be entitled to terminate this Charter Party with immediate effect by written notice to the other party if that other party has a petition presented for its winding up or administration or any other action is taken with a view to its winding up (otherwise than for the purpose of solvent reconstruction or amalgamation), or becomes bankrupt or commits an act of bankruptcy, or makes any arrangement or composition for the benefit of creditors, or has receiver or manager or administrative receiver or administrator or liquidator appointed in respect of any of its assets, or suspends payments, or anything analogous to any of the foregoing under the law of any jurisdiction happens to it, or ceases or threatens to cease to carry on business.~~

~~(e) The termination of this Charter Party shall be without prejudice to all rights accrued due between the parties prior to the date of termination and to any claim that either party might have.~~

**32. Repossession - INTENTIONALL OMITTED**

~~In the event of the early termination of this Charter Party in accordance with the applicable provisions of this Charter Party, the Owners shall have the right to repossess the Vessel from the Charterers at its current or next port of call, or at a port or place convenient to them without hindrance or interference by the Charterers, courts or local authorities. Pending physical repossession of the Vessel, the Charterers shall hold the Vessel as gratuitous bailce only to the Owners. The Owners shall arrange for an authorised representative to board the Vessel as soon as reasonably practicable following the termination of this Charter Party. The Vessel shall be deemed to be repossessed by the Owners from the Charterers upon the boarding of the Vessel by the Owners' representative. All arrangements and expenses relating to the settling of wages, disembarkation and repatriation of the Crew shall be the sole responsibility of the Charterers.~~

**33. BIMCO Dispute Resolution Clause 2017**

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**BARECON 2017 Standard Bareboat Charter Party**

~~See Clauses 81 and 83. (a)\* This Charter Party shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this Charter Party shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.~~

~~The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.~~

~~The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the fourteen (14) days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of the sole arbitrator shall be binding on both parties as if he had been appointed by agreement.~~

~~Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.~~

~~In cases where neither the claim nor any counterclaim exceeds the sum of USD 100,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.~~

~~In cases where the claim or any counterclaim exceeds the sum agreed for the LMAA Small Claims Procedure and neither the claim nor any counterclaim exceeds the sum of USD 400,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the LMAA Intermediate Claims Procedure current at the time when the arbitration proceedings are commenced.~~

~~(b)\* This Charter Party shall be governed by U.S. maritime law or, if this Charter Party is not a maritime contract under U.S. law, by the laws of the State of New York. Any dispute arising out of or in connection with this Charter Party shall be referred to three (3) persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen. The decision of the arbitrators or any two of them shall be final, and for the purposes of enforcing any award, judgment may be entered on an award by any court of competent jurisdiction. The proceedings shall be conducted in accordance with the SMA Rules current as of the date of this Charter Party.~~

~~In cases where neither the claim nor any counterclaim exceeds the sum of USD 100,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the SMA Rules for Shortened Arbitration Procedure current as of the date of this Charter Party.~~

~~(c)\* This Charter Party shall be governed by and construed in accordance with Singapore\*\*/English\*\* law.~~

~~Any dispute arising out of or in connection with this Charter Party, including any question regarding its existence, validity or termination shall be referred to and finally resolved by arbitration in Singapore in accordance with the Singapore International Arbitration Act (Chapter 143A) and any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.~~

~~The arbitration shall be conducted in accordance with the Arbitration Rules of the Singapore Chamber of Maritime Arbitration (SCMA) current at the time when the arbitration proceedings are commenced.~~

~~The reference to arbitration of disputes under this Clause shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator and give notice that it has done so within fourteen~~

**PART II**  
**BARECON 2017 Standard Bareboat Charter Party**

~~(14) calendar days of that notice and stating that it will appoint its own arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the other party does not give notice that it has done so within the fourteen (14) days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if he had been appointed by agreement.~~

Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.

~~In cases where neither the claim nor any counterclaim exceeds the sum of USD 150,000 (or such other sum as the parties may agree) the arbitration shall be conducted before a single arbitrator in accordance with the SCMA Small Claims Procedure current at the time when the arbitration proceedings are commenced.~~

~~\*\*Delete whichever does not apply. If neither or both are deleted, then English law shall apply by default.~~

~~(d)\* This Charter Party shall be governed by and construed in accordance with the laws of the place mutually agreed by the Parties and any dispute arising out of or in connection with this Charter Party shall be referred to arbitration at a mutually agreed place, subject to the procedures applicable there.~~

~~(e) The parties may agree at any time to refer to mediation any difference and/or dispute arising out of or in connection with this Charter Party. In the case of any dispute in respect of which arbitration has been commenced under subclause (a), (c) or (d), the following shall apply:~~

~~(i) Either party may at any time and from time to time elect to refer the dispute or part of the dispute to mediation by service on the other party of a written notice (the "Mediation Notice") calling on the other party to agree to mediation.~~

~~(ii) The other party shall thereupon within fourteen (14) calendar days of receipt of the Mediation Notice confirm that they agree to mediation, in which case the parties shall thereafter agree a mediator within a further fourteen (14) calendar days, failing which on the application of either party a mediator will be appointed promptly by the Arbitration Tribunal ("the Tribunal") or such person as the Tribunal may designate for that purpose. The mediation shall be conducted in such place and in accordance with such procedure and on such terms as the parties may agree or, in the event of disagreement, as may be set by the mediator.~~

~~(iii) If the other party does not agree to mediate, that fact may be brought to the attention of the Tribunal and may be taken into account by the Tribunal when allocating the costs of the arbitration as between the parties.~~

~~(iv) The mediation shall not affect the right of either party to seek such relief or take such steps as it considers necessary to protect its interest.~~

~~(v) Either party may advise the Tribunal that they have agreed to mediation. The arbitration procedure shall continue during the conduct of the mediation but the Tribunal may take the mediation timetable into account when setting the timetable for steps in the arbitration.~~

~~(vi) Unless otherwise agreed or specified in the mediation terms, each party shall bear its own costs incurred in the mediation and the parties shall share equally the mediator's costs and expenses.~~

~~(vii) The mediation process shall be without prejudice and confidential and no information or documents disclosed during it shall be revealed to the Tribunal except to the extent that they are disclosable under the law and procedure governing the arbitration.~~

~~(Note: The parties should be aware that the mediation process may not necessarily interrupt time limits.) \*Subclauses (a), (b), (c) and (d) are alternatives; indicate alternative agreed in Box 26.~~

**PART II**  
**BARECON 2017 Standard Bareboat Charter Party**

~~If Box 26 in Part I is not appropriately filled in, subclause (a) of this Clause shall apply. Subclause (e) shall apply in all cases except for alternative (b).~~

**34. Notices**

~~See Clause 73. All notices, requests and other communications required or permitted by any clause of this Charter Party shall be given in writing and shall be sufficiently given or transmitted if delivered by hand, email, express courier service or registered mail and addressed if to the Owners as stated in Box 30 or such other address or email address as the Owners may hereafter designate in writing, and if to the Charterers as stated in Box 31 or such other address or email address as the Charterers may hereafter designate in writing. Any such communication shall be deemed to have been given on the date of actual receipt by the party to which it is addressed.~~

**35. Partial Validity**

~~See Clause 74. If by reason of any enactment or judgment any provision of this Charter Party shall be deemed or held to be illegal, void or unenforceable in whole or in part, all other provisions of this Charter Party shall be unaffected thereby and shall remain in full force and effect.~~

**36. Entire Agreement**

~~This Charter and other Operative Documents~~This Charter Party is the entire agreement of the parties, which supersedes all previous written or oral understandings and which may not be modified except by a written amendment signed by both parties.

**37. Headings**

The headings of this Charter Party are for identification only and shall not be deemed to be part hereof or be taken into consideration in the interpretation or construction of this Charter Party.

**38. Singular/Plural**

The singular includes the plural and vice versa as the context admits or requires.

**PART III**  
**BARECON 2017 Standard Bareboat Charter Party**  
**PROVISIONS TO APPLY FOR NEWBUILDING VESSELS ONLY**  
**(OPTIONAL, only applicable if Box 27 has been completed)**

~~1- Specifications and Building Contract~~

- ~~(a) The Vessel shall be constructed in accordance with the building contract between the Builders and the Owners including the specifications and plans incorporated therein ("Building Contract"). The Owners shall provide the Charterers with a copy of the Building Contract to the extent relevant to this Charter Party.~~
- ~~(b) No variations shall be made to the Building Contract without the Charterers' prior written consent. The Charterers shall be entitled to request change orders in accordance with the Building Contract. Any additional costs or consequences due to Charterers' change orders shall be borne by the Charterers.~~
- ~~(c) The Owners and the Charterers will liaise and cooperate in all matters regarding the construction of the Vessel and the Building Contract. The Charterers shall have the right to send their representative to the Builders' yard to inspect the Vessel during its construction.~~
- ~~(d) The Owners shall assign their guarantee rights under the Building Contract to the Charterers, if permitted. If not permitted, the Owners shall exercise their guarantee rights against the Builders for the benefit of the Charterers. The Charterers shall be obliged to accept such sums as the Owners are reasonably able to recover under the guarantee provisions of the Building Contract.~~

~~2- Delivery and Cancellation~~

- ~~(a) (i) Subject to the provisions of Clause 3 (Liquidated Damages) hereunder, the Charterers shall be obliged to accept the Vessel from the Owners, constructed and delivered in accordance with the Building Contract and including buyers' supplies, on the date of delivery by the Builders. The Charterers undertake that having accepted the Vessel they will not thereafter raise any claims against the Owners in respect of the Vessel's performance or specification or defects, if any.~~
  - ~~(i) The date of delivery for the purpose of this Charter shall be the date (the "Delivery Date") when the Vessel is in fact delivered by the Builders to the Owners in accordance with the Building Contract, whether that is before or after the scheduled delivery date under the Building Contract. The Owners shall be under no responsibility for any delay whatsoever in delivery of the Vessel to the Charterers under this Charter Party, except to the extent caused solely by the Owners' acts or omissions resulting in a default by the Owners under the Building Contract. The Owners shall be responsible to the Charterers for any direct losses incurred by the Charterers, if the Vessel is not delivered to the Owners due solely to the Owners' acts or omissions resulting in a default by the Owners under the Building Contract.~~
  - ~~(ii) The Owners and the Charterers shall on the Delivery Date sign a Protocol of Delivery and Acceptance evidencing delivery of the Vessel hereunder.~~
- ~~(b) (i) The Owners' obligation to charter the Vessel to the Charterers hereunder is conditional upon delivery of the Vessel to the Owners by the Builders in accordance with the Building Contract.~~
  - ~~(ii) If for any reason other than a default by the Owners under the Building Contract, the Builders become entitled under that Contract not to deliver the Vessel and exercise that right, the Owners shall be entitled to cancel this Charter Party by written notice to the Charterers.~~
  - ~~(iii) If for any reason the Owners become entitled to cancel the Building Contract and exercise that right, the Owners shall be entitled to cancel this Charter Party by written notice to the Charterers. If, however, the Owners do not exercise their right to cancel the Building Contract, the Charterers shall be entitled to cancel this Charter Party by written notice to the Owners.~~

**PART III**  
**BARECON 2017 Standard Bareboat Charter Party**  
**PROVISIONS TO APPLY FOR NEWBUILDING VESSELS ONLY**  
**(OPTIONAL, only applicable if Box 27 has been completed)**

~~3. Liquidated Damages~~

- ~~(a) Any liquidated damages for physical defects or deficiencies and any costs incurred in pursuing a claim therefor shall be credited to the party stated in Box 27(iv) or if not filled in shall be shared equally between the parties.~~
- ~~(b) Any liquidated damages for delay in delivery under the Building Contract and any costs incurred in pursuing a claim therefor shall be credited to the party stated in Box 27(v) or if not filled in shall be shared equally between the parties.~~

**PART IV**  
**BARECON 2017 Standard Bareboat Charter Party**  
**PURCHASE OPTION**  
**(OPTIONAL, only applicable if Box 28 has been completed)**

~~1. The Charterers shall have an option to purchase the Vessel (the "Purchase Option") exercisable on each of the dates stated below as follows:~~

<del>Date (state number of months after delivery of the Vessel)</del>	<del>Purchase Price (the "Purchase Option Price")</del>
<del>(months)</del>	<del>(amount and currency)</del>

- ~~2. To exercise their Purchase Option, the Charterers shall notify the Owners in writing not later than six (6) months prior to the relevant date stated in the table above. Such notification shall not be withdrawn or cancelled.~~
- ~~3. If the Charterers exercise their Purchase Option, the ownership of the Vessel shall be transferred to them on the relevant date. If such date is not a Banking Day, the ownership of the Vessel shall be transferred on the next Banking Day, on a strictly "as is/where is" basis, at the Charterers' sole cost and expense.~~
- ~~4. The Owners shall obtain and provide the Charterers with such documents and take such actions as the Charterers may reasonable request to facilitate the sale and the registration of the Vessel under the flag designated by the Charterers.~~
- ~~5. The Owners warrant that the Vessel at the time of transfer of ownership shall be free of any of Owners' encumbrance or mortgage and that they have not committed any act or omission which would impair title to the Vessel.~~
- ~~6. The Owners make no representation or warranty as to the seaworthiness, value, condition, design, merchantability or operation of the Vessel, or as to the quality of the material, equipment or workmanship in the Vessel, or as to the fitness of the Vessel for any particular trade.~~
- ~~7. In exchange for the transfer of ownership of the Vessel, the Charterers shall pay the Purchase Option Price to the bank account nominated by the Owners together with any unpaid charter hire and other amounts due and payable under this Charter Party.~~
- ~~8. Upon payment and transfer of ownership in accordance with Clause 7 above, this Charter Party and all rights and obligations of the parties shall terminate without prejudice to all rights accrued due between the parties prior to the date of termination and any claim that either party might have.~~

**PART V**  
**BARECON 2017 Standard Bareboat Charter Party**  
**PROVISIONS TO APPLY FOR VESSELS REGISTERED IN A BAREBOAT CHARTER REGISTRY**  
**(OPTIONAL, only to apply if expressly agreed and stated in Box 29)**

1. Definitions

~~"Bareboat Charter Registry" shall mean the registry stated in Box 29(ii) whose flag the Vessel will fly and in which the Charterers are registered as the bareboat charterers during the period of this Charter Party.~~

~~"Underlying Registry" shall mean the registry stated in Box 29(i) in which the Owners of the Vessel are registered as Owners and to which jurisdiction and control of the Vessel will revert upon termination of the Bareboat Charter registration.~~

2. ~~The Owners have agreed to and the Charterers shall arrange for the Vessel to be registered under the Bareboat Charter Registry. The Charterers shall be responsible for all costs thereof.~~

3. ~~Upon termination of this Charter Party for any reason whatsoever the Charterers shall immediately arrange for the deletion of the Vessel from the Bareboat Registry.~~

4. ~~In the event of the Vessel being deleted from the Bareboat Charter Registry due to any default by the Owners, the Charterers shall have the right to terminate this Charter forthwith and without prejudice to any other claim they may have against the Owners under this Charter Party.~~

**NML VIOLETTA INC.**  
(AS LESSOR)

AND

**GSL VIOLETTA LLC**  
(AS LESSEE)

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ADDITIONAL CLAUSES TO THE "BARECON 2017" FORM BAREBOAT CHARTER  
DATED 12 MAY 2021

IN RESPECT OF  
M.V. "GSL VIOLETTA"

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## 39 Definitions and Interpretation

### 39.1 Definitions

In this Charter:

**“Acceptance Certificate”** means a certificate substantially in the form set out in Schedule 2 (*Form of Acceptance Certificate*).

**“Account”** means any bank account, deposit or certificate of deposit opened, made or established in accordance with Clause 46 (*Accounts*).

**“Account Bank”** means CIT Bank, N.A. of 11 West 42nd Street, 12th Floor, New York, NY 10036 or such other third party bank acceptable to the Lessor.

**“Account Security”** means, in relation to an Account, a deed or other instrument executed by the Lessee in favour of the Lessor in an agreed form conferring a Lien over such Account.

**“Administration Fee”** means the fee set out in Clause 44.1 (*Fees*).

**“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.

**“After Tax Basis”** means, with respect to any payment to be made by any Relevant Party or any Manager under any Operative Document, an amount which (after deduction of any Taxes for which the Relevant Party or any Manager is responsible) is equal to the payment due to be received by the recipient had no such Taxes been imposed.

**“Anti-Money Laundering Laws”** means all applicable financial record-keeping and reporting requirements, anti-money laundering statutes (including all applicable rules and regulations thereunder) and all applicable related or similar laws, rules, regulations or guidelines, of all jurisdictions including and without limitation, the United States of America, the European Union and the United Kingdom and which in each case are (a) issued, administered or enforced by any governmental agency having jurisdiction over any Relevant Party or any Manager or the Lessor; (b) of any jurisdiction in which any Relevant Party or any Manager or the Lessors conduct business; or (c) to which any Relevant Parties or the Lessor is subjected or subject to.

**“Approved Brokers”** means any firm of insurance brokers appointed by the Lessee, as may from time to time be approved in writing by the Lessor (such approval not be unreasonably withheld).

**“Approved Valuer”** means Kontiki Shipbrokers Ltd., Maersk Brokers K/S, Barry Rogliano Salles, Howe Robinson Partners or such other first class shipbrokers who are members of the Institute of Chartered Shipbrokers (or, in each case, any Affiliate of such shipbrokers through which valuations are commonly issued) as may be mutually agreed by the Lessee and the Lessor.

**“Arrangement Fee”** means the fee set out in Clause 44.1 (*Fees*).

**“Asset Coverage Threshold”** has the meaning given to it in Clause 59 (*Asset Coverage Threshold*).

**“Auditors”** means PriceWaterhouseCooper or such other reputable international firm of accountants approved by the Lessor.

**“Authorisation”** means:

- (a) an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation, lodgement or registration; or
- (b) in relation to anything which will be fully or partly prohibited or restricted by law if a Governmental Agency intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.

**“Balloon Rental”** means an amount in Dollars equal to the lesser of (1) 6.45% of the Purchase Price and (ii) \$950,000, as may be reduced from time to time in accordance with the terms of this Charter and payable on the last Payment Date as set out in the relevant Payment Schedule.

**“Base Rate”** means 3 months LIBOR.

**“Bill of Sale”** has the meaning given to it in the Memorandum of Agreement.

**“Break Costs”** means the amount (if any) of all Losses incurred by the Lessor (other than the margin or any other early termination costs payable by the Lessor to the Finance Parties pursuant to the Facility Agreement) in liquidating, prepaying or redeploying funds borrowed, contracted for, or utilised to fund the Lessor in connection with its payment of the Purchase Price or acquisition of the Vessel and the Memorandum of Agreement or the charter of the Vessel under this Charter being terminated, rescinded, cancelled or repudiated on a date which is not a Payment Date.

**“Business Day”** means a day (other than a Saturday or Sunday):

- (a) in relation to a Quotation Day, on which banks and the relevant financial markets are open for general business in Athens, London and New York City;
- (b) in relation to any date for payment of amounts under the Operative Documents, on which commercial banks and the relevant financial markets are open for general business in Athens, Los Angeles, London and New York City and the principal financial centre of the country of the currency of payment; and
- (c) in relation to any other matter, on which commercial banks are open for general business in Athens, London and New York City.

**“BWTS Works”** means the machinery and equipment (including those relating to its installation) comprising the ballast water treatment systems for the Vessel and all the works relating to the engineering, commissioning and testing of such systems.

**“Change of Control”** means:

- (a) Mr. George Giouroukos ceases to own (either directly or indirectly) a number of shares in the Guarantor which is at least equal to the Minimum Number of Shares, other than by reason of death or other incapacity in managing his affairs; or
- (b) Mr. George Giouroukos ceases to be the Executive Chairman of (or (in the Lessor’s opinion) to hold an equivalent executive officer position in) the Guarantor other than by reason of his death or other incapacity in managing his affairs; or
- (c) any person or group of persons acting in concert own more than 35 per cent. of the shares in the Guarantor, unless such person or group of persons owned such shares on the date of the completion of the Merger.

**“Classification Society”** means the classification society named in Box 10, Part I or such other classification society being a member of IACS as may be approved by the Lessor from time to time (such approval to be deemed granted for American Bureau of Shipping, Bureau Veritas, DNV.GL and **R.I.NA.**).

**“Charter Period”** means the period from the Delivery Date until the Expiry Date unless otherwise terminated, cancelled or rescinded earlier in accordance with the terms of this Charter.

**“Code”** means the US Internal Revenue Code of 1986.

**“Commercial Manager”** means the Initial Commercial Manager or such other company being an experienced and reputable commercial ship management company as shall be approved in writing by the Lessor (such approval not to be unreasonably withheld or delayed) to carry out the commercial management of the Vessel.

“**Cut-off Date**” means 31 May 2021 or such other date as the Lessor and the Lessee may agree in writing.

“**Creditor Party**” means each of the Lessor, any Receiver or Delegate and “**Creditor Parties**” means together all or any of them.

“**Delegate**” means any delegate, agent, attorney or Receiver appointed by the Lessor under any of the Operative Documents.

“**DSRA Account**” means the debt service reserve account of the Lessee opened and maintained, or as the context may require, to be opened by the Lessee with the Account Bank with the account number listed in the schedule to the relevant Account Security.

“**DSRA Period**” has the meaning given to it in paragraph (b) of Clause 46.2 (*Payments of Earnings etc*)

“**Default Rate**” means the percentage rate per annum which is 2% per annum over the Floating Rate.

“**Delivery**” means the time when:

- (a) the Lessor shall obtain title to the Vessel under the Memorandum of Agreement; and
- (b) the Lessee shall accept delivery of the Vessel under this Charter.

“**Delivery Date**” means the date on which Delivery occurs.

“**Dollars**” and “**\$**” mean the lawful currency of the United States of America.

“**Early Termination Event**” means any event or circumstance described in Clause 49 (*Illegality*) or Clause 50 (*Increased Costs*).

“**Earnings**” means:

- (a) all moneys from time to time due or payable to the Lessee during the Charter Period arising out of the use or operation of the Vessel, including:
  - (i) all freight and hire, including (without limitation) payments of any nature under any charter, contract or other agreement for the employment, use, possession and/or operation of the Vessel;
  - (ii) compensation payable to the Lessee in the event of requisition of the Vessel for hire (including any other compensation for the use of the Vessel by any government authority or other competent authority), remuneration for salvage and towage services, demurrage and detention moneys and other services performed by the Vessel; and
  - (iii) any compensation or other damages for breach (or payments for variation or termination) of any charterparty or other contract for the employment of the Vessel; and
- (b) any sums recoverable under any loss of earnings insurances.

“**Environmental Authorisation**” means any Authorisation required at any time under Environmental Law.

“**Environmental Claims**” means any claim in connection with any violation of an Environmental Law or Environmental Authorisation which is likely to give rise to any material liability on the part of the Lessee or any Manager.

**“Environmental Incident”** means any Spill:

- (a) from the Vessel; or
- (b) from any other vessel in circumstances where:
  - (i) the Vessel or the Lessee or any Manager may (in the opinion of the Lessee, having made due enquiry) be liable for Environmental Claims arising from the Spill; and/or
  - (ii) the Vessel may (in the opinion of the Lessee, having made due enquiry) be arrested or attached in connection with any such Environmental Claim.

**“Environmental Law”** means any environmental law, regulation or direction having the force of law in any jurisdiction applicable to the Lessee and/or the relevant Manager and/or the Vessel.

**“EU Ship Recycling Regulation”** means Regulation (EU) No 1257/2013 of the European Parliament and of the Council of 20 November 2013 on ship recycling and amending Regulation (EC) No 1013/2006 and Directive 2009/16/EC (Text with EEA relevance).

**“Expiry Date”** means the date falling fifty seven (57) months after the Delivery Date.

**“Facility Agreement”** means the facility agreement entered into or to be entered into between the Lessor and the Finance Parties for financing or refinancing of the acquisition cost of the Vessel.

**“Fair Market Value”** has the meaning given to it in paragraph (a) of Clause 59.1 (*Valuations*).

**“Fair Market Value at Closing”** has the meaning given to it in paragraph (a) of Clause 59.1 (*Valuations*).

**“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 inter-governmental 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 Deduction”** means a deduction or withholding from a payment under an Operative Document required by FATCA.

**“FATCA Exempt Party”** means a Party that is entitled to receive payments free from any FATCA Deduction.

**“Fee Letter”** means any letter dated on or about the date of this Charter between the Lessee and the Lessor setting out any of the fees referred to in Clause 44.1 (*Fees*).

**“Finance Documents”** means:

- (a) the Facility Agreement; and
- (b) any document granted in favour of any Finance Party as security for the loan made pursuant to the terms of the Facility Agreement or any part of it whether at the time such loan is drawn or subsequently,

and **“Finance Document”** means any of them.

**“Finance Parties”** has the meaning given to it in the Facility Agreement.

**“Financial Indebtedness”** means any indebtedness for or in respect of:

- (a) moneys borrowed and debit balances at banks or other financial institutions;
- (b) any acceptance under any acceptance credit or bill discounting facility (or dematerialised equivalent);
- (c) any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a balance sheet liability;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative 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 derivative 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 (other than at the option of the issuer) before the final Payment Date or are otherwise classified as borrowings under GAAP;
- (i) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind the entry into this agreement is to raise finance or (ii) 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 or sale and leaseback agreement) of a type not referred to in any other paragraph of this definition having the commercial effect of a borrowing or otherwise classified as borrowings under GAAP; and
- (k) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (j) above.

**“Fixed Rent”** means, in respect of a Payment Date, the amount in Dollars being:

- (a) \$793,866 each, in respect of the first 15 Payment Dates; and
- (b) \$469,129 each, in respect of the sixteenth (16th) to the nineteenth (19th) Repayment Date,

as each such amount may be reduced pro rata to the extent the Purchase Price is less than \$14,734.500 and/or by any prepayment under Clause 59.2 (*Security Coverage Ratio*) and as more particularly set out originally in the Acceptance Certificate and the fifth (5th) column of the relevant Payment Schedule.

**“Flag State”** means the Republic of Liberia or such other state as the Lessee shall nominate and shall be approved by the Lessor in writing (such consent not be unreasonably withheld).

**“Floating Rate”** means the percentage rate per annum which is the aggregate of (i) the Base Rate applicable on the relevant Quotation Day and (ii) the Margin.

**“GAAP”** means generally accepted accounting principles in the United States of America.

**“General Assignment”** means the Lessee's assignment entered into or to be entered into between the Lessee and the Lessor, in respect of, amongst other things:

- (a) the Insurances;
- (b) the Requisition Compensation;
- (c) the Earnings;
- (d) the Sub-Charter 1; and
- (e) the Sub-Charter 2 or any Replacement Sub-Charter.

**“Governmental Agency”** means any government or any governmental agency, semi-governmental or judicial entity or authority (including any stock exchange or any self-regulatory organisation established under statute).

**“Group”** means the Guarantor and its Subsidiaries for the time being.

**“Group Member”** means any member of the Group.

**“Guarantee”** means a guarantee of the Lessee's or any other Relevant Party's payment and performance obligations under any Operative Document to be executed by the Guarantor in favour of the Lessor.

**“Guarantor”** means Global Ship Lease, Inc., a corporation organised and existing under the laws of the Marshall Islands, having its registered business address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960.

**“Holding Company”** means, in relation to a person, any other person in respect of which it is a Subsidiary.

**“Increased Costs”** has the meaning ascribed to it in Clause 50.1 (*Increased Costs*).

**“Indemnitee”** means:

- (a) the Lessor, each Receiver, any Delegate and any attorney, agent or other person appointed by them under the Operative Documents;
- (b) each Affiliate of those persons; and
- (c) any officers, directors, employees, advisers, representatives or agents of any of the above persons.

**“Initial Commercial Manager”** means Conchart Commercial Inc., a corporation organised and existing under the laws of the Marshall Islands with its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960.

**“Initial Technical Manager”** means Technomar Shipping Inc., a corporation organised and existing under the laws of Liberia with its registered office at 80 Broad street, Monrovia, Liberia.

**“Insurance Proceeds”** means any amounts payable in consequence of a claim under any of the Insurances.

**“Insurances”** means, in relation to the Vessel:

- (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 the Lessee or the joint names of the Lessee and any other person in respect of or in connection with the Vessel and/or (if applicable) its Earnings and includes all benefits thereof (including the right to receive claims and to return of premiums).

**“Interpolated Screen Rate”** means the rate (rounded to the same number of decimal places as the two (2) relevant Screen Rates) which results from interpolating on a linear basis between (i) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than the relevant period between one Payment Date and the next (or such other period as may be selected by the Lessor pursuant to Clause 44.8 (*Default Interest*)) and (ii) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the relevant period between one Payment Date and the next (or such other period as may be selected by the Lessor pursuant to Clause 44.8 (*Default Interest*)).

**“Inventory of Hazardous Material”** means a statement of compliance issued by a classification society being a member of 1ACS and which includes a list of any and all materials known to be potentially hazardous utilised in the construction of Vessel and which also may be referred to as a List of Hazardous Material.

**“ISM Code”** means the International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention constituted pursuant to Resolution A.741(18) (as amended by MSC 104(73) and A.913(22) (superseding A.788(19) of the International Maritime Organisation and incorporated into the Safety of Life at Sea Convention 1974, and includes any extensions of it and any regulations issued under it, as the same may be amended, supplemented or superseded from time to time.

**“ISSC”** means a valid and current International Ship Security Certificate issued under the 1SPS Code.

**“ISPS Code”** means the International Ship and Port Facility Security Code of the International Maritime Organisation incorporated into the Safety of Life at Sea Convention 1974 and includes any amendments or extensions of it and any regulation issued pursuant to it, as the same may be amended, supplemented or superseded from time to time.

**“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 any 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.

**“Lessor Account Bank”** means CIT Bank, N.A. of 11 West 42nd Street, 12th Floor, New York, NY 10036 or any other bank or financial institution with which the Payment Account is at any time held.

**“Letter of Quiet Enjoyment A”** means a letter to be delivered by the Security Agent to the Lessee in accordance with Clause 57.6 (*Mortgage and Letter of Quiet Enjoyment*) hereof, which, for the avoidance of any doubt, shall include step-in rights in favour of the Security Agent.

**“Letter of Quiet Enjoyment B”** means a letter to be delivered by the Lessor to the Sub-Charterer 1 and the Lessee, which, for the avoidance of doubt, shall include step-in rights in favour of the Lessor and shall be in the form included as Exhibit 1 under clause 43 (*Quiet Enjoyment*) of the Sub-Charter 1.

**“LIBOR”** means, in relation to any amount denominated in any currency and subject to the provisions of Clause 44.6 (*Unavailability of LIBOR*):

- (a) the applicable Screen Rate for a period of three months or such other period equal in length to the relevant period; or

- (b) (if no Screen Rate is available for LIBOR for the relevant period between one Payment Date and the next Payment Date or such other period as may be selected by the Lessor pursuant to Clause 44.8 (*Default Interest*)), the Interpolated Screen Rate,

in each case, as of 11.00 a.m. (London time) on the relevant Quotation Day for the offering of deposits in the relevant currency and for a period comparable to the relevant period and if any such rate is less than zero LIBOR will be deemed to be zero.

“**Lien**” means any mortgage, charge (whether fixed or floating), pledge, lien, encumbrance, hypothecation, assignment or security interest of any kind securing any obligation of any person or any type of preferential arrangement (including, without limitation, conditional sale, title transfer and/or retention arrangements having a similar effect), in each case howsoever arising.

“**Losses**” means each and every liability, loss, charge, claim, demand, action, proceeding, damage, judgment, order or other sanction, enforcement, penalty, fine, fee, commission, interest, lien, salvage, general average, cost and expense of whatsoever nature suffered or incurred by or imposed on any relevant person, which for the avoidance of doubt, excludes any loss of profit and other consequential or indirect losses of any nature (but does not exclude any interest or default interest payable under this Charter or any other Operative Document) unless expressly set out in this Charter or any other Operative Document.

“**Maersk Contract**” has the meaning given to it in the Memorandum of Agreement.

“**Major Casualty**” means any casualty to the Vessel for which the total insurance claim, inclusive of any deductible, exceeds or may exceed the Major Casualty Amount.

“**Major Casualty Amount**” means \$1,000,000.

“**Management Agreement**” means any ship management agreement entered or to be entered into between the Lessee and a Manager.

“**Manager**” means the Commercial Manager or the Technical Manager and “**Managers**” means together both of them.

“**Manager’s Undertaking**” means any manager’s undertaking executed or to be executed by a Manager in favour of the Lessor, being in such form as the Lessor may agree.

“**Manuals and Technical Records**” means all such records, logs, manuals, handbooks, technical data, drawings, and other materials and documents relating to the Vessel which are required to be maintained in accordance with Clause 56.13 (*Manuals and Technical Records*).

“**MARPOL**” means the International Convention for the Prevention of Pollution from Ships 1973 (as modified in 1978 and 1997) and includes any extensions of it and any regulation issued pursuant to it as the same may be supplemented or superseded from time to time.

“**Margin**” means four point six four per cent. (4.64%) per annum.

“**Material Adverse Effect**” means, in the reasonable opinion of the Lessor, a material adverse effect on:

- (a) the business and financial condition of any Relevant Party which affects the ability of any Relevant Party to perform its obligations under the Operative Documents to which it is a party;
- (b) the validity, legality or enforceability of any Operative Document or the rights or remedies of any Relevant Party under any Operative Documents; or
- (c) the validity, legality or enforceability of any Lien expressed to be created under any Security Document or the priority and ranking of any of such Security Document.

**Memorandum of Agreement**” means the memorandum of agreement dated as of the date of this Charter, together with all addenda, amendments and supplements to it, made between the Lessee, as seller and the Lessor, as buyer in respect of the Vessel.

**“Merger”** means the merger involving the Guarantor and Poseidon Container Holdings LLC completed on 15 November 2018 and as a result of which the Guarantor was the surviving entity.

**“Minimum Number of Shares”** means, at any time, the number of shares in the Guarantor being equal to 50 per cent. of the number of shares in the Guarantor held by Mr. George Giouroukos (directly or indirectly through one or more affiliates) on the date of completion of the Merger, as such number may have:

- (a) increased by means of any share split of the share capital of the Guarantor; or
- (b) decreased by any reverse split of the share capital of the Guarantor,

in each case, any such split having occurred since the date of completion of the Merger.

**“Mortgage”** means the first priority (or first preferred, as the case may be) ship mortgage in respect of the Vessel and any deed of covenants collateral thereto executed or to be executed by the Lessor as security for the Lessor’s obligations under the Finance Documents.

**“Operating Account”** means the operating account of the Lessee opened and maintained, or as the context may require, to be opened by the Lessee with the Account Bank with the account number listed in the schedule to the relevant Account Security.

**“Operative Documents”** means:

- (a) this Charter (together with the Acceptance Certificate);
- (b) the Memorandum of Agreement (together with the Bill of Sale);
- (c) the Guarantee;
- (d) the Security Documents;
- (e) the Fee Letter;
- (f) the Letter of Quiet Enjoyment B;
- (g) any other document, instrument or agreement which is agreed in writing by the Lessor and the Lessee to be an Operative Document; and
- (h) any and all certificates, notices and acknowledgements (including in respect of the **Insurances**) entered or to be entered into pursuant to any of the documents referred in the preceding sub-clauses of this definition,

and **“Operative Document”** means any of them.

**“Original Financial Statements”** means the audited consolidated financial statements of the Guarantor with respect to the year ending 31 December 2020.

**“Outstanding Charter Hire Principal”** means, at the relevant time:

- (a) on the Delivery Date, the Purchase Price; and
- (b) on any other date after the Delivery Date, an amount equivalent to the Purchase Price as reduced by each instalment of Fixed Rent and, if applicable, the Balloon Rental which has been paid or prepaid by the Lessee by that time,

and as more specifically set out in the sixth (61 column of the Payment Schedule at the time.

**“Outstanding Indebtedness”** means the aggregate of all sums of money from time to time owing by the Lessee to the Lessor whether actually or contingently, present or future, under this Charter and the other Operative Documents or any of them.

**“Party”** means a party to this Charter.

**“Payment Account”** means the account (or any sub-account or sub-division thereof) as notified by the Lessor to the Lessee (and any renewal or re-designation thereof) maintained with the Lessor Account Bank by the Lessor, details of which will be notified in writing to the Lessee by the Lessor.

**“Payment Date”** means, subject to Clause 44.7 (*Business Days*), in relation to the payment of Rent, (1) the date falling three (3) months after the Delivery Date, (ii) each of the other dates falling at intervals of three (3) months thereafter and (iii) the Expiry Date, in each case, as more particularly described in the second (2<sup>nd</sup>) column of the relevant Payment Schedule.

**“Payment Schedule”** means the payment schedule set out in Schedule 3 (*Payment Schedule*) as may be replaced from time to time in accordance with paragraph (e) of Clause 44.2 (*Rent*) or in accordance with Clause 59.2 (*Security Coverage Ratio*).

**“Permitted Liens”** means:

- (a) any Liens created by the Operative Documents;
- (b) any Liens created by the Finance Documents;
- (c) unless a Termination Event is continuing, any ship repairer's or outfitter's possessory lien in respect of the Vessel for an amount not exceeding the Major Casualty Amount;
- (d) any lien on the Vessel for master's, officer's or crew's wages outstanding in the ordinary course of its trading;
- (e) any lien on the Vessel for salvage; and any other lien arising by operation of law or otherwise in the ordinary course of the operation, repair or maintenance of a Vessel provided such liens:
  - (i) are not being enforced through arrest; and
  - (ii) are subject, in the case of liens for repair or maintenance, to Clause 56.4 (*Repairer's liens*).

**“Pollutant”** means and includes 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.

**“Potential Termination Event”** means any event or circumstance specified in Clause 63 (*Termination Events*) which, with the expiry of a grace period, the giving of notice or fulfilment of any other relevant condition (or any combination of any of the foregoing) is likely to become a Termination Event.

**“Protocol of Delivery and Acceptance”** has the meaning given to it in the Memorandum of Agreement.

**“Prepayment Fee”** means, in relation to the relevant Purchase Option Date, Termination Sum Payment Date or the date this Charter is terminated by the Lessee pursuant to Clause 50.3(d) (as applicable):

- (a) two per cent. (2%) of the amount by which the Outstanding Charter Hire Principal as at that date exceeds the amount of the outstanding indebtedness of the Lessor under the Facility Agreement as at that date, if that date falls on a day which is between the first Payment Date and 30 November 2022 (both dates inclusive); or
- (b) one per cent. (1%) of the amount by which the Outstanding Charter Hire Principal as at that date exceeds the amount of the outstanding indebtedness of the Lessor under the Facility Agreement as at that date, if that date falls on a day which is between 1 December 2022 and 30 November 2023 (both dates inclusive).

**“Purchase Obligation”** means the obligation of the Lessee to purchase the Vessel on the Purchase Obligation Date, as detailed in Clause 64.3 (*Purchase Obligation*).

**“Purchase Obligation Date”** means the earlier of:

- (a) the date the Sub-Charter 2 terminates (including by effluxion of time) or is cancelled, rescinded or frustrated for any reason whatsoever **provided** that the Vessel is not immediately thereafter delivered by the Lessee to the Sub-Charterer 1 in order to commence service under the Sub-Charter 1;
- (b)
  - (i) before the commencement of the Sub-Charter 1, the date the Sub-Charter 1 terminates (including by effluxion of time) or is cancelled, rescinded or frustrated for any reason whatsoever; or
  - (ii) after the commencement of the Sub-Charter 1, the date falling on the earlier of:
    - (A) 60 days after the Sub-Charter 1 terminates (including by effluxion of time) or is cancelled, rescinded or frustrated for any reason whatsoever, provided the Vessel has not been delivered for service under any Replacement Sub-Charter during such period of 60 days; and/or
    - (B) the date any Replacement Sub-Charter terminates (including by effluxion of time) or is cancelled, rescinded or frustrated for any reason whatsoever;
- (c) the date on which a Change of Control occurs; and
- (d) the Expiry Date.

**“Purchase Obligation Price”** has the meaning given to it under Clause 64.3 (*Purchase Obligation*).

**“Purchase Option”** has the meaning given to it in Clause 64.2 (*Purchase Option Price*).

**“Purchase Option Price”** has the meaning given to it in Clause 64.2 (*Purchase Option Price*).

**“Purchase Option Date”** has the meaning given to it in Clause 64.2 (*Purchase Option Price*).

**“Purchase Price”** has the meaning given to it in the Memorandum of Agreement.

**“Quotation Day”** means, in relation to any period for which an interest rate is to be determined, two (2) Business Days before the first day of that period, unless market practice differs in the London interbank market for a currency, in which case the Quotation Day for that currency will be determined by the Lessor in accordance with market practice in the London interbank market (and if quotations would normally be given on more than one day, the Quotation Day will be the last of those days).

**“Receiver”** means a receiver or receiver and manager or administrative receiver of the whole or any part of the Secured Property, appointed by the Lessor under any of the Operative Documents.

**“Relevant Party”** means a party to the Operative Documents (other than the Lessor, any Manager and any Sub-Charterer) and **“Relevant Parties”** means together all or any of them.

**“Rent”** means, in respect of a Payment Date, the amount in Dollars payable by the Lessee pursuant to Clause 44.2 (*Rent*) on that Payment Date, comprising an instalment of Fixed Rent (and including, in the case of the last Payment Date only, the Balloon Rental) and a payment of the applicable Variable Rent calculated in accordance with Clause 44.9 (*Calculation of the Variable Rent and interest*).

**“Replacement Sub-Charter”** means, in the event that the Sub-Charter 1 is terminated, cancelled, rescinded or frustrated for any reason whatsoever, a charter that replaces Sub-Charter 1 and satisfies all of the following conditions:

- (a) it has a fixed term charter period and optional extensions thereof at least equal to the fixed term charter period which remained and the optional extensions which existed under the Sub-Charter 1 at the time of its termination, cancellation, rescission or frustration (minus the days elapsed between the time of such termination, cancellation, rescission or frustration and the date the Vessel enters into service under the Replacement Sub-Charter);
- (b) it is entered into by the Lessee with a Replacement Sub-Charterer; and
- (c) it provides for a minimum net daily rate of hire payable by the Replacement Sub-Charterer which equals or exceeds the relevant net daily rate that was to be payable under the Sub-Charter 1 during the said remaining fixed term charter period and (as applicable) during the relevant option extensions thereof (had they been exercised by the Sub-Charterer 1).

**“Replacement Sub-Charterer”** means a charterer acceptable to the Lessor (such acceptance not to be unreasonably withheld or delayed).

**“Requisition”** means:

- (a) any expropriation, confiscation, requisition or acquisition of the Vessel whether for full consideration, a consideration less than its proper value, a nominal consideration or without any consideration, which is effected by any government or official authority or by any person or persons claiming to be or to represent a government or official authority (excluding a requisition for hire for a fixed period not exceeding one year without any right to an extension) unless it is within 30 days redelivered to the full control of the Lessee; and
- (b) any capture or seizure of the Vessel (including any hijacking or theft) unless it is within 30 days redelivered to the full control of the Lessee.

**“Requisition Compensation”** includes all compensation or other moneys payable by reason of any Requisition or any arrest or detention of the Vessel in the exercise or purported exercise of any lien or claim.

**“Restricted Person”** means a person that is:

- (a) listed on, or owned or controlled by a person listed on any Sanctions List;
- (b) located in, incorporated under the laws of, or owned or controlled by, or acting on behalf of, a person located in or organised under the laws of a Sanctioned Country; or
- (c) otherwise a target of Sanctions.

**“Sanctioned Country”** means a country or territory that is the subject or the target of Sanctions (currently, Cuba, Iran, North Korea, Syria and Crimea).

**“Sanctions”** means any trade, economic or financial sanctions laws, regulations, embargoes or restrictive measures administered, enacted or enforced by a Sanctions Authority.

**“Sanctions Authority”** means:

- (a) the Security Council of the United Nations;
- (b) the United States of America;
- (c) the United Kingdom;
- (d) the European Union;
- (e) any member state of the European Union;
- (f) any country with respect to which any Group Member or an Approved Manager is organised or resident, or has material (financial or otherwise) interests or operations; and
- (g) the governments and official institutions or agencies of any of the foregoing paragraphs, including without limitation the U.S. Office of Foreign Asset Control (“**OFAC**”), the U.S. Department of State, and Her Majesty’s Treasury (“**HMT**”).

**“Sanctions List”** means the Specially Designated Nationals and Blocked Persons list maintained by OFAC, the Consolidated List of Financial Sanctions Targets maintained by HMT, or any similar list maintained by, or public announcement of a Sanctions designation made by, a Sanctions Authority, each as amended, supplemented or substituted from time to time.

**“Scheduled Delivery Date”** has the meaning given to it in the Memorandum of Agreement.

**“Screen Rate”** means, in relation to LIBOR, 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 on pages LIBOR01 or LIBOR02 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate), or on 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 Lessor may specify another page or service displaying the relevant rate after consultation with the Lessee.

**“Secured Property”** means those assets of the Relevant Parties which from time to time are, or are expressed to be, subject to a Lien created or expressed to be created in favour of the Lessor pursuant to the Security Documents.

**“Security Agent”** means the person as defined in the Facility Agreement as security agent or trustee for the Finance Parties.

**“Security Coverage Ratio”** means at any relevant time, the ratio of (i) the Fair Market Value of the Vessel to (ii) the Outstanding Charter Hire Principal, in each case, at that time.

**“Security Documents”** means:

- (a) the General Assignment;
- (b) the Account Security in relation to each Account;
- (c) the Share Pledge;
- (d) any Manager’s Undertaking;
- (e) any Subordination Deed; and
- (f) any other document designated as such by the Lessor and the Lessee.

**“Share Pledge”** means the first priority pledge by the Guarantor in respect of all the membership interests in the Lessee executed or to be executed by the Guarantor in favour of the Lessor.

**“Spill”** means any actual emission, spill, release or discharge of a Pollutant into the environment.

**“Sub-Charter”** means any of:

- (a) the Sub-Charter 1; and
- (b) the Sub-Charter 2 or any Replacement Sub-Charter.

**“Sub-Charter 1”** means the time charter dated 19 March 2021 (as may be amended, supplemented and/or novated from time to time) in respect of the Vessel and made between the Lessee, as disponent owner and the Sub-Charterer 1 as time charterer.

**“Sub-Charter 2”** means the time charter dated 20 October 2020 (as may be amended, supplemented and/or novated from time to time) in respect of the Vessel and made between the Lessee, as disponent owner and the Sub-Charterer 2 as time charterer.

**“Sub-Charterer”** means:

- (a) the Sub-Charterer 1; or
- (b) the Sub-Charterer 2; or
- (c) any Replacement Sub-Charterer.

**“Sub-Charterer 1”** means Maersk A/S, of 50 Esplanaden, DK-1263. Copenhagen, Denmark.

**“Sub-Charterer 2”** means Wan Hai Lines (Singapore) Pte. Ltd., of Singapore.

**“Subordination Deed”** means a subordination deed that may be required by Clause 54.5 (*Subordination*).

**“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, as the case may be, membership interest) such person is beneficially 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) and **“Taxation”** shall be construed accordingly.

**“Tax Deduction”** means a deduction or withholding for or on account of Tax from a payment required to be made by any Relevant Party or any Manager to the Lessor under an Operative Document, other than a FATCA Deduction.

**“Tax indemnitee”** has the meaning given to it in Clause 48.2 (*Tax indemnity*).

**“Tax Payment”** means an increased payment made by the Lessee to a Tax Indemnitee under Clause 48.1 (*Withholding Taxes*) or a payment under Clause 48.2 (*Tax indemnity*).

**“Technical Manager”** means the Initial Technical Manager or such other company being an experienced and reputable technical ship management company as shall be approved in writing by the Lessor (such approval not to be unreasonably withheld or delayed) to carry out the technical management of the Vessel.

“**Termination Date**” means the date on which this Charter or the Charter Period is terminated pursuant to the terms of this Charter.

“**Termination Event**” means any event or circumstance described in Clause 63 (*Termination Events*).

“**Termination Sum Payment Date**” has the meaning given to it in Clause 66.2 (*Payments on Termination Event or Total Loss*).

“**Termination Sum**” has the meaning given to it in Clause 66.3 (*Lessor’s obligations upon receipt of payment*).

“**Total Loss**” means, in relation to the Vessel, its:

- (a) actual, constructive, compromised or arranged total loss; or
- (b) Requisition.

“**Total Loss Date**” means, in relation to the Total Loss:

- (a) in the case of an actual total loss, the date it happened or, if such date is not known, the date on which the Vessel 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 the Vessel is given to its insurers; or
  - (ii) if the insurers do not admit such a claim, the date subsequently 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, agreed or arranged total loss has been entered into by the Vessel’s insurers; and
- (c) in the case of any other type of Total Loss, the date (or the most likely date) on which it appears to the Lessor that the event constituting the total loss occurred.

“**Total Loss Payment Date**” means, following the occurrence of a Total Loss, the earlier of:

- (a) the ninetieth (90th) day following the relevant Total Loss Date (or such later date as the Lessor may agree); and
- (b) the date on which the Lessor and/or the Security Agent receives the Insurance Proceeds in respect of such Total Loss.

“**Transaction Document**” means:

- (a) each of the Operative Documents;
- (b) any Management Agreement;
- (c) the Maersk Contract; and
- (d) each of the Sub-Charter 1 and the Sub-Charter 2 or any Replacement Sub-Charter.

“**Variable Rent**” means, in respect of each Payment Date, an amount in Dollars equal to the applicable Floating Rate multiplied by the Outstanding Charter Hire Principal, in each case, on the preceding Payment Date or (in respect of the first payment of Variable Rent under this Charter) the Delivery Date.

**“Vessel”** means the 5,762 TEU container carrier with IMO No. 9214202 and which upon Delivery under the Memorandum of Agreement will be registered in the ownership of the Lessor under the laws of the Flag State, including all component parts, furniture, equipment or accessories of the Vessel, all substitutions of, additions to, replacements or renewals of, any of these component parts, furniture, equipment or accessories from time to time made in accordance with this Charter, and any of these component parts, furniture, equipment or accessories which, having been removed from the Vessel, remain the property of the Lessor pursuant to this Charter and, where the context permits, shall include the Manuals and Technical Records.

## 39.2

### Construction

- (a) Unless a contrary indication appears, any reference in this Charter to:
- (i) the **“Lessor”**, the **“Lessee”**, any **“Relevant Party”**, any **“Finance Party”**, the **“Security Agent”** or any **“Party”** shall be construed so as to include its successors in title, permitted assigns and permitted transferees;
  - (ii) **“assets”** includes present and future properties, revenues and rights of every description;
  - (iii) **“control”** of an entity means:
    - (A) the power (whether by way of ownership of shares or membership interests or any other equity instrument, proxy, contract, agency or otherwise) to:
      - (1) cast, or control the casting of, more than 50 per cent 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, members 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, members or other equivalent officers of that entity are obliged to comply, and/or
    - (B) the holding beneficially of more than 50 per cent of the issued share capital or, as the case may be, membership interest capital of that entity (excluding any part of that issued share capital or, as the case may be, membership interest capital 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, as the case may be, membership interest capital shall be disregarded in determining the beneficial ownership of such share capital or, as the case may be, membership interest capital);
  - (iv) **“acting in concert”** means, a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in a person by any of them, either directly or indirectly;
  - (v) an **“Operative Document”** or any other agreement or instrument is a reference to that Operative Document or other agreement or instrument as amended, novated, supplemented, extended or restated;
  - (vi) **“including”** shall be construed as “including without limitation” (and cognate expressions shall be construed similarly);
  - (vii) **“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;
  - (viii) a **“person”** includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality);

- (ix) something being in the “**ordinary course of business**” of a person or in the “**ordinary course of trading**” 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);
  - (x) “**law**” includes common or customary law and any constitution, decree, judgment, legislation, order, ordinance, regulation, rule, statute, treaty or other legislative measure in any jurisdiction or any present or future directive, regulation or requirement, or official or judicial interpretation of any of the foregoing, and any rule, treaty, official directive, request or guideline of any governmental, intergovernmental or supranational body, agency, department or regulatory, self regulatory or other authority or organisation;
  - (xi) 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;
  - (xii) a provision of law is a reference to that provision as amended or re-enacted; and
  - (xiii) a time of day is a reference to London time.
- (b) Unless a contrary indication appears, references to Clauses and Schedules are to be construed as references to clauses of, and schedules to, this Charter. Clause and Schedule headings are for ease of reference only.
  - (c) Unless a contrary indication appears, a term used in any other Operative Document or in any notice or certificate given under or in connection with any Operative Document has the same meaning in that Operative Document, notice or certificate as in this Charter.
  - (d) A Potential Termination Event is “**continuing**” if it has not been remedied or waived; a Termination Event is “**continuing**” if it has not been remedied or waived.
  - (e) In this Charter, unless a contrary indication appears, words importing the plural include the singular and *vice versa*, and words importing a gender include every gender.

### 39.3 Third party rights

Any person which is an Indemnitee or a Tax Indemnitee from time to time and is not a Party shall be entitled to enforce such terms of this Charter which provide for the obligations of the Lessee to be owed to such Indemnitee or Tax Indemnitee, as the case may be, in each case, subject to the provisions of Clause 81 (*Governing law*) and the Contracts (Rights of Third Parties) Act 1999 (the “**Third Parties Act**”). The Third Parties Act applies to this Charter as set out in this Clause 39.3. Save as **provided** above, a person who is not a Party has no right to use the Third Parties Act to enforce any term of this Charter and, subject to the other provisions of the other Operative Documents, the Parties do not require the consent of any third party (including, without limitation, any Indemnitee or Tax Indemnitee who is not a Party) to amend, rescind, terminate or extend this Charter at any time.

### 40 Charter of Vessel

Subject to the terms and conditions of this Charter, the Lessor shall lease, and the Lessee shall hire, the Vessel for the Charter Period. There shall be no renewal or extension of the Charter Period beyond the Expiry Date.

## **41 Delivery of Vessel**

### **41.1 Delivery**

- (a) At the request of the Lessee, the Lessor has entered into the Memorandum of Agreement with the Lessee, pursuant to which the Lessor has agreed to purchase the Vessel at the Purchase Price payable upon the terms and conditions of the Memorandum of Agreement.
- (b) At the same time as the delivery of the Vessel to the Lessor by the Lessee pursuant to the Memorandum of Agreement, the Lessor shall deliver the Vessel to the Lessee and the Lessee shall take delivery of the Vessel from the Lessor.
- (c) On Delivery, the Lessee shall execute and deliver to the Lessor the Acceptance Certificate.

### **41.2 Acceptance Certificate**

The execution and delivery of the Acceptance Certificate by the Lessee pursuant to Clause 41.1 (*Delivery*) shall constitute irrevocable, final and conclusive evidence that:

- (a) the Lessee has accepted the Vessel for the purposes of this Charter; and
- (b) the Vessel was delivered to the Lessee in a condition in compliance with this Charter.

### **41.3 Lessee's acknowledgement**

The Lessee acknowledges and confirms that:

- (a) the Lessor shall purchase the Vessel pursuant to the Memorandum of Agreement for the sole purpose of leasing the Vessel to the Lessee pursuant to this Charter;
- (b) the Lessee shall not be entitled to refuse to accept delivery of the Vessel under this Charter once the Lessor acquires title to, and receives possession of, the Vessel pursuant to the Memorandum of Agreement;
- (c) the Lessor's obligation to pay to the Lessee the Purchase Price under the Memorandum of Agreement shall be subject to the conditions set out in Clause 42 (*Conditions Precedent*);
- (d) the Lessor shall not be liable for any Losses resulting (directly or indirectly) from any defect or alleged defect in the Vessel or failure or alleged failure of the Vessel to comply with the Memorandum of Agreement; and
- (e) the Lessee shall be responsible for the condition of the Vessel on the Delivery Date.

### **41.4 Cancellation of the Memorandum of Agreement**

If the Memorandum of Agreement is terminated, repudiated, rescinded or cancelled for any reason whatsoever pursuant to the terms of the Memorandum of Agreement, the Lessor shall have no obligation to charter the Vessel to the Lessee.

## **42 Conditions Precedent**

### **42.1 Lessor's conditions precedent**

- (a) The obligation of the Lessor to enter into the Memorandum of Agreement and this Charter is subject to receipt by the Lessor of the documents and evidence set out in Part I of Schedule 1 (*Conditions Precedent*) on or prior to the date of this Charter.

- (b) The obligation of the Lessor to charter the Vessel to the Lessee under this Charter is subject to:
  - (i) receipt by the Lessor of the documents and evidence set out in Part II of Schedule 1 (*Conditions Precedent*) on or prior to the date of the Payment Notice; and
  - (ii) receipt by the Lessor of the documents and evidence set out in Part III of Schedule 1 (*Conditions Precedent*) on or prior to the Delivery Date.
- (c) Each document provided to the Lessor under this Clause 42 shall be in form and substance satisfactory to the Lessor (acting reasonably).
- (d) The conditions specified in this Clause 42 are inserted for the sole benefit of the Lessor and may be waived or deferred in whole or in part and with or without conditions only by the Lessor.

#### **42.2 Lessor's further conditions precedent**

The obligation of the Lessor to charter the Vessel to the Lessee or continue to charter the Vessel to the Lessee under this Charter is subject to the further conditions that:

- (a) the representations and warranties in Clause 51.1 (*Lessee representations*) hereof and clause 5 of the Memorandum of Agreement shall be true and correct as if each was made with respect to the facts and circumstances existing immediately prior to the time when the Delivery is to take place;
- (b) no Potential Termination Event or Termination Event shall have occurred and be continuing or would arise by reason of the Delivery taking place;
- (c) no event or circumstance has occurred or exists between the date hereof and the proposed date of Delivery which would have a Material Adverse Effect;
- (d) all consents, if any, of any relevant Governmental Agency necessary for the effective performance or consummation of the transactions contemplated by the Operative Documents to which each Relevant Party or any Manager is a party shall have been obtained and be in full effect;
- (e) Delivery shall have occurred on or prior to the Cut-off Date (unless otherwise agreed by the Lessor); and
- (f) all of the documents received by the Lessor as contemplated in Clause 42.1 (*Lessor's conditions precedent*) are in full force and effect.

#### **42.3 Sanctions**

- (a) No Relevant Party nor any Manager, nor any of their Subsidiaries, directors or officers, is a Restricted Person or is owned or controlled by, or acting directly or indirectly on behalf of or for the benefit of, a Restricted Person and none of such persons owns or controls a Restricted Person.
- (b) Notwithstanding any other provision of this Charter or any other Operative Document to the contrary, neither the Lessor nor any Relevant Party, nor any Manager is obliged to do or omit to do anything if it would, or in its reasonable opinion, would be likely to constitute a breach of any Sanctions or any laws and regulations relating to anti-money laundering, counter-terrorism financing or economic and trade sanctions applicable to it.
- (c) Notwithstanding any other provision of this Charter or any other Operative Document to the contrary but subject to any statutory obligations and confidentiality undertakings by which the Lessor, any Relevant Party and any Manager may be bound, each of them agrees to provide any information and documents that are within its possession, custody or control reasonably required by any other Party in order for that other Party to comply with any Sanctions, any

Anti-Money Laundering Laws or any other laws and regulations relating to anti-money laundering, counter-terrorism financing or economic and trade sanctions applicable to it.

- (d) If the Lessor or any Relevant Party or any Manager is required to disclose information obtained in connection with this Charter or any other Operative Document to any person *in* order to comply with any Sanctions or any laws and regulations relating to anti-money laundering, counter-terrorism financing or economic and trade sanctions applicable to it, each of them agrees that, if permitted to do so by law, it will immediately notify the other Party of the requirement to disclose such information and that to the extent permitted by law, such disclosure will not breach any duty of confidentiality owed by any of them to any of the others.

### **43 Extent of Lessor's liability**

The Parties agree that:

- (a) the Vessel shall be leased on an "as is, where is" basis;
- (b) the Lessor makes no condition, term, representation or warranty as to title, seaworthiness, condition, design, operation or fitness for use of the Vessel, or as to the eligibility of the Vessel for any particular trade, purpose or operation, or any other condition, term, representation or warranty with respect to the Vessel; and
- (c) the Lessee waives all its rights and claims in respect of any condition, term, representation or warranty described in paragraph (b) above.

### **44 Rent, payments and calculations**

#### **44.1 Fees**

The Lessee shall pay to the Lessor an arrangement fee and an administration fee in in the amount and at the times agreed in the Fee Letter.

#### **44.2 Rent**

- (a) The Lessee shall from the Delivery Date until the end of the Charter Period pay the relevant Rent to the Lessor on each Payment Date (which for the avoidance of doubt, includes the applicable Fixed Rent and Variable Rent payable on that Payment Date), as set out more specifically in the second (2<sup>nd</sup>) column of the relevant Payment Schedule.
- (b) The Lessee shall pay the Balloon Rental on the final Payment Date, as set out more specifically in the second (2<sup>nd</sup>) column of the relevant Payment Schedule.
- (c) If the Lessee defaults in payment of (i) the applicable Fixed Rent on a Payment Date or (ii) the Balloon Rental, the Lessee shall pay default interest thereon pursuant to Clause 44.8 (*Default Interest*).
- (d) All payments of the Rent (including, when applicable, the Balloon Rental) shall be deemed earned when paid and shall not be refundable in any circumstances except as expressly provided herein.
- (e) Schedule 3 (*Payment Schedule*) has been prepared on the assumptions (inter alia) that the Purchase Price is \$14,734,500, that the Delivery Date will be within April 2021 and that LIBOR shall be 0.50% throughout the Charter Period. If any assumption is or proves to be incorrect, the Lessor may no later than one (1) Business Day before the Delivery Date deliver to the Lessee a new schedule to replace Schedule 3 (*Payments Schedule*) accordingly and thereupon such schedule shall replace Schedule 3 (*Payments Schedule*) for all purposes. As LIBOR may fluctuate from interest period to interest period, the Parties acknowledge that the amounts of Variable Rent set out in any Schedule 3 (*Payment Schedule*) shall be indicative and the amount of each applicable Variable Rent shall be advised by the Lessor to the Lessee accordingly at the relevant time.

#### 44.3 Payment unconditional

- (a) The Lessee's obligation to pay Rent and other payments on a "hell and high water" basis in accordance with this Charter and any other amounts payable by the Lessee under the other Operative Documents shall be absolute and unconditional irrespective of any matter or contingency, including:
- (i) any set-off, counterclaim, recoupment, defence or other right which any party to any of the Operative Documents may have against the other or any other party to the Operative Documents;
  - (ii) the occurrence of a Total Loss or any other occurrence including the loss, destruction, confiscation, seizure, damage to the Vessel, or the interruption or cessation in or prohibition of the use of, or any requisition for hire or use of, possession or enjoyment of the Vessel by the Lessee for any reason whatsoever;
  - (iii) any unavailability of the Vessel, including any lack or invalidity of title or any other defect in the title, seaworthiness, condition, design, merchantability, fitness for use or purpose, or lack of Crew, injury of any Crew, or the ineligibility of the Vessel for any particular use or trade, or for registration or documentation under the laws of any relevant jurisdiction
  - (iv) any failure or delay on the part of any party to any of the Operative Document, whether with or without fault on its part, in performing or complying with any of the terms of the Operative Documents;
  - (v) any insolvency, bankruptcy, winding-up, reorganisation, reconstruction, arrangement, readjustment of debt, dissolution or similar proceedings by or against any of the Lessor, any Relevant Party, any Manager or any other party to any of the Operative Documents;
  - (vi) any other cause which would, but for this Clause 44.3, have the effect of terminating or affecting the obligations of the Lessee under any of the Operative Documents; and
  - (vii) any invalidity, unenforceability or lack of due authorisation of, or other defect in, any of the Operative Documents.
- (b) It shall be the intention of the Parties that the obligations of the Lessee under this Clause 44.3 shall survive any frustration of any of the Operative Documents, and that, except as provided for in this Charter, no amount payable or paid by the Lessee under this Charter to the Lessor shall be repayable to the Lessee.

#### 44.4 Manner of payment

All payments of the Rent (including, when applicable, the Balloon Rental), any Purchase Option Price, the Purchase Obligation Price and any other amounts payable by the Lessee under this Charter and any other Operative Document shall be made:

- (a) in full, without any set-off or counterclaim and, subject as provided in Clause 48.1 (*Withholding Taxes*), free and clear of any deductions or withholdings; and
- (b) in Dollars, in same day funds before 11:00 a.m. (London time) on the due date for payment, to the Payment Account or such other account as the Lessor may notify the Lessee in writing at least five (5) Business Days before the due date for payment.

#### 44.5 Variable Rent periods

The Variable Rent shall be determined in respect of each period of three (3) months provided always that:

- (a) the first period shall commence on the Delivery Date and end on the next following Payment Date;

- (b) each subsequent period will start on the date immediately after the relevant Payment Date and end on the next following Payment Date; and
- (c) the final period for the determination of the Variable Rent shall end on the Expiry Date.

#### **44.6 Unavailability of LIBOR**

In respect of the calculation of LIBOR for the purposes of determining the Variable Rent, if at any relevant time:

- (a) no Screen Rate is quoted; and
- (b) it is not possible to calculate the Interpolated Screen Rate,

the Lessor shall promptly notify the Lessee stating the circumstances falling within this Clause 44.6 which have caused its notice to be given, following which the Lessor shall determine an alternative LIBOR rate (the "**Alternative LIBOR Rate**") in consultation with the Lessee within fifteen (15) days after the date on which the Lessor serves such notice (the "**Negotiation Period**"). Any Alternative LIBOR Rate or alternative basis on which LIBOR is to be calculated which is agreed during the Negotiation Period shall take effect in accordance with the terms agreed, and if an Alternative LIBOR Rate or alternative basis on which LIBOR is to be calculated is not agreed within the Negotiation Period, LIBOR for the relevant interest period will be such rate as certified by the Lessor, acting reasonably.

#### **44.7 Business Days**

Any payment which is due to be made under an Operative Document on a day which is not a Business Day shall be made on the next Business Day, unless such Business Day falls in the next calendar month or after the Expiry Date, in which case the due date shall be the preceding Business Day.

#### **44.8 Default Interest**

Without prejudice to the other rights and remedies of the Lessor hereunder, if any amount due and payable by the Lessee hereunder is not received by the Lessor on the due date for payment thereof in the manner herein stipulated, the Lessee shall pay interest on the same for the period starting on (and including) the due date for payment thereof and ending on (but excluding) the date on which the same is received or recovered by the Lessor in full (after as well as before judgment) at the rate(s) from time to time determined under this Clause 44.8. The period between the due date for payment of any sum due and payable hereunder or thereunder and the date upon which the obligation to pay such sum is discharged shall be divided into successive periods, the duration of which shall be selected by the Lessor. During each such period (as well after as before judgment) the outstanding balance of the unpaid sum shall bear interest which shall accrue from day to day and on the basis of actual days elapsed and shall be calculated at a rate per annum which is equal to the Default Rate calculated on the basis of a year of three hundred and sixty (360) days and actual days elapsed. Any such interest shall be due and payable when the relevant unpaid sum is paid or, if earlier, at the end of each period by reference to which it is calculated.

#### **44.9 Calculation of the Variable Rent and interest**

Except as otherwise expressly provided in this Charter, all amounts of Variable Rent and any interest payable under this Charter and any other Operative Document shall be calculated on the basis of a year of three hundred and sixty (360) days or, where the amount is payable in a currency other than Dollars, such period as is customary for such currency, and the actual number of days elapsed.

#### **44.10 Certificates and determinations**

Any certificate or determination of the Lessor of a rate or an amount payable under any Operative Document shall specify the relevant rate or amount and shall, in the absence of manifest error, be conclusive and binding on the Lessee.

## 45 Costs and Expenses

The Lessee shall pay to the Lessor on demand, on an After Tax Basis, all Losses incurred by the Lessor in connection with:

- (a) all legal and out-of-pocket expenses of the Lessor in connection with the negotiation, preparation and execution of the Operative Documents (subject to any agreed maximum amounts agreed in advance between the Lessor and the Lessee);
- (b) any variation of any Operative Document requested by the Lessee or any waiver or consent required under any of them;
- (c) the early termination of the leasing of the Vessel and the sale of the Vessel to the Lessee pursuant to Clause 64 (*Purchase Option and Purchase Obligation*) or following the occurrence of an Early Termination Event or a Termination Event;
- (d) investigating the occurrence of a Termination Event and the enforcement or preservation of any right conferred upon the Lessor by any of the Operative Documents, or in respect of the repossession of the Vessel in accordance with the Operative Documents (or any of them);
- (e) a breach by the Lessor of its obligations under any of the Finance Documents provided that such breach is caused (whether directly or indirectly) by a breach of any of the Operative Documents by a Relevant Party or any Manager; and
- (f) a Total Loss or event which may result in a Total Loss.

## 46 Accounts

### 46.1 General undertakings

The Lessee undertakes with the Lessor that, from the date of this Charter and thereafter, it will:

- (a) open the Operating Account and the DSRA Account with the Account Bank and, in connection therewith, will from time to time complete all "know your customer" and other returns necessary for such process;
- (b) maintain the Operating Account and the DSRA Account with the Account Bank; and
- (e) not withdraw or permit withdrawal of any moneys from the DSRA Account other than in accordance with the provisions of this Clause 46.

### 46.2 Payment of Earnings etc.

- (a) The Lessee shall after the date of this Charter and throughout the Charter Period, direct any Sub-Charterer and any other person liable therefor to pay all Earnings and Requisition Compensation payable to the Lessee into the Operating Account, for application in accordance with this Charter and/or the relevant Security Documents.
- (b) From the date falling one month after the Delivery Date up until the end of the Charter Period (the "**DSRA Period**"), the Lessee shall procure that 1/3rd of the amount of Rent to be paid on the next Payment Date shall be transferred on a monthly basis to the DSRA Account.

### 46.3 Currency

Any moneys required to be credited to the Operating Account and/or the DSRA Account denominated in a currency other than Dollars shall be paid by the recipient to the Account Bank which shall purchase Dollars with such moneys at either (i) the spot rate of exchange of the Account Bank or (ii) if no spot rate of exchange is available, at a rate determined by the Account Bank at 11.00 am (New York time) on the Business Day following the day on which such moneys are received by the Account

Bank for the purchase of Dollars with that other currency and the Account Bank shall credit the proceeds of such conversion to the Operating Account or the DSRA Account (as the case may be).

#### 46.4 Operating Account and DSRA Account

- (a) Subject to paragraph (b) below, the Lessee shall be permitted to withdraw amounts from the Operating Account, provided that (i) no Potential Termination Event has occurred and is continuing at the time of such withdrawal and (ii) no Potential Termination Event would arise due to any such withdrawal.
- (b) The Lessee shall apply the moneys deposited in the Operating Account for the following purposes:
  - (i) to retain and transfer to the DSRA Account the relevant amounts, at the times and in the manner referred to in Clause 46.2(b);
  - (ii) to retain and transfer to the Payment Account on each Payment Date an amount equal to the Rent due to be paid to the Lessor on that Payment Date and for such purposes (provided that no such transfer has already been made by the Security Agent from the DSRA Account in accordance with the provisions of paragraph (c) below) and the Lessor is hereby authorised and instructed to withdraw from the Operating Account on each Payment Date an amount equal to the Rent due to the Lessor on such Payment Date and transfer such amount to the Payment Account; **provided that** the provisions of this paragraph (b)(i) shall not excuse the Lessee from its obligations to make all payments due to the Lessor on each due date;
  - (iii) towards payment of any other amount including, for the avoidance of doubt, the payment of the Balloon Rental then due and payable under any of the Operative Documents; and
  - (iv) if there is any surplus remaining in the Operating Account after the applications and retentions under the preceding paragraphs of this Clause 46.4, such surplus shall be released to, or to the order of, the Lessee.
- (c) No withdrawals shall be permitted from the DSRA Account without the prior written consent of the Security Agent and the Security Agent is hereby authorised and instructed to withdraw from the DSRA Account on each Payment Date an amount equal to the Rent due to the Lessor on such Payment Date and transfer such amount to the Payment Account and such transfer shall be applied against, and discharge the Lessee's obligation to pay, the Rent due on that Payment Date.

#### 46.5 Other provisions

- (a) The Lessee shall not close the Operating Account and/or the DSRA Account or alter, or permit to alter, the terms of the Operating Account and/or the DSRA Account from those in force at the time it is designated for the purposes of this Clause 46 or waive any of its rights in relation to the Operating Account and/or the DSRA Account except with the prior written approval of the Lessor.
- (b) The Lessee shall deposit with the Lessor all certificates of deposit, receipts or other instruments or securities relating to the Operating Account and/or the DSRA Account, notify the Lessor of any claim or notice relating to the Operating Account from any other party and provide the Lessor with any other information it may request concerning the Operating Account.

#### 47 Indemnities

##### 47.1 Currency indemnity

- (a) If any sum due from any Relevant Party or any Manager under any Operative Document (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 any Relevant Party or any Manager; or
- (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

the Lessee shall indemnify the relevant Indemnitee, on an After Tax Basis, against all Losses arising out of, or as a result of, the conversion, including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to the relevant Indemnitee at the time of its receipt of that Sum.

- (b) The Lessee waives any right it may have in any jurisdiction to pay any amount under any relevant Operative Document in a currency or currency unit other than that in which it is expressed to be payable.

#### **47.2 Financial indemnities**

The Lessee shall indemnify each relevant Indemnitee on demand, on an After Tax Basis, against all Losses incurred by such Indemnitee as a result of or in connection with:

- (a) any default by any Relevant Party or any Manager in payment of any amount due under this Charter or any other Operative Document;
- (b) Delivery having failed to occur on the Scheduled Delivery Date (as defined in the Memorandum of Agreement) by reason of the operation of any one or more of the provisions of this Charter if the Delivery Notice (as defined in the Memorandum of Agreement) has been served under the Memorandum of Agreement;
- (c) any costs, charges or expenses which any Relevant Party or any Manager has agreed to pay under any of the Operative Documents and which are claimed or assessed against or paid by an Indemnitee; and
- (d) any voluntary termination or any Purchase Option not being exercised in accordance with the notice given by the Lessee.

#### **47.3 Operational indemnity**

The Lessee shall indemnify each Indemnitee, on an After Tax Basis, against all Losses incurred by that Indemnitee as a result of, or in connection with (other than in the case where such Losses are solely and directly a result of the Lessor’s wilful misconduct):

- (a) the condition, testing, design, manufacture, delivery, redelivery, non-delivery, purchase, export, import, registration, ownership, classification, leasing, sub-leasing, management, possession, manning, provision of bunkers and lubricating oils, dry-docking, surveys, control, use, operation, maintenance, repair, replacement, refurbishment, modification, overhaul, insurance, sale or other disposal, return or storage of, or loss of or damage to, the Vessel, or otherwise in connection with the Vessel, or relating to loss or destruction of, or damage to, any property, or death or injury of, or other similar loss suffered by, any person relating to any of these matters;
- (b) claims which may be made on the ground that any design, article or material in the Vessel or the operation or use of such design, article or material constitutes an infringement of patent, trademark, copyright or other intellectual property right or any other right;
- (c) preventing or attempting to prevent the arrest, confiscation, seizure, taking in execution, impounding, forfeiture or detention of the Vessel, or in securing the release of the Vessel;

- (d) in addition to what is otherwise provided in Clause 24 (*Wreck Removal*), the Vessel becoming a wreck or obstruction to navigation, including the removal or destruction of the wreck or obstruction under statutory or other powers;
- (e) any reflagging, deletion and/or registration of the Vessel by the Lessor which may be required following the occurrence of a Termination Event;
- (f) any Environmental Claim or any breach of an Environmental Law or the terms and conditions of an Environmental Authorisation; or
- (g) the Lessee contesting any claim pursuant to paragraph (c) of Clause 47.4 (*Conduct of claims*).

#### **47.4 Conduct of claims**

- (a) The Lessor shall request each Indemnitee to notify the Lessee as soon as reasonably practicable after a written claim is made against that Indemnitee with respect to any matter for which the Lessee is responsible under this Clause 47.
- (b) Any notification given under paragraph (a) above shall give such details as the relevant Indemnitee then has regarding the claim and any Loss.
- (c) The Lessee may (with the Lessor's prior written consent, such consent not to be unreasonably withheld), in consultation with the Lessor and the relevant Indemnitee, assume and conduct promptly and diligently the defence of any claim of the Lessor giving rise to an obligation on the Lessee to indemnify under this Charter, **provided that:**
  - (i) no Termination Event has occurred and is continuing;
  - (ii) the contest does not involve any risk of criminal liability to the Lessor;
  - (iii) independent legal counsel reasonably acceptable to the Lessor is of the opinion, confirmed in writing to the Lessor, that a reasonable basis exists for contesting the relevant claim; and
  - (iv) the Lessee will be responsible for all Losses suffered by the Lessor as a consequence of the Lessee contesting the relevant claim.
- (d) The Lessor will not, by reason of the Lessee contesting a claim in accordance with paragraph above, be prevented from settling or paying any claim if it is required to do so by applicable law.
- (e) The Lessee and its insurers shall have the right, at the Lessee's or its insurers' expense, to investigate any claim for which indemnification is sought pursuant to this Charter. The Lessor shall co-operate with the Lessee and/or its insurers with respect to such investigation.

#### **47.5 Continuation of indemnities**

The indemnities contained in this Charter in favour of the Indemnitees shall continue in full force and effect notwithstanding:

- (a) the termination of the leasing of the Vessel to the Lessee under this Charter; or
- (b) the expiration of the Charter Period by effluxion of time or otherwise.

#### **47.6 Indemnity payments**

- (a) Any payment becoming due by the Lessee to any Indemnitee under this Charter shall be paid:
  - (i) within ten (10) Business Days of demand made by such Indemnitee; and

- (ii) together with interest at the Default Rate from the date of such demand to the date of reimbursement by the Lessee to such Indemnatee (both before and after judgment).
- (b) For the avoidance of doubt, it shall not be a condition to the obligation of the Lessee to make a payment under this Charter in respect of any Loss incurred by an Indemnatee to any third party that the relevant Indemnatee has paid any amount to the third party, but only that an amount is payable by such Indemnatee.
- (c) With respect to the giving of the notification under paragraph (a) of Clause 47.4 (*Conduct of claims*), each Indemnatee agrees that:
  - (i) such notification shall not limit such Indemnatee's right to make further or additional demands on the Lessee in respect of the matter so notified, or in respect of any other matter which is, or may become, the subject of a claim by such Indemnatee on the Lessee under this Charter; and
  - (ii) the failure or delay by any Indemnatee to give such notification within a reasonable period of time shall not affect or limit the rights of such Indemnatee under this Charter, or the exercise of such rights in relation to the matter in question, or to any other matter which is, or may become, the subject of a claim by such Indemnatee on the Lessee under this Charter.

## 48 Taxes

### 48.1 Withholding Taxes

If, after the date of this Charter, any Tax Deduction is required to be made:

- (a) the Lessee shall promptly notify the Lessor in writing after the Lessee becomes aware of such requirement;
- (b) the Lessee shall pay, or shall procure the payment of, the full amount of such Tax Deduction to the appropriate entity within the time period for payment permitted by law; and
- (c) the sum due from any Relevant Party or any Manager in respect of such payment under an Operative Document which is subject to such Tax Deduction shall be increased to the extent necessary to ensure that, after the making of such Tax Deduction, the Lessor receives and retains (free from any liability in respect of any such Tax Deduction) on the due date for such payment, a sum equal to the sum which the Lessor would have received and so retained had no such Tax Deduction been made or required to be made from such payment. The Lessee shall promptly deliver to the Lessor appropriate receipts evidencing any Tax Deduction so made.

### 48.2 Tax indemnity

The Lessee shall pay, and within ten (10) Business Days from the Lessor's demand shall indemnify and hold harmless, the Lessor, and its respective directors, officers, successors and its duly appointed agents (each of whom is referred to in this Clause 48 as a "**Tax Indemnatee**") from and against, any and all documented fees and duties reasonably incurred (including, but not limited to, license and registration fees), Taxes imposed on or against any Tax Indemnatee upon or with respect to:

- (a) the purchase, title, ownership, acquisition, acceptance, rejection, delivery, non-delivery, possession, operation, use, condition, maintenance, repair, sale, remarketing, return, redelivery, storage, manufacture, charter, sub-charter, leasing, modification, supply, replacement, importation, transfer of title, repossession, exportation or other application or disposition of, or the imposition of any Lien on, the Vessel or any interest in the Vessel; or

- (b) otherwise arising with respect to the Vessel or any Operative Document, any Finance Document or the transactions contemplated by, or any amounts paid or payable under or in respect of, this Charter, the other Operative Documents and the Finance Documents,

excluding any FATCA Deduction or Tax on a Tax Indemnitee's net income or profit.

#### **48.3 Grossing-up of indemnity payments**

- (a) If any sum payable to any Indemnitee or Tax Indemnitee by the Lessee under this Charter by way of indemnity proves to be insufficient, by reason of any Taxation imposed on such sum, for the Lessor to discharge the corresponding liability to a third party, or to reimburse such Indemnitee or Tax Indemnitee for the cost incurred by it in discharging such corresponding liability, the Lessee shall, upon receipt of evidence showing such insufficiency, pay to the relevant Indemnitee or Tax Indemnitee such additional sum as (after taking into account such Taxation suffered by the Lessor) 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 an Indemnitee or Tax Indemnitee, but paid by the Lessee to any person other than an Indemnitee or Tax Indemnitee, shall be treated as taxable in the hands of such Indemnitee or Tax Indemnitee, the Lessee shall pay to the Lessor such sum (the "**compensating sum**") as (after taking into account any Taxation suffered by the Lessor on the compensating sum) shall reimburse the Indemnitee or Tax Indemnitee for any Taxation suffered by it in respect of the indemnity sum.

#### **48.4 Stamp taxes**

- (a) Each Relevant Party and any Manager shall:
  - (i) pay all stamp, documentary, registration or other similar Taxes imposed on or in connection with any of the Operative Documents to which it is a party; and
  - (ii) provide the Lessor with receipts in respect of such payments, unless such receipts shall not be available, in which case such Relevant Party or such Manager shall provide the Lessor with satisfactory evidence of such payments.
- (b) Each Relevant Party and each Manager shall indemnify the Lessor, on an After Tax Basis, against all Losses arising by reason of any delay or omission by the Relevant Party or such Manager to pay such duties or Taxes.

### **49 Illegality**

#### **49.1 Consequences of illegality**

- (a) If, in any applicable jurisdiction, it becomes unlawful for the Lessor or any Relevant Party, or any Manager to perform any of its obligations or to exercise any of its rights under any of the Operative Documents or any of the Finance Documents to which it is a party, the Lessor shall be entitled, by giving written notice to the Lessee:
  - (i) to cancel the Memorandum of Agreement and to cancel this Charter, if any such event occurs prior to the Delivery Date; or
  - (ii) to terminate the Charter if such event occurs after the Delivery Date, in each case, immediately or, if later, upon the date upon which the relevant illegality will become effective.
- (b) The Lessor shall not be entitled to exercise any of its rights under paragraph (a) above if any of the circumstances and/or events mentioned under paragraph (a) above (i) concern a Manager, (ii) such Manager is replaced by another Manager acceptable to the Lessor within 30 days of the Lessor giving notice to the Lessee or (if earlier) of any Relevant Party becoming aware of the failure to comply and (iii) such substitute Manager provides to the Lessor a

Manager's Undertaking and such other documents as described in paragraphs 1, 4, 5 and 6(a) of Part I of Schedule 1 (*Conditions Precedent*) and paragraph 6 of Part II of Schedule 1 (*Conditions Precedent*).

- (c) If, in any applicable jurisdiction, it becomes unlawful for a Finance Party to perform any of its obligations or to exercise any of its rights under any of the Finance Documents to which it is a party, the Lessor will promptly notify the Lessee of such event.

#### **49.2 Termination**

- (a) On the date of the cancellation referred to in Clause 49.1(a)(i), the Lessee shall pay to the Lessor:
- (i) any Remittance Interest accrued on the Purchase Price;
  - (ii) any relevant Break Costs;
  - (iii) any other amount then due and payable but unpaid by any Relevant Party or any Manager to the Lessor under any of the Operative Documents;
  - (iv) any cost incurred by the Lessor to the Finance Parties under the Finance Documents as a result of the occurrence of the cancellation of the Memorandum of Agreement and/or this Charter; and
  - (v) any out of pocket costs (including legal costs) incurred by the Lessor in connection with the cancellation of the Memorandum of Agreement and/or this Charter.
- (b) On the date of the termination referred to in Clause 49.1(a)(ii), the Lessee shall pay to the Lessor:
- (i) any Rent (including, if applicable, the Balloon Rental) due or accrued but unpaid on such date;
  - (ii) the Outstanding Charter Hire Principal on such date;
  - (iii) any interest accrued on any unpaid and overdue Rent (including, if applicable, the Balloon Rental) or the Outstanding Charter Hire Principal at the Default Rate;
  - (iv) any relevant Break Costs;
  - (v) any fee and other amount then due and payable but unpaid by any Relevant Party or any Manager to the Lessor under any of the Operative Documents;
  - (vi) any cost incurred by the Lessor to the Finance Parties under the Finance Documents as a result of the termination of this Charter; and
  - (vii) any out of pocket costs (including legal costs) incurred by the Lessor in connection with the termination of this Charter.

#### **49.3 Release and Transfer**

Upon receipt by the Lessor of the sums set out in Clause 49.2 (*Termination*), the Lessor shall:

- (a) procure the release of all Liens created by the Lessor on the Vessel and the other security created pursuant to the Operative Documents; and
- (b) transfer title to the Vessel to the Lessee or its nominee pursuant to the terms set out in Clause 68 (*Transfer of title*) if Delivery of the Vessel under the Memorandum of Agreement has already occurred.

## 50 Increased Costs

### 50.1 Increased Costs

- (a) Subject to Clause 50.2 (*Increased Costs exclusions*), the Lessee shall, within 10 Business Days, pay to the relevant Indemnitee the amount of any Increased Costs incurred by such Indemnitee as a result of:
- (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation after the date of this Charter; or
  - (ii) compliance with any law or regulation made after the date of this Charter; or
  - (iii) the implementation or application of, or compliance with, Basel III, Reformed Basel CRR or CRR II or any law or regulation that implements or applies Basel **III**, Reformed Basel III, CRR or CRR II.

- (b) In this Charter:

**Basel III** means:

- (i) the agreements on capital requirements, 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;
- (ii) 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
- (iii) any further guidance or standards published by the Basel Committee on Banking Supervision relating to “Basel III”,

other than, in each such case, the agreements, rules, guidance and standards set out in Reformed Basel III as amended, supplemented or restated after the date of this Charter.

**CRR** means either CRR-EU or, as the context may require, CRR-UK.

**CRR-EU** means regulation 575/2013 of the European Union on prudential requirements for credit institutions and investment firms and regulation 2019/876 of the European Union amending Regulation (EU) No 575/2013 and all delegated and implementing regulations supplementing that Regulation.

**CRR-UK** means CRR-EU as amended and transposed into the laws of the United Kingdom by the European Union (Withdrawal) Act 2018 and the European Union (Withdrawal Agreement) Act 2020 and as amended by the Capital Requirements (Amendment) (EU Exit) Regulations 2019.

**CRR II** means either CRR II-EU or, as the context may require, CRR II-UK.

**CRR II-EU** means regulation 2019/876 amending CRR-EU as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 and all delegated and implementing regulations supplementing that Regulation.

**CRR H-UK** means CRR II-EU as amended and transposed into the laws of the United Kingdom by the European Union (Withdrawal) Act 2018 and the European Union (Withdrawal Agreement) Act 2020 and as amended by the Capital Requirements (Amendment) (EU Exit) Regulations 2019.

**Increased Costs** means:

- (i) a reduction in the rate of return from the transactions contemplated by the Operative Documents or on an Indemnitee's overall capital (including as a result of any reduction in the rate of return on capital brought about by more capital being required to be allocated by such Indemnitee);
- (ii) an additional or increased cost; or
- (iii) a reduction of any amount due and payable under any Operative Document,

which is incurred or suffered by the Lessor or any of its Affiliates to the extent that it is attributable to the Lessor having entered into any of the Operative Documents or funding or performing its obligations under any of the Operative Documents.

**Reformed Basel III** means the agreements contained in "Basel III: Finalising post-crisis reforms" published by the Basel Committee on Banking Supervision in December 2017, as amended, supplemented or restated.

## **50.2 Increased Costs exclusions**

Clause 50.1 (*Increased Costs*) does not apply to the extent any Increased Cost is:

- (a) attributable to a Tax Deduction or a FATCA Deduction to be made by the Lessee, any other Relevant Party or any Manager;
- (b) compensated for by Clause 48.2 (*Tax indemnity*) or 48.3 (*Gross-up of indemnify payments*) (or would have been compensated for under Clause 48.2 (*Tax indemnity*) but was not so compensated solely because the exclusions to Clause 48.2 (*Tax indemnity*) applied); or
- (c) attributable to the wilful breach by the relevant Indemnitee of any law or regulation.

## **50.3 Payment of Increased Costs, indemnity sum or voluntary termination**

- (a) If an Indemnitee or a Tax Indemnitee other than the Lessor wishes to make a claim pursuant to paragraph (c) of Clause 48.1 (*Withholding Taxes*), Clause 48.2 (*Tax Indemnity*) or Clause 50.1 (*Increased Costs*), it shall notify the Lessor of the event giving rise to the claim. The Lessor shall then promptly notify the Lessee.
- (b) Upon receipt of the Lessor's notification, the Lessee shall notify the Lessor of its intention to either:
  - (i) pay by means of an adjustment to the Rent, the amount which the Lessor notifies the Lessee that the relevant Indemnitee or Tax Indemnitee has determined is necessary to compensate it for the Increased Cost or indemnity sum;
  - (ii) if any such event occurs prior to the Delivery, to cancel the Memorandum of Agreement and this Charter; or
  - (iii) if any such event occurs after the Delivery, to terminate the leasing of the Vessel,

in each case, either immediately or at a future specified date prior to the latest date permitted by such law or regulation.

- (c) If the Lessee elects to voluntarily terminate the Memorandum of Agreement, the Lessor's obligations under the Memorandum of Agreement and this Charter shall cease either immediately or on the future specified date which is prior to the latest date permitted by such law or regulation.
- (d) If the Lessee elects to voluntarily terminate this Charter, the Charter Period shall be terminated either immediately or on the future specified date which is prior to the latest date permitted by such law or regulation.
- (e) On the date of the termination referred to in paragraph (c) above, the Lessee shall pay to the Lessor any amount then due and payable but unpaid by the Lessee to the Lessor under any of the Operative Documents or by the Lessee to the Lessor under the Memorandum of Agreement.
- (f) On the date of the termination referred to in paragraph (d) above, the Lessee shall pay to the Lessor:
  - (i) any Rent (including, if applicable, the Balloon Rental) due or accrued but unpaid on such date;
  - (ii) the Outstanding Charter Hire Principal on such date;
  - (iii) any interest accrued on any unpaid and overdue Rent (including, if applicable, the Balloon Rental) or the Outstanding Charter Hire Principal at the Default Rate;
  - (iv) the relevant Prepayment Fee, if such termination occurs before 1 December 2023;
  - (v) any cost incurred by the Lessor to the Finance Parties under the Finance Documents as a result of the termination of this Charter;
  - (vi) any other amount then due and payable but unpaid by the Lessee to the Lessor under any of the Operative Documents; and
  - (vii) any relevant Break Costs.
- (g) Upon receipt by the Lessor of the sums set out in paragraph (e) or (f) above, the Lessor shall, as soon as practically possible:
  - (i) procure the release of all Liens created by the Lessor on the Vessel and the other security created pursuant to the Operative Documents; and
  - (ii) transfer title to the Vessel to the Lessee or its nominee pursuant to the terms set out in Clause 68 (*Transfer of title*) if Delivery of the Vessel under the Memorandum of Agreement has already occurred.

**50.4 FATCA Information**

- (a) Subject to Clause 50.4(c), each Party shall, within ten (10) Business Days of a reasonable request by the other Party:
  - (i) confirm to that other Party whether it is:
    - (A) a FATCA Exempt Party; or
    - (B) not a FATCA Exempt Party; and
  - (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 50.4(a)(i) 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 50.4(a) shall not oblige the Lessor 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 fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with paragraphs (a) or (b) above (including, for the avoidance of doubt, where Clause 50.4(c) applies), then such Party shall be treated for the purposes of the Operative Documents (and payments under them) as if it is not a FATCA Exempt Party until such time as the Party in question provided the requested confirmation, forms, documentation or other information.

## **51 Representations**

### **51.1 Lessee representations**

The Lessee makes the representations and warranties set out in this Clause 51.1 to the Lessor on the date of this Charter.

- (a) **Status**
  - (i) Each Relevant Party and each Manager is a limited liability company or, as the case may be, a corporation, duly incorporated, formed and validly existing and, where applicable, in good standing under the laws of its jurisdiction of incorporation.
  - (ii) Each Relevant Party and each Manager has the power and authority to own its assets and carry on its business as it is now being conducted.

- (b) **Binding obligations**

Subject to the Legal Reservations, the obligations expressed to be assumed by each Relevant Party and each Manager in each Transaction Document to which it is a party are legal, valid, binding and enforceable in accordance with their terms.

- (c) **Non-conflict with other obligations**

The entry into and performance by each Relevant Party and each Manager of, and the transactions contemplated by, the Transaction Documents to which it is a party do not and will not conflict with:

- (i) any law or regulation applicable to it;
- (ii) its constitutional documents; or
- (iii) any agreement or instrument binding upon it or any of its assets,

nor constitute a default or termination event (however described) under any such agreement or instrument, or (except as provided in any Security Document to which each Relevant Party

and/or any Manager is a party or a Permitted Lien) result in the existence of, or oblige it to create, any Lien over any of its assets.

(d) **Power and authority**

- (i) Each Relevant Party and each Manager has the power to enter into, perform and deliver and comply with its obligations under, and has taken all necessary action to authorise its entry into, performance and delivery of, and compliance with, the Transaction Documents to which it is a party and the transactions contemplated by those documents and to create the Liens expressed to be created by the Security Documents to which it is or will be a party.
- (ii) No limitation on any Relevant Party's or any Manager'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 Transaction Document to which such Relevant Party or such Manager is, or is to be, a party.

(e) **Validity and admissibility in evidence**

Subject to the Legal Reservations, all Authorisations required:

- (i) to enable each Relevant Party or any Manager lawfully to enter into, exercise its rights and comply with its obligations in, the Transaction Documents to which it is a party;
- (ii) to make the Transaction Documents to which each Relevant Party and each Manager is a party admissible *in evidence* in its jurisdiction of incorporation;
- (iii) for each Relevant Party and each Manager to carry on its business; and
- (iv) to enable each Relevant Party and each Manager to create the Liens to be created by it under any Security Document to which it is a party and to ensure that such Lien has the priority and ranking it is expressed to have,

have been obtained or effected and are in full force and effect.

(f) **Governing law and enforcement**

Subject to any applicable Legal Reservations:

- (i) the choice of English law as the governing law of the Transaction Documents (other than each Account Security) to which a Relevant Party or a Manager is a party, and the choice of the governing law of each Account Security will be recognised and enforced in its jurisdiction of incorporation; and
- (ii) any judgment or arbitration award obtained in England in relation to an Transaction Document to which a Relevant Party or a Manager is a party will be recognised and enforced in its jurisdiction of incorporation.

(g) **Place of business**

- (i) None of the Relevant Parties has established a place of business in England.
- (ii) The Lessee's centre of main interest (as that term is used in Article 3(1) of the Regulation (EU) 2015/848 of 20 May 2015 on insolvency proceedings (recast) (the **Regulation**)) is situated in Greece and it has no "establishment" (as that term is used in Article 2(10) of the Regulation) in any other jurisdiction.

(h) **No misleading information**

- (i) All information provided by any Relevant Party or any Manager for the purposes of any Operative Document was true, complete and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.
- (ii) Any financial projections provided by any Relevant Party or any Manager or on its behalf and delivered to the Lessor in connection with this Charter have been prepared on the basis of recent historical information and on the basis of reasonable assumptions.
- (iii) Nothing has occurred or been omitted from the information so provided and no information has been given by any Relevant Party or any or any Manager or withheld that results in any such information provided by such Relevant Party or such Manager or on its behalf being untrue or misleading in any material respect.

(i) **Financial statements**

- (i) The Guarantor's financial statements most recently supplied to the Lessor (which, at the date of this Charter, are the Original Financial Statements) were prepared in accordance with GAAP consistently applied save to the extent expressly disclosed in such financial statements.
- (ii) The Guarantor's financial statements most recently supplied to the Lessor (which, at the date of this Charter, are the Original Financial Statements) give a true and fair view and represent its financial condition and operations as at the end of the relevant financial year save to the extent expressly disclosed in such financial statements.
- (iii) There has been no material adverse change in the Guarantor's business or financial condition since the date of the Original Financial Statements.

(j) **Pari passu ranking**

- (i) Each Security Document to which each Relevant Party or each Manager is a party creates (or, once entered into, will create) in favour of the Lessor the Security which it is expressed to create with the ranking and priority it is expressed to have.
- (ii) Without limiting paragraph (i) above, each Relevant Party's and each or any Manager's payment obligations under each Operative Document to which it is a party rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

(k) **Insolvency**

No insolvency proceeding or creditors' process described in Clause 63.11 (*Insolvency proceedings*) has been taken or threatened in relation to any Relevant Party or any Manager and no petition for the opening of such proceedings has been presented.

(l) **Deduction of Tax**

It is not required under the law applicable where any Relevant Party or any Manager is incorporated or formed or resident or at its address specified in this Charter or any Operative Document to make any Tax Deduction from any payment it may make under any Operative Document.

(m) **No filing or stamp taxes**

Under the law of each Relevant Party's and each Manager's jurisdiction of incorporation, it is not necessary that any of the Transaction Documents to which it is a party be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar tax be paid in that jurisdiction on or in relation to any of the Transaction Documents

to which it is a party or the transactions contemplated by any of the Transaction Documents to which it is a party.

(n) **No Potential Termination Event**

- (i) No Potential Termination Event is continuing or might reasonably be expected to result from the entry into or performance of, or the transactions contemplated by, the Transaction Documents to which each Relevant Party and/or each Manager is a party.
- (ii) No other event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on it or to which its assets are subject which would have a Material Adverse Effect.

(o) **No proceedings pending or threatened**

No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency (including any Environmental Claims) which, if adversely determined, might reasonably be expected to have a Material Adverse Effect have been started or threatened against it or any other Relevant Party or any Manager.

(p) **Authorised signatures**

Any person specified as an authorised signatory of each Relevant Party and/or each Manager under Schedule 1 (*Conditions precedent*) is authorised to sign all documents and notices on its behalf.

(q) **No immunity**

Each Relevant Party and each Manager and its assets are not entitled to immunity on the grounds of sovereignty or otherwise from any legal action or proceeding (including suit, attachment prior to judgment, execution or other enforcement).

(r) **Environmental Authorisations**

All records, reports, returns, registrations and information necessary for compliance with any Environmental Law or any Environmental Authorisations have been made or given to the relevant competent authority in accordance with the requirements thereof.

(s) **Environmental provisions**

- (i) All applicable Environmental Laws and Environmental Authorisations relating to the Vessel and her operation and management have been complied with.
- (ii) No Environmental Claim has been made or threatened against the Lessee or any Manager in connection with the Vessel.
- (iii) No Environmental Incident has occurred.

(t) **Liens**

The Vessel will be free from all Liens at Delivery.

(u) **Vessel condition**

At Delivery, the Vessel will comply with all requirements of this Charter including, without limitation, in respect of its condition, insurance, class and employment.

(v) **Tax compliance**

Each Relevant Party and each Manager has complied in all material respects with all Tax laws and regulations applicable to it and its business.

(w) **Anti-corruption law and anti-bribery law**

Each Relevant Party and each Manager is not in breach of any laws or regulations relating to the laws of England, the Vessel and its ownership, employment, operation, management and registration, and in particular each Relevant Party and each Manager has complied with all Anti-Money Laundering Laws and each Relevant Party and each Manager has instituted and maintained systems, controls, policies and procedures designed to detect and prevent incidences of money laundering and promote and achieve compliance with Anti-Money Laundering Laws.

(x) **Membership interests**

- (i) The membership interests of the Lessee are fully paid and not subject to any option to purchase or similar rights.
- (ii) The constitutional documents of the Lessee do not and could not restrict or inhibit any transfer of those membership interests on creation or enforcement of the Security Documents.
- (iii) 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 share or loan capital of the Lessee (including any option or right of pre-emption or conversion).

(y) **Ownership of Lessee**

The Lessee is a wholly owned direct Subsidiary of the Guarantor.

(z) **No Change of Control**

There has not been a Change of Control.

(aa) **No breach of any Charter Document**

Neither the Lessee nor (so far as the Lessee is aware) any other person is in breach of any Sub-Charter to which it is a party nor has anything occurred which entitles any party to rescind or terminate it.

(bb) **No breach of Maersk Contract**

The Lessee nor (so far as the Lessee is aware) any other person is in breach of the Maersk Contract nor has anything occurred which entitles any party to rescind or terminate it.

(cc) **Vessel's employment**

The Vessel shall on the Delivery Date:

- (i) have been delivered, and accepted for service, under the Sub-Charter 2; and
- (ii) be free of any other charter commitment (save for the charter commitment in respect of the Sub-Charter 1) which, if entered into after that date, would require approval under the Operative Documents.

(dd) **Address commission**

There are no rebates, commissions or other payments in connection with the Maersk Contract or any Sub-Charter other than those referred to in it.

(ee) **Copies of documents**

The copies of those Transaction Documents which are not Operative Documents and the constitutional documents of the Relevant Parties delivered to the Lessor under Clause 42 (*Conditions Precedent*) 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 those Transaction Documents which would materially affect the transactions or arrangements contemplated by them or modify or release the obligations of any party under them.

(ff) **Shares held at the date of the Merger**

At the date of the Merger Mr. George Giouroukos owned (either directly or indirectly) 1,335,404 shares in the Guarantor.

**51.2 Repetition**

Each of the representations and warranties set out in paragraphs (a) to (j) of Clause 51.1 (*Lessee representations*) are deemed to be made by the Lessee by reference to the facts and circumstances then existing on the Delivery Date and on each Payment Date.

**52 General Undertakings**

**52.1 Lessee undertakings**

The undertakings in this Clause 52.1 shall remain in force from the date of this Charter until the end of the Charter Period.

(a) **Status**

Each Relevant Party and each Manager shall maintain its corporate existence under the laws of its jurisdiction of incorporation.

(b) **Authorisations**

Each Relevant Party and each Manager shall promptly:

- (i) obtain, comply with and do all that is necessary to maintain in full force and effect; and
- (ii) supply certified copies to the Lessor of,

any Authorisation required under any law or regulation to enable such Relevant Party or such Manager to perform its obligations under any Transaction Document to which it is a party and to ensure the legality, validity, enforceability or admissibility in evidence in such Relevant Party's or such Manager's jurisdiction of incorporation of any Transaction Document to which such Relevant Party or such Manager is subject or to ensure that each of the Liens created under the Security Documents has the priority and ranking contemplated by them.

(c) **Compliance with laws**

Each Relevant Party and each Manager shall comply in all material respects with all laws (including Environmental Laws and Sanctions) to which it may be subject.

(d) **Performance of obligations**

Each Relevant Party and each Manager shall comply with all its obligations under any Operative Document to which it is a party.

(e) **Pari passu**

Each Relevant Party and each Manager shall ensure that its liabilities under any Operative Document to which it is a party rank at least *pari passu* with all its other unsecured liabilities except where such liabilities are mandatorily preferred by laws of general application to companies.

(f) **Notification of default**

The Lessee shall notify the Lessor as soon as it becomes aware of:

- (i) the occurrence of any Termination Event; or
- (ii) any matter which indicates that any Termination Event may have occurred,

and in each case, shall keep the Lessor fully informed of all developments.

(g) **Notification of litigation**

The Lessee shall provide the Lessor with details of any Environmental Claim, any legal or administrative proceedings involving any Relevant Party, any Manager (but only in relation to the Vessel), the Vessel or any Operative Document to which any Relevant Party or any Manager is a party as soon as it becomes aware that such action has been instituted and such action is reasonably likely to have a Material Adverse Effect on the ability of a Relevant Party or a Manager to perform its obligations under any Operative Document to which it is a party.

(h) **Provision of information**

The Lessee shall provide, or procure that there is provided, to the Lessor promptly, such information regarding compliance by each Relevant Party and each Manager with the terms of any Operative Document to which it is a party, or with respect to the Vessel, as the Lessor may from time to time reasonably request.

(i) **Merger**

No Relevant Party shall enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction (for the purposes of this paragraph (i), each "**a process**"), provided that in the case of the Guarantor only, such process is permitted without restrictions so long as:

- (i) the Guarantor remains the surviving entity of any such process; and
- (ii) no Termination Event has occurred at the relevant time nor would be triggered as a result of such process; and
- (iii) such process does not have a Material Adverse Effect.

(j) **Change of business**

- (i) The Lessee shall not substantially change the general nature of its business from that carried on at the date of this Charter without consent of the Lessor.
- (ii) The Guarantor shall ensure that no substantial change is made to the general nature of its business from that carried on at the date of this Charter without the prior written consent of the Lessor (such consent not to be unreasonably withheld).

(k) **Cancellation, termination and amendment of documents**

Except with the prior written consent of the Lessor, none of the Relevant Parties, nor any Manager shall cancel, terminate or amend or permit to be cancelled, terminated or amended any Operative Document to which it is a party.

(l) **Taxes**

Each Relevant Party and each Manager shall:

- (i) file or cause to be filed all tax returns required to be filed in all jurisdictions in which it is situated or carries on business or otherwise is subject to Taxation;
- (ii) pay all Taxes shown to be due and payable on such returns or any assessments made against it, except to the extent these are contested in good faith and by appropriate means where such payment may be lawfully withheld and for which adequate reserves have been established by it taking into account the amount of Taxes payable;
- (iii) except as approved by the Lessor, each Relevant Party shall maintain its residence for Tax purposes in the jurisdiction in which it is currently resident for Tax purposes and ensure that it is not resident for Tax purposes in any other jurisdiction; and
- (iv) each Relevant Party and each Manager shall promptly upon becoming aware of the same notify the Lessor of the imposition or the proposed levy of any taxes (by withholding or otherwise) on any payment to be made by any Relevant Party or any Manager under any Operative Document to which it is a party.

(m) **Sanctions, anti-corruption law and anti-bribery law**

- (i) No Relevant Party nor any Manager nor any Group Member:
  - (A) is a Restricted Person;
  - (B) is owned or controlled by or acting directly or indirectly on behalf of or for the benefit of, a Restricted Person;
  - (C) owns or controls a Restricted Person; or
  - (D) has a Restricted Person serving as a director, officer or, to the best of its knowledge, employee.
- (ii) Each Relevant Party, each Group Member and each Manager has instituted and maintains policies and/or internal procedures designed to prevent violation of Sanctions.
- (iii) The Vessel is not listed on a Sanctions List or otherwise the target of Sanctions.
- (iv) No proceeds of the Purchase Price shall be made available, directly or indirectly, to or for the benefit of a Restricted Person nor shall they be otherwise directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions.
- (v) The Lessee shall, and shall procure that each other Relevant Party and each Manager (including procuring or as the case may be, using all reasonable endeavours to procure their respective officers and/or directors, of the relevant entity to do the same) shall (A) comply with all Anti-Money Laundering Laws; (B) maintain systems, controls, policies and procedures designed to promote and achieve ongoing compliance with Anti-Money Laundering Laws; and (C) in respect of the Lessee, not use, or permit or authorize any person not to directly or indirectly use, the Purchase Price for any purpose that would breach any Anti-Money Laundering Laws;

- (vi) in respect of the Lessee, not lend, invest, contribute or otherwise make available the Purchase Price to or for any other person in a manner which would result in a violation of Anti-Money Laundering Laws;
- (vii) the Lessee shall, and shall procure that each other Relevant Party and each Manager shall promptly notify the Lessor of any non-compliance, by any Relevant Party, any Manager or their respective officers, directors, with all laws and regulations relating to Anti-Money Laundering Laws as well as provide all information (once available) in relation to its business and operations which may be relevant for the purposes of ascertaining whether any of the aforesaid parties are in compliance with such laws.

(n) **Financial statements and Compliance Certificate**

The Lessee shall supply to the Lessor:

- (i) as soon as the same become available, but in any event within 180 days after the end of each financial year of the Guarantor, the audited consolidated financial statements of the Guarantor for that financial year (the “**Annual Financial Statements**”), which shall be the same as those publicly filed with the Security and Exchange Commission of the New York Stock Exchange;
- (ii) as soon as the same become available, but in any event within 90 days after the end of the first half of each financial year of the Guarantor, the unaudited consolidated financial statements of the Guarantor for that financial half year (the “**Semi-Annual Financial Statements**”); and
- (iii) with each set of Annual Financial Statement and Semi-Annual Financial Statements, a Compliance Certificate; each Compliance Certificate shall, amongst other things, set out (in reasonable detail) computations as to compliance with Clause 53 (*Financial covenants*). Each Compliance Certificate shall be signed by the finance director or chief financial officer of the Guarantor or, in his or her absence, by the Chief Financial Officer of the Guarantor.

(o) **Requirements as to financial statements**

- (i) The Lessee shall procure that each set of Annual Financial Statements and Semi-Annual Financial Statements includes a profit and loss account, a balance sheet and a cashflow statement and that, in addition each set of Annual Financial Statements shall be audited by the Auditors.
- (ii) Each set of financial statements delivered pursuant to paragraph (n) of this Clause 52.1 shall:
  - (A) be prepared in accordance with GAAP;
  - (B) fairly present, and be certified by a director of the relevant company as fairly presenting, its financial condition and operations as at the date as at which those financial statements were drawn up and, in the case of the Annual Financial Statements, shall be accompanied by any letter addressed to the management of the relevant company by the Auditors and accompanying those Annual Financial Statements;
  - (C) comply with the requirements of the New York Stock Exchange; and
  - (D) in the case of Annual Financial Statements, not be the subject of any material qualification in the Auditors' opinion.

- (iii) The Lessee shall procure that each set of financial statements delivered pursuant to paragraph (n) of this Clause 52.1 shall be prepared using GAAP, 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 Lessee notifies the Lessor that there has been a change in GAAP or the accounting practices and the Auditors deliver to the Lessor:
  - (A) a description of any change necessary for those financial statements to reflect the GAAP or accounting practices and reference periods upon which corresponding Original Financial Statements were prepared; and
  - (B) sufficient information, in form and substance as may be reasonably required by the Lessor, to enable the Lessor to determine whether clause 53 (*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.
- (iv) Any reference in this Charter 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.

(p) **Change of accounting period**

Except with the prior written consent of the Lessor, neither the Lessee nor the Guarantor shall change its accounting periods or its Auditors.

(q) **Financing**

Each of the Lessor and the Lessee acknowledges that (i) the rights of the Lessor under the Security Documents and the rights of the Lessee assigned under the Security Documents will be on-assigned to the Security Agent, (ii) the Lessor will assign its interest in the Vessel's insurances to the Security Agent as such interests are constituted in the Security Documents and (iii) the Vessel is to be mortgaged to the Security Agent at the Lessor's expense, each as security for the Lessor's obligations under the Finance Documents and the Lessee hereby consents to each such mortgage and assignment. The Lessee agrees and undertakes to procure that each of the other Relevant Parties shall cooperate with the Lessor and the Finance Parties to give effect to the security interests contemplated in the above documents.

(r) **Information: miscellaneous**

The Lessee shall promptly supply to the Lessor:

- (i) upon the Lessor's request, copies of all material documents dispatched by the Lessee or the Guarantor to its shareholders generally (or any class of them) or its creditors generally (or any class of them) (subject to any confidentiality restrictions);
- (ii) at least once in every consecutive period of six (6) months following the Delivery Date, such information regarding the employment status and operating status of the Vessel as the Lessor may reasonably request;
- (iii) such further information regarding the financial condition, business and operations of the Lessee and/or the financial condition of the Guarantor as the Lessor may reasonably request;
- (iv) such further information and records relating to the Vessel and the Lessee as the Lessor may reasonably request;
- (v) any notice being received from any competent authority amending, terminating or suspending or threatening to amend, terminate or suspend any Authorisation where such action (or implementing the result thereof) constitutes a Material Adverse Effect;

- (vi) upon becoming aware of them, details of any circumstances which may lead to:
  - (A) any Authorisation not being obtained or effected or not remaining in full force and effect (other than in accordance with its terms); or
  - (B) any Authorisation not being obtained, renewed or effected when required,

where failure to obtain and/or maintain the same would constitute a Material Adverse Effect.

(s) **Environmental**

The Lessee shall, upon becoming aware of the same, promptly notify the Lessor and the Security Agent of:

- (i) any material Environmental Claim or any Environmental Incident;
- (ii) any material inspections, investigations, studies, audits, tests, reviews and other analysis carried out by it or on its behalf (but excluding any routine inspection) in relation to any environmental matters; and
- (iii) details of any material non-compliance by it with any applicable Environmental Law or applicable Environmental Authorisation or any suspension, revocation or modification of any Environmental Authorisation and shall set out the action it intends to take with respect to those matters,

in relation to the Vessel.

(t) **“Know your customer” checks**

The Lessee shall promptly upon the request of the Lessor supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Lessor in line with other similar information requested by other lessors or financiers of vessels to companies in the Group in order for the Lessor to conduct any “know your customer” or other similar procedures required by applicable laws and regulations.

(u) **Ownership of Initial Commercial Manager and Initial Technical Manager**

The Lessee shall ensure that each of the Initial Commercial Manager and the Initial Technical Manager shall not cease to be beneficially and legally owned and controlled in the manner disclosed in writing by the Lessee to the Lessor on, or prior to, the date of this Charter.

## 53 Financial covenants

The Lessee shall:

- (a) maintain at all times during the Charter Period an amount of no less than \$500,000 in the Operating Account; and
- (b) procure that the Guarantor shall ensure that on each Financial Testing Date, the aggregate of the Cash and Cash Equivalents shall not be less than \$20,000,000 at the relevant time.

In this Clause 53:

**“Cash”** means, at any time, cash at hand and cash at bank and credited to an account in the name of any Group Member and to which the Guarantor is solely (or together with other Group Members) beneficially entitled, including cash held under any unrestricted minimum liquidity requirements, and, for so long as such cash has not been blocked due to the existence of any Lien (other than Liens created by the Operative Documents or the Finance Documents) held by any bank or any other third party or otherwise.

“Cash Equivalents” means, at any time:

- (a) securities issued or directly and fully guaranteed or insured by the government of the United States of America or any member state of the European Union or any other country whose sovereign debt has a rating of at least “A3” from Moody’s or at least “A” from Standard and Poor’s or any agency or instrumentality thereof, having maturities of not more than one year from the date of acquisition; or
- (b) demand and time deposits and eurodollar time deposits and certificates of deposit or bankers’ acceptances with maturities of one year or less from the date of acquisition, in each case, with any financial institution organised under the laws of any country that is a member of the Organisation for Economic Cooperation and Development:
  - (i) whose long-term debt obligations are rated at least “A-3” or the equivalent thereof by Standard and Poor’s or at least “P-3” or the equivalent thereof by Moody’s (or if at the time neither is issuing comparable ratings, then a comparable rating of another rating agency); or
  - (ii) having capital and surplus and undivided profits in excess of \$250,000,000,

which are, in each case, in the name of any Group Member and to which the Guarantor is solely (or together with other Group Members) beneficially entitled and, for so long as such instrument, security or investment has not been blocked due to the existence of any Lien held by any bank or any other third party or otherwise, as stated in the most recent financial statements delivered to the Lessor pursuant to Clause 52.1(n) (*Financial statements and Compliance Certificate*).

“Financial Testing Date” means 30 June and 31 December of each financial year.

## **54 Business Restrictions**

Except as otherwise approved by the Lessor, the Lessee undertakes that this Clause 54 will be complied with from the date of this Charter until the expiry or termination of the Charter Period.

### **54.1 General negative pledge**

- (a) No Relevant Party and no Manager shall create or permit any Lien (other than a Permitted Lien) to exist, arise or be created or extended over the Vessel, any membership interests of the Lessee or any other property assigned or charged to the Lessor or any Finance Party.
- (b) The Lessee shall not:
  - (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 Relevant Party or any Manager;
  - (ii) sell, transfer, factor or otherwise dispose of any of its receivables;
  - (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.

#### 54.2 Financial Indebtedness

The Lessee shall not (without the Lessor's prior written consent) incur or permit to exist, any Financial Indebtedness owed by it to anyone else except:

- (a) Financial Indebtedness incurred under the Operative Documents; and
- (b) Financial Indebtedness reasonably incurred in the ordinary course of operating, chartering, repairing and maintaining the Vessel (including but not limited to any guarantee issued by the Lessee in the ordinary course of its business); and
- (c) Financial Indebtedness, including all inter-company loans or shareholders' loans which is subordinated to the Lessor in accordance with Clause 54.5 (*Subordination*).

#### 54.3 Guarantees

The Lessee shall not give or permit to exist, any guarantee (other than any guarantee which constitutes Financial Indebtedness and is permitted under Clause 54.2(b)) by it in respect of indebtedness of any person.

#### 54.4 Loans and credit

The Lessee shall not be a creditor in respect of Financial Indebtedness other than in respect of:

- (a) loans or credit to permitted under Clause 54.2 (*Financial Indebtedness*); or
- (b) trade credit granted by it to its customers on normal commercial terms in the ordinary course of its trading activities.

#### 54.5 Subordination

- (a) Prior to the occurrence of a Termination Event which is continuing, the Lessee may repay and/or re-draw all shareholder's loans and/or intercompany loans from time to time granted by any other Group Member (each, a "**Subordinated Creditor**") to the Lessee (in this Clause 54.5, each, a "**Subordinated Debt**").
- (b) Pursuant to Clause 54.2 (*Financial Indebtedness*), the Lessee acknowledges to, and undertakes with, the Lessor that all Subordinated Debts:
  - (i) shall be subordinated in all respects to all amounts owing and which may in future become owing by the Lessee under the Operative Documents;
  - (ii) shall not be repaid or be subject to payment of interest (although interest may accrue) upon the occurrence of a Termination Event;
  - (iii) are and shall remain unsecured by any Lien over the whole or any part of the assets of the Lessee; and
  - (iv) shall not be capable of becoming subject to any right of set-off or counterclaim.
- (c) For the purposes of giving effect to sub-paragraph (b) above, the Lessee shall procure the execution of a Subordination Deed in a form acceptable to the Lessor, which shall be made between the Lessee, the relevant Subordinated Creditor(s) and the Lessor.

#### **54.6 Bank accounts and other financial transactions**

The Lessee shall not:

- (a) hold cash in any account (other than the Accounts) over or in respect of which any set-off (other than the usual banker's right of set off), combination of accounts, netting or Lien exists;
- (b) maintain any current or deposit account with a bank or financial institution except for the Accounts and the deposit of money, operation of current accounts and the conduct of electronic banking operations through the Accounts;
- (c) enter into any obligations under operating leases relating to assets; or
- (d) be party to any banking or financial transaction, whether on or off balance sheet, that is not expressly permitted under this Clause 54.

#### **54.7 Disposals**

The Lessee shall not 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 disposal permitted by the Operative Documents.

#### **54.8 Contracts and arrangements with affiliates**

The Lessee shall not be party to any arrangement or contract with any of its Affiliates unless such arrangement or contract is on an arm's length basis.

#### **54.9 Subsidiaries**

The Lessee shall not establish or acquire a company or other entity.

#### **54.10 Acquisitions and investments**

The Lessee shall not acquire any person, business, assets or liabilities or make any investment in any person or business or undertaking or enter into any joint-venture arrangement except:

- (a) acquisitions of assets in the ordinary course of business (not being new businesses or vessels);
- (b) the incurrence of liabilities in the ordinary course of its business;
- (c) any loan or credit not otherwise prohibited under this Charter; and
- (d) pursuant to any Operative Documents or any Sub-Charter to which it is party.

#### **54.11 Reduction of capital**

The Lessee shall not redeem or purchase or otherwise reduce any of its equity or any other share capital or, as the case may be, membership interest capital, 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.

#### **54.12 Increase in capital**

The Lessee shall not issue membership interests or other equity interests to anyone who is not a wholly-owned Subsidiary of the Guarantor.

#### **54.13 Distributions and other payments**

The Lessee shall not (and shall procure that the Guarantor shall not) make, declare or pay (including by way of set-off, combination of accounts or otherwise) any dividend or redeem or make any other distribution or payment (whether in cash or in specie), including any interest and/or unpaid dividends, in respect of its equity or any other membership interest capital or any warrants, unless:

- (a) no Termination Event is continuing at the time; and
- (b) no Termination Event would result from doing so.

#### **54.14 New material contracts**

The Lessee shall not enter into any new contracts after the date of this Charter, except for contracts necessary for the operation and maintenance of the Vessel or otherwise permitted or required by the Operative Documents to which it is a party.

#### **54.15 Sanctions undertakings**

- (a) Each Relevant Party undertakes that it shall, and the Guarantor shall procure that each Group Member and each Manager will, comply with all Sanctions.
- (b) No Relevant Party shall become a Restricted Person or act on behalf of, or as an agent of, a Restricted Person. Each Relevant Party shall procure that no other Group Member and no Approved Manager shall, become a Restricted Person or act on behalf of, or as an agent of, a Restricted Person.
- (c) Each Relevant Party shall procure, and the Guarantor shall procure that each Group Member and each Manager shall procure, that no proceeds from any activity or dealing with a Restricted Person are credited to any bank account of the Lessor or any Affiliate of the Lessor.
- (d) Each Relevant Party shall, and the Guarantor shall procure that each Group Member and each Manager will promptly upon becoming aware of them supply to the Lessor details of any claim, action, suit, proceedings or investigation against it with respect to Sanctions by any Sanctions Authority.
- (e) No Relevant Party shall, and the Guarantor shall procure that no Group Member nor any Manager will, use any revenue or benefit derived from any activity or dealing with a Restricted Person in discharging any obligation due or owing to the Lessor.
- (f) No Relevant Party shall, and the Guarantor shall procure that no other Group Member nor any Manager shall, directly or indirectly, use, lend, contribute or otherwise make available any proceeds of the Purchase Price or other transaction contemplated by this Charter or the Memorandum of Agreement for the purpose of financing any trade, business or other activities with any Restricted Person.

### **55 Use and Employment**

The undertakings in this Clause 55 remain in force from the date of this Charter until the end of the Charter Period.

#### **55.1 Use**

Subject to the terms and conditions of this Charter, the Lessee shall have the full possession, use and control of the Vessel.

## 55.2 Employment

- (a) The Lessee shall not employ the Vessel or permit its employment:
- (i) in any manner, trade or business which is forbidden by the Flag State, or international law, Sanctions or which is otherwise unlawful or illicit under the law of any relevant jurisdiction;
  - (ii) in carrying illicit or prohibited goods;
  - (iii) in any manner which may render it liable to condemnation in a prize court, or to destruction, seizure, confiscation, penalty or sanctions; and
  - (iv) in any way inconsistent with the provisions or warranties of, or implied in, or outside the cover provided by, any Insurance (including but not limited to the International Navigating Limits).
- (b) In the event of hostilities in any part of the world (whether war be declared or not), the Lessee shall not employ the Vessel or permit its employment:
- (i) in carrying any contraband goods; or
  - (ii) to enter or operate within or to continue to operate in any zone after it has been declared a war zone by any Governmental Agency, the Flag State or by the Vessel's war risks insurers or which is otherwise excluded from the scope of coverage of the Vessel's insurances,

unless the Lessee has, at its own expense, effected such special, additional or modified insurance cover as is necessary for the Vessel to continue operating in the area affected by the hostilities referred to in this Clause 55.2 and as approved by the Approved Brokers at any relevant time.

## 55.3 Sub-leasing

Except with the prior written consent of the Lessor (and then only subject to such terms as the Lessor may impose) and save for any of:

- (a) the Sub-Charter 1;
- (b) the Sub-Charter 2; and
- (c) after commencement of the Sub-Charter 1, any Replacement Sub-Charter,

the Lessee shall not let the Vessel on a charter (whether bareboat, time or voyage) for any period.

## 55.4 Sub-Charters

- (a) Except with the prior written consent of the Lessor, the Sub-Charters shall not be varied in any material respect (it being understood and agreed by the Parties that material variations shall include any variation of any terms which relate to (i) the hire rate or any off hire provisions, (ii) the duration (including any options to extend or terms related to such option) or any cancellation or termination, (iii) the date of delivery, (iv) the counterparties and (v) quiet enjoyment and any rights or terms related thereto, in each case of a Sub-Charter).
- (b) Except with the prior written consent of the Lessor, there shall be no release by the Lessee of any obligation of any other person under the Sub-Charters (including by way of novation or assignment), no waiver of any breach of any such obligation and no consent to anything which would otherwise be such a breach.

- (c) Except with the prior written consent of the Lessor, the Lessee shall not terminate or rescind any Sub-Charter or withdraw or substitute the Vessel from service under any Sub-Charter or take any similar action.
- (d) The Lessee shall perform its obligations under any Sub-Charter.
- (e) The Lessee shall give notice of assignment of any of the Sub-Charters to the other parties to them in the form specified by the General Assignment and shall use its reasonable endeavours to ensure that the Lessor receives a copy of that notice acknowledged by each addressee in the form specified therein as soon as practically possible thereafter.

#### **55.5 Sharing of Earnings**

Except with the prior written consent of the Lessor (and then only subject to such terms as the Lessor may impose), the Lessee shall not enter into any agreement or arrangement whereby the Earnings may be shared with any person.

#### **55.6 Lay up**

Except with the prior written consent of the Lessor, the Vessel shall not be laid up or deactivated.

#### **55.7 Sanctions and Vessel trading**

Without limiting Clause 54.15 (*Sanctions undertaking*) and 56.15 (*Compliance with laws*), the Lessee shall procure that:

- (a) the Vessel shall not be used by or for the benefit of a Restricted Person;
- (b) the Vessel shall not be used in trading in any manner contrary to Sanctions (or which could be contrary to Sanctions if Sanctions were binding on each Relevant Party and each Manager);
- (c) the Vessel shall not make a voyage to or from any Sanctioned Country, **Provided that** in the case of an Emergency Event, the Vessel can make such voyage if Lessee reasonably believes that such voyage is required due to such Emergency Event until the Lessee or, as the case may be, the relevant Manager (in each case, acting prudently) considers that there is no longer an Emergency Event and provided that the Lessee immediately notifies the Lessor of such Emergency Event and such voyage;
- (d) the Vessel shall not be traded in any manner which would trigger the operation of any sanctions limitation or exclusion clause (or similar) in the Insurances; and
- (e) each Sub-Charter shall contain, for the benefit of the Lessee, language which gives effect to the provisions of this Clause 55.7 (*Sanctions and Vessel trading*) and which permits refusal of employment or voyage orders if compliance would result in a breach of Sanctions (or which would result in a breach of Sanctions if Sanctions were binding on each Relevant Party and each Manager).

For the purposes of paragraph (c), “**Emergency Event**” means, in relation to the Vessel, any event or circumstance that a reasonable person having experience in the management and operation of ships, would consider to constitute an emergency event or circumstance.

#### **56 Maintenance and Operation**

The undertakings in this Clause 56 remain in force from the date of this Charter until the end of the Charter Period.

#### **56.1 Supply and crewing**

The Lessee shall procure that the Vessel is manned, victualled, operated, supplied, fuelled and repaired at its own expense.

## **56.2 Seaworthiness and safe operation**

The Lessee shall ensure that the Vessel will be, at its own expenses:

- (a) operationally seaworthy; and
- (b) operated in a proper, safe and seaman-like manner, and in the manner prescribed by all relevant laws and regulations.

## **56.3 Repair**

The Lessee shall at its own expenses:

- (a) keep the Vessel in a good and efficient state of repair; and
- (b) procure that all repairs to, or replacement of, any damaged, worn or lost parts or equipment are effected in such manner (both as regards workmanship and quality of materials) as not to diminish the value of the Vessel.

## **56.4 Repairers' liens**

Except with the prior written consent (such consent not to be unreasonably withheld or delayed) of the Lessor (and then only subject to such terms as the Lessor may impose), the Lessee shall not put the Vessel into the possession of any person for the purpose of work being done upon it if the cost of such work will exceed or is likely to exceed the Major Casualty Amount (or the equivalent in any other currency), unless such person shall have first given to the Lessor and in terms satisfactory to it, a written undertaking not to exercise any lien on the Vessel or its Earnings for the cost of such work or otherwise.

## **56.5 Modification**

- (a) Except with the prior written consent of the Lessor, the Lessee shall not make any modification to the Vessel in consequence of which its structure, type or performance characteristics could or might be adversely altered or its value might be materially reduced.
- (b) The Lessee shall furnish the Lessor with copies of all plans in relation to such modifications, (if applicable) confirmation from the applicable Classification Society and (if applicable) valuation reports.
- (c) The Lessee shall bear all risk and cost of any such modifications.

## **56.6 Removal of parts; equipment owned by third parties**

Except with the prior written consent of the Lessor, the Lessee shall not:

- (a) remove any part of the Vessel or any equipment unless at the same time it is replaced with equivalent parts or equipment owned by the Lessee free of any Lien except under the Operative Documents; or
- (b) install on the Vessel any equipment owned by a third party which cannot be removed without causing damage to the structure or fabric of the Vessel or without incurring significant expense.

## **56.7 Use of equipment**

The Lessee shall have the use of all outfit, equipment, appliances, furnishings, furniture and fittings, spare and replacement parts on board the Vessel at Delivery, and the same or their substantial equivalent shall be returned to the Lessor on redelivery in good order and condition, except for ordinary wear and tear, and changes made as permitted under this Charter.

#### 56.8 Renewal of equipment

- (a) The Lessee shall, at its own expense, replace, renew or substitute such items of equipment as shall be so damaged or worn as to be unfit for use. The Lessee shall procure that all replacements, renewals or substitutions be effected in such manner as not to materially reduce the value of the Vessel.
- (b) Title to any part replaced, renewed or substituted shall remain with the Lessor until the part which replaced it or the new or substituted item of equipment becomes the property of the Lessor.

#### 56.9 Additional equipment

- (a) The Lessee may install additional equipment so as to render the Vessel available for any purpose for which the Lessee may require to use or operate the Vessel, **provided that** no permanent structural damage is caused to the Vessel by reason of such installation.
- (b) Any additional equipment installed shall be considered the property of the Lessee (or, as the case may be, the Sub-Charterer) who may remove such additional equipment at any time before the end of the Charter Period.
- (c) The cost of installing or removing any additional equipment, together with the cost of making good any damage caused by such installation or removal shall be payable in full by the Lessee.

#### 56.10 Maintenance of class; compliance with Authorisations

The Lessee shall:

- (a) maintain the present class of the Vessel (namely " 100 A5 Container ship SOLAS-II-2, Reg. 19 ERS IW LC NAV-OC RSCS MC AUT") with DNV GL, or maintain the Vessel with the equivalent classification notation of a member of the International Association of Classification Societies acceptable to the Lessor free from any overdue recommendations or conditions adversely affecting the Vessel's class; and
- (b) comply with, and ensure that the Vessel complies with, the provisions of all Authorisations from time to time applicable to Vessel registered under the laws of the Flag State or otherwise applicable to the Vessel.

#### 56.11 Surveys

The Lessee shall:

- (a) submit the Vessel to continuous surveys and such periodical or other surveys as may be required for classification purposes; and
- (b) supply to the Lessor copies of all related survey reports which have been issued.

#### 56.12 Inspection

- (a) The Lessee shall provide an inspection report, or permit the Lessor or its representatives at the Lessee's cost to access the Vessel once every 365 days at any time during the Charter Period, but without interference with the normal operation of the Vessel, in order to inspect, examine or survey the Vessel on board or instruct a duly authorised surveyor to carry out such survey on its behalf to ascertain the condition of the Vessel and satisfy itself that the Vessel is being properly repaired and maintained, and to take copies of the manuals and technical records **provided that** if a Termination Event has occurred and while the same is continuing or as a result of such inspection, examination or survey is found to have occurred or following any casualty to the Vessel which is or is likely to be or to become a Major Casualty, the Lessor shall be entitled to inspect the Vessel (whether by itself or by surveyors or by any other persons appointed by it) more than once at the cost of the Lessee during such 365 days period and at

such times as the Lessor shall require with the prior written notice to the Lessee and the Lessee shall act promptly upon receipt of such notice and shall not unreasonably withhold or delay such request. The Lessee shall also, at any time within 90 days from the Delivery Date and at any other time the Lessor can inspect the Vessel pursuant to this Clause 56.12(a), permit the Security Agent or any other Finance Party or its representatives, at the Lessee's cost, to access the Vessel, but without interference with the normal operation of the Vessel, in order to inspect, examine or survey the Vessel on board or instruct a duly authorised surveyor to carry out such survey on its behalf to ascertain the condition of the Vessel and satisfy itself that the Vessel is being properly repaired and maintained.

- (b) In relation to each inspection, the Lessee shall afford all proper security, safety items and give all reasonable assistance or cooperation. The Lessee shall also give the Lessor reasonable advance notice of any intended dry-docking of the Vessel.
- (c) The Lessee undertakes to comply with the Lessor's request for repair of the Vessel if such work is required to ensure that the Vessel is maintained with the Classification Society and/or to comply with the terms of this Charter.

#### **56.13 Manuals and Technical Records**

The Lessee shall procure that:

- (a) all certified true copies of records, logs, manuals, handbooks, technical data, drawings and other materials and documents which are required to be maintained in respect of the Vessel to comply with any applicable laws and regulations, or the requirements of the Vessel's approved classification society are maintained;
- (b) accurate, complete and up-to-date records and logs of all voyages made by the Vessel, and of all maintenance, repairs and modifications to the Vessel are kept; and
- (c) the Lessor and its representatives are permitted to examine and take copies of all such records and logs and other documents.

#### **56.14 Manager and Designated Person Ashore**

The Lessee shall not permit any company other than a Manager, which shall at all times be in possession of an appropriate and valid Document of Compliance under the ISM Code.

#### **56.15 Compliance with laws**

The Lessee shall do or cause to be done all things necessary to comply with all national and international conventions, laws, and the rules and regulations thereunder, applicable to the Lessee and/or the Vessel, including the ISM Code, the ISPS Code, MARPOL, the International Convention on Civil Liability for Bunker Oil Pollution Damage 2001, (if the Vessel enters or trades through the waters of the United States of America) the Oil Pollution Act 1990 and the Comprehensive Environmental Response, Compensation and Liability Act 1980, as amended, and international conventions, laws, rules and regulations relating to environmental matters, including discharges of Pollutants.

#### **56.16 Information relating to the Vessel**

The Lessee shall supply to the Lessor:

- (a) promptly, all such information as the Lessor shall from time to time reasonably request regarding the Vessel, its compliance with the ISM Code, ISPS Code, MARPOL, the International Convention on Civil Liability for Bunker Oil Pollution Damage 2001, (if the Vessel enters or trades through the waters of the United States of America) the Oil Pollution Act 1990 and the Comprehensive Environmental Response, Compensation and Liability Act 1980, as amended, its employment, position and engagements, particulars of all towages and salvages, and copies of all charters and other contracts of its employment or otherwise concerning the Vessel; and

- (b) all such information as the Lessor shall from time to time require regarding the Insurances and copies of all policies, cover notes and all other contracts of insurance which are from time to time taken out or entered into in respect of the Vessel or otherwise in connection with the Vessel so that the Lessor is at all times able to determine whether the Vessel has been adequately insured as provided for in this Charter.

**56.17 Prevention of and release from arrest**

- (a) The Lessee shall promptly pay and discharge all debts, damages, liabilities and outgoings (other than Permitted Liens which may subsist on a temporary basis) which have given or may give rise to any maritime, statutory or possessory liens on, or claims enforceable against, the whole or any part of the Vessel, its Earnings or the Insurances.
- (b) In the event of:
  - (i) a writ or libel being filed against the whole or any part of the Vessel, its Earnings or the Insurances, or of any of the same being arrested, attached or levied upon pursuant to legal process or purported legal process; or
  - (ii) detention of the Vessel in exercise or purported exercise of any lien or claim referred to in paragraph (i) above,and other than in circumstances where any of the events stated under paragraphs (i) and (ii) above arise solely as a result of any act or omission of the Lessor, the Lessee shall procure the discharge of the writ or libel or, as the case may be, the release of the Vessel, its Earnings and the Insurances from such arrest, attachment, levy or detention within thirty (30) days of receiving notice, by providing bail or procuring the provision of Liens or otherwise as the circumstances may require.

**56.18 Payment of outgoings and evidence of payments**

The Lessee shall:

- (a) pay all tolls, dues and other outgoings in respect of the Vessel, its Earnings and the Insurances when due and payable;
- (b) keep proper books of account in respect of the Vessel and its Earnings and as and when the Lessor may require, make such books available for inspection on behalf of the Lessor; and
- (c) furnish satisfactory evidence at the request of the Lessor that:
  - (i) the wages, allotments and the insurance and pension contributions of the master and crew are being promptly and regularly paid;
  - (ii) all deductions from crew's wages in respect of any tax liability are being properly accounted for; and
  - (iii) the master has no claim for disbursements, other than those incurred by him in the ordinary course of trading.

**56.19 No pledging of credit**

The Lessee shall not pledge the credit of the Lessor or the Vessel for any maintenance, service, replacements, repairs, overhauls of, or modifications to, or alterations in, the Vessel or otherwise connected with the use or operation of the Vessel.

## **56.20 Notification of certain events**

The Lessee shall notify the Lessor by e-mail and confirm by letter as soon as it becomes aware of:

- (a) any damage to the Vessel requiring repairs the cost of which will or might, in the opinion of the Lessee (having made due enquiry), exceed the Major Casualty Amount (or the equivalent in any other currency);
- (b) any occurrence in consequence of which the Vessel has become or may become a Total Loss;
- (c) any requisition of the Vessel for hire;
- (d) any requirement or recommendation made by any insurer or classification society or by any competent authority which is not complied with within any time limit presented by any insurer, society or authority;
- (e) any arrest or detention of the Vessel or any exercise or purported exercise of a lien or other claim on the whole or any part of the Vessel, its Earnings or the Insurances;
- (f) any petition or notice of meeting to consider any resolution to wind-up the Lessee or the Guarantor (or any analogous event under the laws of the place of its incorporation);
- (g) the occurrence of any Potential Termination Event or Termination Event;
- (h) the occurrence of any collision or damage involving the Vessel in consequence of which the Lessee has notified any insurer or classification society of such occurrence;
- (i) the occurrence of any Environmental Claim involving the Vessel; and
- (j) any withdrawal of any certificate issued pursuant to the ISM Code and ISPS Code.

## **56.21 BWTS Works**

The Lessee shall, within the time frame required under any applicable law or regulation and/or by the Classification Society, complete the BWTS Works in accordance with the requirements of such applicable law, regulation and/or the Classification Society and promptly provide evidence to the Lessor that such BWTS Works have been successfully completed.

## **56.22 Inventory of Hazardous Materials**

An Inventory of Hazardous Materials shall be maintained in relation to the Vessel.

## **56.23 Sustainable and socially responsible dismantling of Vessel**

The Vessel, when it is to be scrapped or when sold to an intermediary with the intention of being scrapped be recycled at a recycling yard which conducts its recycling business in a socially and environmentally responsible manner in accordance with the provisions of The Hong Kong International Convention for the safe and Environmentally Sound Recycling of Ships 2009 (whether or not it is in force) and/or, if applicable, the EU Ship Recycling Regulation.

## **57 Title and Registration**

The undertakings in this Clause 57 remain in force from the date of this Charter until the end of the Charter Period.

### **57.1 Title and ownership**

- (a) The Vessel shall belong to the Lessor and title to, and ownership of, the Vessel shall remain vested in the Lessor.

- (b) The Lessee shall have no right, title or interest in or to any part of the Vessel except the rights expressly set out in this Charter.

**57.2 Registration**

- (a) Except with the prior written consent of the Lessor (such consent not to be unreasonably withheld or delayed), the Lessee shall not change the name or any particulars of the Vessel.
- (b) The Lessee shall keep the Vessel registered as a Liberian ship, and shall not do or permit to be done anything, or omit to do anything which could or might result in:
  - (i) such registration being forfeited or imperilled; or
  - (ii) the Vessel being required to be registered under any other flag.
- (c) The Lessee shall not register the Vessel or permit her registration under any other laws and flag without the prior written consent of the Lessor (such consent not to be unreasonably withheld). The Lessee shall bear the cost (including but not limited to the cost incurred by any Finance Party) of any change in flag as requested by the Lessee or as required by law.

**57.3 Vessel's name and colours**

- (a) The Lessee shall notify the Lessor in writing of any intended change to the name of the Vessel. The Lessor shall, at the Lessee's expense, co-operate in respect of any formalities required in connection with a change of name of the Vessel.
- (b) The Lessee may, at its own expense, paint the Vessel in its own colours and install and display its insignia on board.

**57.4 Disposal**

Except as permitted under the Operative Documents to which it is a party, the Lessee shall not attempt, or hold itself out as having any power, to sell, charge, charter or otherwise encumber or dispose of the Vessel.

**57.5 Notice of ownership and charter**

The Lessee shall:

- (a) place, and at all times and places use due diligence to retain, a properly certified copy of the Mortgage on board the Vessel with its papers and cause such certified copy of the Mortgage to be exhibited to:
  - (i) any person having business with the Vessel which might give rise to any lien on the Vessel other than a lien for crew's wages and salvage; and
  - (ii) any representative of the Lessor or the Security Agent; and
- (b) place and keep prominently displayed in the chart room and in the Master's cabin of the Vessel a framed printed notice in plain type reading as follows:

**"NOTICE OF OWNERSHIP AND LEASE**

This Vessel is owned by [,] (the "Lessor") and is subject to a bareboat charter between the Lessor and [•] (the "Lessee").

Neither the Lessee nor any manager nor the Master of this Vessel nor any servant or agent of any of them have any right, power or authority to contract on behalf of the Lessor, or to pledge the credit of the Lessor, and none of the Lessee, any manager, the Master of this Vessel or any other person has any right, power or authority to create, incur or permit to be imposed

upon this Vessel any commitments or encumbrances whatsoever other than for crew's wages and salvage.”.

#### 57.6 Mortgage and Letter of Quiet Enjoyment A

- (a) The Lessee acknowledges that the Lessor intends to enter into certain Finance Documents including a Mortgage in favour of the Security Agent and agrees that the Lessor's rights under this Charter shall be subject and subordinate in all respects to the rights of the Security Agent under such Mortgage.
- (b) The Security Agent shall provide the Lessee a Letter of Quiet Enjoyment A in form required by the Security Agent and approved by and the Lessor and the Lessee (such approval by the Lessee not to be unreasonably withheld or delayed).

#### 58 insurance

The Lessee shall bear all risks howsoever arising whether of use, navigation, operation, possession and/or maintenance of the Vessel for the duration of the Charter. The undertakings *in* this Clause 58 remain in force throughout the Charter Period.

In this Clause:

“**excess risks**” means the proportion of claims for general average, salvage and salvage charges not recoverable under the hull and machinery policies in respect of the Vessel in consequence of its insured value being less than the value at which the Vessel is assessed for the purpose of such claims.

“**obligatory insurances**” means all insurances effected, or which the Lessee is obliged to effect under this Clause 58 or any other provision of this Charter or of another Operative Document.

“**policy**” includes a slip, cover note, certificate of entry or other document evidencing the contract of insurance or its terms.

“**protection and indemnity risks**” means the usual risks covered by a protection and indemnity association which is a member of the International Group of P&I Clubs, including pollution risks and the proportion (if any) of any sums payable to any other person or persons in case of collision which are not recoverable under the hull and machinery policies by reason of the incorporation in them of clause 6 of the International Hull Clauses (1/11/02) (1/11/03), clause 8 of the Institute Time Clauses (Hulls) (1/10/83) (1/11/95) or the Institute Amended Running Down Clause (1/10/71) or any equivalent provision.

“**war risks**” includes the risk of mines and all risks excluded by clauses 29, 30 or 31 of the International Hull Clauses (1/11/02), clauses 29 or 30 of the international Hull Clauses (1/11/03), clauses 24, 25 or 26 of the Institute Time Clauses (Hulls) (1/11/95) or clauses 23, 24 or 25 of the Institute Time Clauses (Hulls)(1/10/83) or any equivalent provisions.

#### 58.1 Maintenance of obligatory insurances

The Lessee shall keep the Vessel insured at its expense against:

- (a) all perils of the seas and usual marine risks (including hull and machinery and excess risks) hull war risks including piracy, hijacking/violent theft and terrorism;
- (b) protection and indemnity risks (excluding loss of hire) and war risks (including excess war risks including (but not limited to) crew, cargo liability, pollution liability, removal of wreck and contractual liability); and
- (c) any other risks (excluding loss of hire unless it is obtained and maintained by the Lessee at any relevant time) against which the Lessor considers, having regard to practices and other

circumstances prevailing at the relevant time, it would be reasonable for the Lessee to insure and which are specified by the Lessor by notice to the Lessee .

## 58.2 Terms of obligatory insurances

The Lessee shall effect such insurances:

- (a) in dollars;
- (b) in the case of all usual marine risks and war risks, in an amount on an agreed value basis at least the greater of:
  - (i) 120 per cent. of the Outstanding Charter Hire Principal; and
  - (ii) the Fair Market Value of the Vessel for the time being (as determined by the Lessor on the basis of a valuation obtained from an Approved Valuer);
- (c) in the case of oil pollution liability risks, for an aggregate amount equal to the highest level of cover from time to time available under basic protection and indemnity club entry and in the international marine insurance market;
- (d) in the case of protection and indemnity risks, in respect of the full tonnage of the Vessel;
- (e) on terms approved by the Lessor; and
- (f) through Approved Brokers and with approved insurance companies and/or underwriters (which, for the avoidance of doubt, are in good standing and of recognised responsibility and reputation) or, in the case of war risks and protection and indemnity risks, in approved war risks and protection and indemnity risks associations.

## 58.3 Further protections for the Lessor

In addition to the terms set out in Clause 58.2 (*Terms of obligatory insurances*), the Lessee shall procure that the obligatory insurances shall:

- (a) subject always to paragraph (b), name the Lessee and, if required by the Lessor, the Lessor as named assureds as well as any Manager or any other person approved by the Lessor provided that such Manager or other person has an interest which is limited:
  - (i) in respect of any obligatory insurances for hull and machinery and war risks;
    - (A) to any provable out-of-pocket expenses that it has incurred and which form part of any recoverable claim on underwriters; and
    - (B) to any third party liability claims where cover for such claims is provided by the policy (and then only in respect of discharge of any claims made against it); and
  - (ii) in respect of any obligatory insurances for protection and indemnity risks, to any recoveries it is entitled to make by way of reimbursement following discharge of any third party liability claims made specifically against it;
- (b) whenever the Security Agent requires to be endorsed as an additional assured, name (or be amended to name) the Security Agent as additional assured for its rights and interests, warranted no operational interest and with full waiver of rights of subrogation against the Security Agent;
- (c) name the Lessor and the Security Agent as loss payee with such directions for payment as the Lessor may specify;

- (d) provide that all payments by or on behalf of the insurers under the obligatory insurances to the Lessor or the Security Agent shall be made without set off, counterclaim or deductions or condition whatsoever;
- (e) provide that the obligatory insurances shall be primary without right of contribution from other insurances which may be carried by the Security Agent or any other Finance Party; and
- (f) provide that the Lessor and/or the Security Agent may make proof of loss if the Lessor fails to do so.

#### **58.4 Renewal of obligatory insurances**

The Lessee shall:

- (a) three (3) Business Days (or such shorter period acceptable to the Lessor) before the expiry of any obligatory insurance:
  - (i) notify the Lessor of the Approved Brokers (or other insurers) and any protection and indemnity or war risks association through or with which the Lessor proposes to renew that obligatory insurance and of the proposed terms of renewal; and
  - (ii) obtain the Lessor's approval to the matters referred to in sub-paragraph (i) above;
- (b) at least three (3) days (or such shorter period acceptable to the Lessor) before the expiry of any obligatory insurance, renew that obligatory insurance in accordance with the Lessor's approval pursuant to paragraph (a) above; and
- (c) procure that the approved brokers and/or the approved war risks and protection and indemnity associations with which such a renewal is effected shall at least two (2) days before such expiry notify the Lessor in writing of the terms and conditions of the renewal.

#### **58.5 Copies of policies; letters of undertaking**

The Lessee shall ensure that the Approved Brokers provide the Lessor with:

- (a) pro forma copies of all policies when requested, certificate of insurance and/or cover note relating to the obligatory insurances which they are to effect or renew in a form required by the Lessor; and
- (b) a letter or letters or undertaking in a form required by the Lessor and including undertakings by the Approved Brokers that:
  - (i) they will have endorsed on each policy, immediately upon issue, a loss payable clause and a notice of assignment complying with the provisions of Clause 58.3 (*Further protections for the Lessor*);
  - (ii) they will hold such policies, and the benefit of such insurances, to the order of the Lessor in accordance with such loss payable clause;
  - (iii) they will advise the Lessor immediately of any material change to the terms of the obligatory insurances and provide as soon as reasonably practicable but no later than 30 days prior to the notice of cancellation;
  - (iv) they will, if they have not received notice of renewal instructions from the Lessee or its agents, notify the Lessor as soon as reasonably practicable but no later than 30 days before the expiry of the obligatory insurances;
  - (v) if they receive instructions to renew the obligatory insurances, they will promptly notify the Lessor of the terms of the instructions;

- (vi) they will not set off against any sum recoverable in respect of a claim relating to the Vessel under such obligatory insurances any premiums or other amounts due to them or any other person whether in respect of the Vessel or otherwise, they waive any lien on the policies, or any sums received under them, which they might have in respect of such premiums or other amounts and they will not cancel such obligatory insurances by reason of non-payment of such premiums or other amounts;
- (vii) they will arrange for a separate policy to be issued in respect of the Vessel forthwith upon being so requested by the Lessor; and
- (viii) they will immediately notify the Lessor if they receive from the Lessee any insurance company or any underwriter notice of cancellation of the obligatory insurances.

**58.6 Copies of certificates of entry**

The Lessee shall ensure that any protection and indemnity and/or war risks associations in which the Vessel is entered provide the Lessor with:

- (a) a certified copy of the certificate of entry for the Vessel;
- (b) a letter or letters of undertaking in such form as may be required by the Lessor;
- (c) the endorsement referred to in paragraph (b) of Clause 58.3 (*Further protections for the Lessor*).

**58.7 Deposit of original policies**

The Lessee shall ensure that all policies relating to obligatory insurances are deposited with the Approved Brokers through which the insurances are effected or renewed.

**58.8 Payment of premiums**

The Lessee shall punctually pay all premiums or other sums payable in respect of the obligatory insurances and produce all relevant receipts when so required by the Lessor.

**58.9 Guarantees**

The Lessee shall ensure that any guarantees required by a protection and indemnity or war risks association are promptly issued and remain in full force and effect.

**58.10 Compliance with terms of insurances**

- (a) The Lessee shall not do nor omit to do (nor permit to be done or not to be done) any act or thing which would or might render any obligatory insurance invalid, void, voidable or unenforceable or render any sum payable under an obligatory insurance repayable in whole or in part.
- (b) Without limiting paragraph (a) above, the Lessee shall:
  - (i) take all necessary action and comply with all requirements which may from time to time be applicable to the obligatory insurances, and (without limiting the obligation contained in sub-paragraph (iii) of paragraph (b) of Clause 58.5 (*Copies of policies; letters of undertaking*)) ensure that the obligatory insurances are not made subject to any exclusions or qualifications to which the Lessor has not given its prior approval;
  - (ii) not make any changes relating to the classification or classification society or manager or operator of the Vessel approved by the underwriters of the obligatory insurances;
  - (iii) make (and promptly supply copies to the Lessor of) all quarterly or other voyage declarations which may be required by the protection and indemnity risks association in

which the Vessel is entered to maintain cover for trading to the United States of America and Exclusive Economic Zone (as defined in the United States Oil Pollution Act 1990 or any other applicable legislation); and

- (iv) not employ the Vessel, nor allow it to be employed, otherwise than in conformity with the terms and conditions of the obligatory insurances, without first obtaining the consent of the insurers and complying with any requirements (as to extra premium or otherwise) which the insurers specify.

**58.11 Alteration to terms of insurances**

The Lessee shall not make or agree to any alteration to the terms of any obligatory insurance or waive any right relating to any obligatory insurance.

**58.12 Settlement of claims**

The Lessee shall:

- (a) not settle, compromise or abandon any claim under any obligatory insurance for Total Loss or for a Major Casualty; and
- (b) do all things necessary and provide all documents, evidence and information to enable the Lessor to collect or recover any moneys which at any time become payable in respect of the obligatory insurances.

**58.13 Provision of copies of communications**

The Lessee shall provide the Lessor, if so required by the Lessor, at the time of each such communication, with copies of all written communications between the Lessee and:

- (a) the Approved Brokers;
- (b) the approved protection and indemnity and/or war risks associations; and
- (c) the approved insurance companies and/or underwriters,
- (d) which relate directly or indirectly to:
  - (i) the Lessee's obligations relating to the obligatory insurances including, without limitation, all requisite declarations and payments of additional premiums or calls; and
  - (ii) any credit arrangements made between the Lessee and any of the persons referred to in paragraphs (a) or (b) above relating wholly or partly to the effecting or maintenance of the obligatory insurances.

**58.14 Provision of information**

The Lessee shall promptly provide the Lessor (or any persons which it may designate) with any information which the Lessor (or any such designated person) requests for the purpose of:

- (a) if requested by the Lessor, obtain or prepare any report from an independent marine insurance broker as to the adequacy of the obligatory insurances effected or proposed to be effected; and/or
- (b) effecting, maintaining or renewing any such insurances as are referred to in Clause 58.17 (*Mortgagee's Insurance Interest Policies*) or dealing with or considering any matters relating to any such insurances,

and the Lessee shall, forthwith upon demand, indemnify the Security Agent in respect of all fees and other expenses incurred by or for the account of the Security Agent in connection with any such report as is referred to in paragraph (a) above.

**58.15 Innocent Owner's interest insurance**

- (a) The Lessee shall reimburse to the Lessor on demand within ten (10) Business Days all reasonably and properly documented costs, premiums and expenses the Lessor has incurred in connection with:
- (i) an innocent owner's interest insurance in relation to the Vessel's hull insurances in an amount which shall equal to or exceed one hundred and twenty per cent (120%) of the Outstanding Charter Hire Principal from time to time; and
  - (ii) a contingency insurance against third party liabilities for an innocent owner,
- or any other similar Lessor insurance **provided that** in each case the Lessee's reimbursement shall be no more than the prevailing international market practice.
- (b) The Lessor shall also have the option to, having given ten (10) Business Days prior written notice in respect thereof, request for the Lessee to pay directly the costs, premiums and expenses referred to in paragraph (a) of this Clause 58.15 and the Lessee shall comply with such request.

**58.16 Modification to Insurance**

If the Lessor gives notice to the Lessee to change the terms and requirements of this Clause 58 (which the Lessor may only do, in such manner as it reasonably considers appropriate, as a result of any material changes of circumstances or practice after the date of this Charter), this Clause 58 shall be modified in the manner to be agreed between the Parties within 15 Business Days of the Lessor's relevant notice, provided however that in the event the Parties fail to reach agreement within the said period this Clause 58 shall be modified in the manner so notified by the Lessor to the Lessee at any time after such failure.

**58.17 Mortgagee's Insurance Interest Policies**

The Lessee shall reimburse the Lessor or the Security Agent on demand within seven (7) Business Days with all reasonably and properly documented costs, premiums and expenses the Lessor incurs in connection with the cost (as conclusively certified by the Lessor) of the Lessor effecting (A) a mortgagee's interest insurance on the Vessel and (B) a mortgagee's interest insurance - additional perils (pollution) on the Vessel, in each case in an amount and terms as may be reasonably specified by the Lessor having regard to the current market practice.

**58.18 Insurance Proceeds**

Unless a Termination Event shall have occurred and be continuing:

- (a) each sum receivable in respect of a Major Casualty, other than in respect of protection and indemnity risk insurances, shall be paid to the Lessor or, as the case may be, the Security Agent;
- (b) the insurance moneys received by the Lessor or, as the case may be, the Security Agent in respect of any such Major Casualty shall be paid:
- (i) to the person to whom the relevant liability shall have been incurred; or
  - (ii) upon the Lessee furnishing evidence satisfactory to the Lessor or the Security Agent that all loss and damage resulting from the casualty has been properly made good and repaired and paid for by the Lessee, to the Lessee or, at the option of the Lessor or, as the case may be, the Security Agent where the repairs have not yet been paid for, to the person by whom any repairs have been or are to be effected;

- (c) the receipt by any such person referred to in paragraphs (i) and (ii) of paragraph (b) above shall be a full and sufficient discharge of the same to the Lessor or, as the case may be, the Security Agent; and
- (d) subject to the foregoing:
  - (i) each sum receivable in respect of the Insurances (insofar as the same are hull and machinery or war risks insurances) which does not exceed the Major Casualty Amount shall be paid in full to the Lessee or to its order and shall be applied by it for the purpose of making good the loss and fully repairing all damage in respect of which the receivable shall have been collected; and
  - (ii) each sum receivable in respect of protection and indemnity risk Insurances shall be paid direct to the person to whom the liability, to which that sum relates, was incurred, or to the Lessee in reimbursement to it of moneys expended in satisfaction of such liability.

Notwithstanding the foregoing, all sums receivable in respect of the Insurances after the occurrence of a Total Loss or a Termination Event which is continuing shall be paid to the Lessor and the Lessor shall apply them in accordance with Clause 66.2 (*Payments on Termination Event or Total Loss*).

## 58.19 Financing

The Lessee acknowledges that the Vessel's insurance arrangements will be subject to review by the Security Agent and its insurance consultant and agrees to co-operate with the Security Agent in the provision of information relating to the insurances to the extent that they are commercially reasonable **provided that** any modifications to the Vessel's insurance arrangements shall only be made if duly required in accordance with Clause 58.16 (*Modification to Insurance*). The Lessee shall, upon request from the Lessor, execute such documents as may be required to enable the Lessor to comply with its insurance provisions in the Finance Documents, provided that such provisions are not more onerous than the respective provisions applicable to the Lessee under this Charter.

## 59 Asset Coverage Threshold

### 59.1 Valuations

- (a) The Lessor shall be entitled to require the Fair Market Value of the Vessel to be determined (i) not earlier than thirty (30) days before the Scheduled Delivery Date (the "**Fair Market Value at Closing**") and (ii) at any time during the Charter Period. Prior to the Delivery Date, the Lessee shall bear the cost of all valuations to be delivered pursuant to item 7 (*Valuation Reports*) of Part II of Schedule 1 (*Conditions Precedent*) and for the purposes of determining the Fair Market Value at Closing. After the Delivery Date, the Lessee shall only bear the cost of valuations so obtained twice per year in accordance with paragraph (b) below, unless there is a breach of Clause 59.2 (*Security Coverage Ratio*) or a Termination Event occurs which is continuing, in which event the Lessee shall bear the cost of all such valuations.
- (b) Subject to paragraph (a) above, the Fair Market Value of the Vessel shall be tested on 30 June and 31 December during each year within the Charter Period (each a "**Testing Date**").

The Fair Market Value of the Vessel shall be the arithmetic average of valuations obtained from two (2) Approved Valuers appointed by the Lessor. Each valuation shall be:

- (i) provided in Dollars;
- (ii) issued on a date not earlier than thirty (30) days prior to the Testing Date;
- (iii) be made with or without physical inspection of the Vessel and on a charter free basis (as the Lessor may require); and
- (iv) be on the basis of a sale for prompt delivery for cash at arm's length on normal commercial terms as between a willing seller and a willing buyer.

- (c) The Lessee shall promptly provide to the Lessor and any Approved Valuer any information which they reasonably require for the purposes of providing such a valuation.

## **59.2 Security Coverage Ratio**

If on or after a Testing Date the Lessor notifies the Lessee that the Security Coverage Ratio is less than one hundred and twenty per cent (120%) (the “**Asset Coverage Threshold**”), then the Lessee shall within thirty (30) days of such notice either:

- (a) prepay such part of the Outstanding Charter Hire Principal as may be necessary in order to restore the Security Coverage Ratio to comply with the Asset Coverage Threshold; or
- (b) shall provide additional security in form and amount acceptable to Lessor.

Any prepayment made by the Lessee in accordance with paragraph (a) above shall be applied against the Outstanding Charter Hire Principal in inverse order of maturity against the Rents (including the Balloon Rental). As soon as possible after such prepayment is effected the Lessor shall prepare and deliver to the Lessee a new schedule to replace Schedule 3 (*Payments Schedule*) accordingly and thereupon such schedule shall replace Schedule 3 (*Payments Schedule*) for all purposes.

## **59.3 Release of additional security**

If the Lessee shall have previously provided further security to the Lessor pursuant to clause 59.2 (*Security Coverage Ratio*) and no Termination Event which is continuing exists and the Security Coverage Ratio is at least equal to the Asset Coverage Threshold (but calculated without taking into account any such additional security) (following calculation of the same pursuant to valuations obtained by the Lessor pursuant to Clause 59.1 (*Valuations*), which are not older than 30 days), the Lessor shall, as soon as reasonably practicable after 7 days' prior notice from the Lessee to do so and subject to the Lessor being indemnified to its reasonable satisfaction against the cost of doing so, release any such further security specified by the Lessor provided that the Lessor is satisfied that, immediately following such release (a) the Security Coverage Ratio will be at least equal to the Asset Coverage Threshold and (b) no Termination Event will occur as a result of such release.

## **60 Risk, Total Loss and Damage**

### **60.1 Risk**

Throughout the Charter Period, the Lessee shall bear the full risk of:

- (a) any Total Loss of, or any other damage to, the Vessel; and
- (b) any other occurrence which shall deprive the Lessee of the use, possession or enjoyment of the Vessel.

### **60.2 Notification**

The Lessee shall give the Lessor notice in writing as soon as reasonably practicable of any occurrence as is referred to in Clause 60.1 (*Risk*) other than repairable damage the likely cost of rectification of which will not exceed the Major Casualty Amount.

### **60.3 Total Loss**

- (a) All sums receivable in respect of the Insurances after occurrence of a Total Loss shall be paid to the Lessor and the Lessor shall apply them in accordance with Clause 66.2 (*Payments on Termination Event or Total Loss*).
- (b) The Lessee shall pay to the Lessor on the Total Loss Payment Date all sums due to the Lessor under Clause 66.2 (*Payments on Termination Event or Total Loss*) less any amount which has been applied by the Lessor pursuant to paragraph (a).

#### **60.4 Payment of Rent**

Notwithstanding that the Vessel has become a Total Loss, the Lessee shall continue to pay Rent on the relevant Payment Dates and in the amounts required under this Charter until all sums due under Clause 66.2 (*Payments on Termination Event or Total Loss*) have been paid. The Charter Period will end and the obligation of the Lessee to pay Rent shall cease on the date on which all sums due under Clause 66.2 (*Payments on Termination Event or Total Loss*) have been received by the Lessor.

#### **61 Requisition**

##### **61.1 Continuation of charter**

If the Vessel is requisitioned for hire or use by any Governmental Agency during the Charter Period:

- (a) the Lessee shall promptly inform the Lessor of such requisition;
- (b) unless and until the Vessel becomes a Total Loss following such requisition and the Lessee shall have paid all sums due pursuant to Clause 66.2 (*Payments on Termination Event or Total Loss*), the chartering of the Vessel under this Charter shall continue for the remainder of the Charter Period (subject to the provisions of Clause 66 (*Rights following a Termination Event*)) and the Lessee shall remain fully responsible for complying with all its obligations under this Charter, other than such obligations (not being obligations to make payment) which the Lessee is unable to comply with solely by virtue of such requisition;
- (c) if there is no Termination Event which is continuing, save as mentioned in paragraph (d) below, the Lessee shall during the Charter Period be entitled to all requisition hire paid to the Lessor or to the Lessee by such Government Agency or other competent authority on account of such requisition;
- (d) the Lessor shall (subject to any right of set-off which the Lessor may have in respect of any amounts due and unpaid under the terms hereof) pay any requisition hire to the Lessee immediately upon receipt;
- (e) the Lessee shall as soon as practicable after the end of any requisition for hire, cause the Vessel to be put into the condition required by this Charter, and where that requisition shall end after the expiry or termination of the Charter Period, the Lessee shall, as soon as practicable, cause the Vessel to be put into the redelivery condition required by Clause 62.2 (*Redelivery conditions*), allowance being made for fair wear and tear in respect of the period from the expiry or termination of the Charter Period; and
- (f) the Lessor shall be entitled to all compensation payable in respect of any change in the structure, state or condition of the Vessel arising during the period of requisition for hire. The Lessor shall apply such compensation in reimbursing the Lessee for the cost of complying with its obligations under this Charter (and otherwise, to the extent that there remains an excess, against any other amounts that become due and payable by the Lessee under the Operative Documents), provided always that if a Termination Event has occurred and is continuing, the Lessor shall be entitled to apply such compensation in or towards settlement of any amounts owing by the Lessee under this Charter or any of the other Operative Documents which to the Lessee is a party.

##### **61.2 Requisition at end of Charter Period**

If the Vessel is requisitioned for hire or use at the end of the Charter Period and it is not lawful for the Lessee to complete its purchase of the Vessel pursuant to Clause 64.1 (*Purchase Option*):

- (a) the leasing of the Vessel under this Charter shall (unless otherwise agreed between the Parties) be terminated at the end of the Charter Period, but without prejudice to the accrued rights of the Parties, including the obligation of the Lessee contained in Clause 62 (*Redelivery*) (as modified by sub-paragraph 62.1(a)), and the Lessor shall be entitled to any requisition hire payable for the period from the expiry of the Charter Period; and

- (b) if the Lessor is prevented by reason of the requisition for use or hire from transferring title to the Vessel at the end of the Charter Period, the Lessor shall be temporarily relieved from its obligations to do so. However, the Lessor shall be obliged immediately upon the release of the Vessel from such requisition, if requested by the Lessee to transfer title to the Vessel to the Lessee in accordance with Clause 68 (*Transfer of title*).

## **62 Redelivery**

### **62.1 Redelivery**

- (a) The Vessel will be deemed to have been redelivered by the Lessee to the Lessor in accordance with the redelivery conditions set out in Clause 62.2 (*Redelivery conditions*) immediately before completion of the sale of the Vessel pursuant to Clause 65 (*Purchase of Vessel by Lessee*).
- (b) If for any reason the Vessel is not sold pursuant to the exercise of a voluntary termination pursuant to Clause 65(a), a Purchase Option or the Purchase Obligation (and provided it is not a Total Loss), at the end of the Charter Period the Lessee shall, at its own expense, redeliver the Vessel to the Lessor in accordance with the redelivery conditions set out in Clause 62.2 (*Redelivery conditions*).

### **62.2 Redelivery conditions**

The Lessee shall redeliver the Vessel:

- (a) safely afloat at an easily accessible, recognised and safe port or anchorage approved by the Lessor (which is not subject to Sanctions);
- (b) free of any class notation, statutory recommendations and any other standard certificates or statements applied in this industry affecting her trading certificates, and with all trading and class certificates valid and without qualification, and in the event of redelivery occurs prior to the five-year renewal of any class or statutory certificate, all costs of the renewal survey shall be borne or reimbursed by the Lessee;
- (c) without any pending condition;
- (d) in the same (or better) structure, state and condition as at the Delivery Date (fair wear and tear excepted) and having installed all equipment, spares and replacements installed on the Delivery Date;
- (e) with all Manuals and Technical Records with at least 3 months' validity remaining as at the redelivery date and all the original copies of certificates, documentation and drawings delivered to the Lessee at the Delivery Date;
- (f) free of crew and officers (unless otherwise agreed by the Lessor) and with all arrears of wages of the master and crew of the Vessel fully paid;
- (g) with all machinery fluid reservoirs and tanks, such as unused lubricating oils, hydraulic oils and bunkers on board the Vessel filled to the same levels as at the Delivery Date;
- (h) free and clear of all Liens (other than the Liens created pursuant to the Operative Documents or the Finance Documents) and free of charter; and
- (i) without prejudice to the above, being in generally good condition, tight, staunch, strong and well and sufficiently tackled, apparelled, furnished, equipped and in every respect seaworthy (ordinary wear and tear excepted).

### **62.3 Payment of Rent**

The Lessee shall continue to pay Rent (including, when applicable, the Balloon Rental) until the Vessel has been redelivered to the Lessor in accordance with the terms of this Charter or the sale and purchase of the Vessel by the Lessee has been completed in accordance with the terms of this Charter.

### **63 Termination Events**

**63.1** The Lessor and the Lessee agree that from the date of this Charter:

- (a) it is a fundamental term and condition of this Charter and any other Operative Document that none of the events set out in this Clause 63 shall occur after the date of this Charter or at any time during the Charter Period; and
- (b) the occurrence of any such event shall constitute a repudiatory breach of this Charter by the Lessee, entitling the Lessor to accept such repudiation and to exercise any of its rights under Clause 66 (*Rights following a Termination Event*).

### **63.2 Non-payment**

Any Relevant Party or any Manager does not pay on the due date any amount payable pursuant to an Operative Document to which it is a party 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; and
- (b) payment is received within three (3) Business Days of its due date.

### **63.3 Value of security**

The Lessee does not comply with Clause 59.2 (*Security Coverage Ratio*).

### **63.4 Financial covenants**

The Lessee does not comply with Clause 53 (*Financial covenants*).

### **63.5 Insurance**

- (a) The Insurances of the Vessel are not placed and kept in force in the manner required by Clause 58 (*Insurance*).
- (b) Any insurer either:
  - (i) cancels any such Insurances; or
  - (ii) disclaims liability under them or asserts that its liability under them is or should be reduced by reason of any mis-statement or failure or default by any person.

### **63.6 Sanctions**

Any undertaking under Clause 54.15 (*Sanctions undertakings*) or Clause 55.7 (*Sanctions and Vessel trading*) is breached.

### **63.7 Other obligations**

- (a) Any Relevant Party or any Manager does not comply with any provision of the Operative Documents to which it is a party (other than those referred to in Clause 52.1(u) (*Ownership of Initial Commercial Manager and Initial Technical Manager*), Clause 63.2 (*Non-payment*), Clause 63.3 (*Value of Security*), Clause 63.4 (*Financial Covenants*), Clause 63.5 (*Insurance*))

and Clause 63.6 (*Sanctions*) and such non-compliance is not remedied by the Relevant Party within fifteen (15) Business Days of the earlier of (A) the date on which the Lessee is notified of the breach and (B) such Relevant Party becoming aware of the failure to comply, **Provided** any such non-compliance is capable of being remedied to the satisfaction of the Lessor.

- (b) No Termination Event under paragraph (a) above will occur if such failure to comply (i) concerns a Manager, (ii) such Manager is replaced by another Manager acceptable to the Lessor within 30 days of the Lessor giving notice to the Lessee or (if earlier) of any Relevant Party becoming aware of the failure to comply and (iii) such substitute Manager provides to the Lessor a Manager's Undertaking and such other documents as described in paragraphs 1, 4, 5 and 6(a) of Part I of Schedule 1 (*Conditions Precedent*) and paragraph 6 of Part II of Schedule 1 (*Conditions Precedent*).

### **63.8 Misrepresentation**

Any representation or statement made or deemed to be made by any Relevant Party or any Manager in any Operative Document to which it is a party proves to have been incorrect or misleading when made or deemed to be made, unless the circumstances giving rise to the misrepresentation are capable of remedy and are remedied within 10 Business Days of the Lessor giving notice to the Lessee.

### **63.9 Cross default**

- (a) Subject to sub-clause (d) below, any Financial Indebtedness of any Relevant Party is not paid when due nor within any originally applicable grace period.
- (b) Subject to sub-clause (d) below, any Financial Indebtedness of any Relevant Party 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) Subject to sub-clause (d) below, any commitment for any Financial Indebtedness of any Relevant Party is cancelled or suspended by a creditor of the Relevant Party as a result of an event of default (however described).
- (d) Any creditor of any Relevant Party becomes entitled to declare any Financial Indebtedness of that Relevant Party due and payable prior to its specified maturity as a result of an event of default (however described).
- (e) No Termination Event will occur if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within any of paragraphs (a) to (d) above is:
  - (i) less than \$1,000,000 in respect of any such Relevant Party (other than the Guarantor); or
  - (ii) less than \$10,000,000 in respect of the Guarantor.

### **63.10 Insolvency**

A Relevant Party:

- (a) is unable or admits inability to pay its debts as they fall due;
- (b) is declared to be unable to pay its debts under applicable law;
- (c) suspends or threatens to suspend making payments on any of its debts or agrees with any of its creditors to any standstill period in respect thereof; or
- (d) by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors (excluding the Lessor in its capacity as such) with a view to rescheduling any of its indebtedness,

**provided** that should such Relevant Party, for any reason, including without limitation, any actual or anticipated financial difficulties, commence, with prior written notice to the Lessor, negotiations (without agreeing however, during such negotiations, to any standstill periods) with one or more of its creditors (including the Lessor in its capacity as such) with a view to rescheduling, deferring, re-organising or suspending any of its indebtedness, the negotiations themselves or the entering, as a result of such negotiations, into any agreement or contract with one or more of its creditors (including the Lessor in its capacity as such) setting out terms for any rescheduling, deferral, re-organisation or suspension of its indebtedness, shall not in itself constitute a Termination Event.

#### **63.11 Insolvency proceedings**

Any corporate action, legal proceedings or other procedure or step is taken in relation to:

- (a) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, bankruptcy, administration, provisional supervision or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Relevant Party;
  - (b) a composition, assignment or arrangement with any creditor of any Relevant Party; or
  - (c) the appointment of a liquidator, receiver, administrator or other similar officer in respect of any Relevant Party or any of its assets;
- or any analogous procedure or step is taken in any jurisdiction.

#### **63.12 Creditors' process**

Any expropriation, attachment, sequestration, distress or execution or any other analogous process or enforcement action affecting:

- (a) any asset or assets of any Relevant Party (other than the Lessee) having a value of:
  - (i) ten (10) million Dollars (\$10,000,000) or more in respect of the Guarantor; or
  - (ii) one (1) million Dollars (\$1,000,000) or more in respect of any other Relevant Party,is not discharged within twelve (12) Business Days of commencement; or
- (b) any asset or assets of the Lessee and is not discharged within twelve (12) Business Days of commencement.

#### **63.13 Cessation of business**

Any Relevant Party suspends or ceases or threatens to suspend or cease to carry on all (or substantially all) its business.

#### **63.14 Failure to pay final judgment**

Any Relevant Party fails to comply with or pay any sum due from it under any final judgment or any final order made or given by any court of competent jurisdiction within the period specified in the relevant judgment.

#### **63.15 Repudiation**

Any Relevant Party:

- (a) repudiates any Transaction Document (other than the Sub-Charters and the Maersk Contract) to which it is a party; or
- (b) evidences an intention to repudiate any Transaction Document (other than the Sub-Charters and the Maersk Contract) to which it is a party.

**63.16 Liens**

Any Security Document to which any Relevant Party or any Manager is a party is not in full force and effect or does not create in favour of the Lessor the Liens which it is expressed to create with the ranking and priority it is expressed to have.

**63.17 Arrest of the Vessel**

The Vessel is arrested, confiscated, seized, taken in execution, impounded, forfeited, detained in exercise or purported exercise of any possessory lien or other claim solely due to the Lessee's action or omission or default or negligence and the Lessee fails to procure the release of the Vessel within a period of thirty (30) days thereafter.

**63.18 Change of Manager or Manager's default**

- (a) Any Management Agreement is repudiated, terminated or cancelled without the consent of the Lessor.
- (b) Any Manager is in breach of its obligations under the relevant Manager's Undertaking.

No Termination Event under paragraph (a) above will occur if (i) the Manager under such Management Agreement so repudiated, terminated or cancelled is replaced by another Manager acceptable to the Lessor within 30 days of such repudiation, termination or cancellation and (ii) such substitute Manager provides to the Lessor a Manager's Undertaking and such other documents as described in paragraphs 1, 4, 5 and 6(a) of Part I of Schedule 1 (*Conditions Precedent*) and paragraph 6 of Part II of Schedule 1 (*Conditions Precedent*).

**63.19 Material Adverse Change**

Any material adverse change occurs in relation to any Relevant Party which has a Material Adverse Effect.

**63.20 Ownership of Lessee**

The Lessee is not or ceases to be a wholly owned Subsidiary of the Guarantor.

**63.21 Modification, revocation, termination and expiry of Authorisation, etc.**

Any Authorisation required by any Relevant Party or any Manager or any other party (other than the Lessor) to authorise, or required by any Relevant Party or any Manager or any other party (other than the Lessor) in connection with the execution, delivery, validity, enforceability or admissibility in evidence of any of the Operative Documents or the performance by any Relevant Party or any Manager or any other party (other than the Lessor) of its obligations under any of such documents is modified in a manner unacceptable to the Lessor or is not granted or is revoked or terminated or expires and is not renewed or otherwise ceases to be in full force and effect and is not reinstated or replaced by the Lessee within thirty (30) days of its having become aware of the same or any Relevant Party or any Manager or any other party (other than the Lessor) defaults in the observance of any of the material conditions or restrictions in such Authorisation which default would have a Material Adverse Effect.

**63.22 Unlawfulness, invalidity and unenforceability**

It is or becomes unlawful for any Relevant Party or any Manager to perform any of its obligations under any of the Operative Documents to which it is a party or any of the Operative Documents is or becomes wholly or partly invalid or unenforceable as against any Relevant Party or any Manager unless in the opinion of the Lessor such Relevant Party or such Manager is able to remedy any such event under this Clause 63.22 to its satisfaction within thirty (30) days of the relevant event occurring.

### 63.23 Security Documents

Any Security Document in favour of the Lessor or the Guarantee is or becomes wholly or partly invalid or unenforceable.

### 63.24 Litigation, arbitration or administrative proceedings

Either any litigation, alternative dispute resolution, arbitration or administrative, governmental, regulatory or other proceedings are commenced in relation to any Transaction Document or the transactions contemplated in the Transaction Documents or against any Relevant Party or any of its assets, rights or revenues which has or might have a Material Adverse Effect.

## 64 Purchase Option and Purchase Obligation

### 64.1 Purchase Option

- (a) If no Termination Event has occurred and is continuing, the Lessee shall have the option (the **"Purchase Option"**) to purchase the Vessel on the basis set out in Clause 65(b) on each Payment Date (the date on which a Purchase Option is to be exercised is herein referred to as the **"Purchase Option Date"**).
- (b) The Purchase Option shall be exercisable by the Lessee by giving irrevocable written notice to the Lessor at least ninety (90) days prior to the proposed Purchase Option Date.

### 64.2 Purchase Option Price

The Lessee shall pay to the Lessor on the relevant Purchase Option Date (the **"Purchase Option Price"**):

- (a) any Rent due or accrued but unpaid;
- (b) the Outstanding Charter Hire Principal;
- (c) any interest accrued due on the unpaid and overdue Rent or the Outstanding Charter Hire Principal at the Default Rate;
- (d) if that Purchase Option Date falls before 1 December 2023, the relevant Prepayment Fee;
- (e) any reasonable and documented costs incurred by the Lessor to the Finance Parties under the Finance Documents as a result of the Purchase Option being exercised (and upon this Charter and the other Operative Documents being terminated);
- (f) any other amounts due and payable but unpaid by any Relevant Party or any Manager to the Lessor under any of the Operative Documents; and
- (g) any out of pocket costs (including reasonable and documented legal costs) incurred by the Lessor in connection with the early termination hereunder,

in each case on the relevant Purchase Option Date.

Upon irrevocable and unconditional payment of all of the amounts set out in Clause 64.2 (*Purchase Option Price*), this Charter and any other Operative Documents shall terminate and, without prejudice to Clause 82 (*Survival of terms*), the provisions of Clause 65 (*Purchase of Vessel by Lessee*) shall apply.

### 64.3 Purchase Obligation

On the relevant Purchase Obligation Date, the Lessee shall purchase the Vessel on the basis set out in Clause 65(b) and shall pay the Lessor the aggregate of the following (the “Purchase Obligation Price”):

- (a) any Rent due or accrued but unpaid;
- (b) the Outstanding Charter Hire Principal;
- (c) any interest accrued due on the unpaid and overdue Rent or the Outstanding Charter Hire Principal at the Default Rate;
- (d) any relevant Break Costs;
- (e) any reasonable and documented costs incurred by the Lessor to the Finance Parties under the Finance Documents as a result of this Charter and the other Operative Documents being terminated;
- (f) any other amounts due and payable but unpaid by any Relevant Party or any Manager to the Lessor under any of the Operative Documents; and
- (g) any out of pocket costs (including reasonable and documented legal costs) incurred by the Lessor in connection with the early termination hereunder,

in each case on the relevant Purchase Obligation Date.

Upon irrevocable and unconditional payment of the Purchase Obligation Price, this Charter and any other Operative Documents shall terminate and, without prejudice to Clause 82 (*Survival of terms*), the provisions of Clause 65 (*Purchase of Vessel by Lessee*) shall apply.

### 65 Purchase of Vessel by Lessee

- (a) Immediately upon receipt by the Lessor of the sums set out in Clause 64.2 (*Purchase Option Price*) or Clause 64.3 (*Purchase Obligation*), as the case may be, the Lessor shall transfer title to the Vessel to the Lessee or its nominee on the terms set out in Clause 68 (*Transfer of title*).
- (b) The Vessel shall be sold or transferred by the Lessor to the Lessee on the following terms:
  - (i) for a consideration of \$1;
  - (ii) the sale will be on an “as is, where is” basis;
  - (iii) the Lessor shall pass to the Lessee such title to the Vessel as the Lessor has acquired pursuant to the Memorandum of Agreement, warranted free of all Liens created by the Lessor;
  - (iv) the sale shall exclude all liability of the Lessor, to the same extent as such liability is excluded by Clause 43 (*Extent of Lessor's liability*), except for the warranty given by the Lessor in paragraph (iii) above;
  - (v) if the Vessel is, at the date of sale, subject to any requisition for hire, the sale will be subject to such requisition;
  - (vi) the Lessor will transfer to the Lessee or its nominee the benefit of all Vessel rights which it then holds;
  - (vii) any terms implied to such sale by any applicable statute or law are hereby excluded to the extent such exclusion can legally be made and without limiting the generality of the foregoing, this sale of the Vessel shall be specifically outside the terms of the UK Sale

of Goods Act 1979 or any statutory modification or re-enactment thereof for the time being in force; and

- (viii) all reasonable and documented costs, expenses. Taxes and any payment of a similar nature arising in connection with the sale of the Vessel by the Lessor shall be for the account of the Lessee.

## 66 Rights following a Termination Event

### 66.1 Rights on Termination Event

If a Termination Event occurs and while the same is continuing, the Lessor may:

- (a) by written notice to the Lessee:
- (i) effect compliance on the Lessee's behalf with any requirements in respect of which the Lessee is in default and if the Lessor incurs any expense in effecting such compliance, the Lessor shall be entitled (without prejudice to Clause 66.2 (*Payments on Termination Event or Total Loss*)) to recover such expense from the Lessee together with interest on it at the Default Rate from the date on which such expenditure is incurred by the Lessor until the date of reimbursement by the Lessee (both before and after judgment), and/or
  - (ii) proceed by appropriate court action or actions to enforce performance of this Charter, or to recover damages for the breach of this Charter; and/or
  - (iii) accept the repudiation of this Charter by the Lessee, and cancel the Memorandum of Agreement and/or terminate the leasing of the Vessel under this Charter with immediate effect (but without prejudice to the continuing obligations of the Lessee under this Charter and the other Operative Documents) and/or require the Lessee to purchase the Vessel or redeliver the Vessel to the Lessor in accordance with Clause 62 (*Redelivery*), following the completion of which all rights of the Lessee under this Charter (other than its right to pay the relevant Termination Sum and take title to the Vessel in accordance with Clause 66.1(a)(v)) will cease; and/or
  - (iv) inspect the Vessel and/or, subject to applicable law, take possession of the Vessel, for which purposes the Lessor may enter any premises belonging to or in the occupation or control of the Lessee where the Vessel may be located; and/or
  - (v) notify the Lessee of the occurrence of the same and demand the payment of the Termination Sum by the Lessee, whereupon the Lessee shall immediately pay the Termination Sum to the Lessor (and upon receipt of the Termination Sum in full, the Lessor shall sell, transfer and redeliver, at the cost and expense of the Lessee, the Vessel to the Lessee in accordance with Clause 68 (*Transfer of title*)); and
- (b) exercise any or all of its rights, remedies powers or discretions under the Security Documents.

### 66.2 Payments on Termination Event or Total Loss

Upon termination of the leasing of the Vessel pursuant to paragraph (iii) of Clause 66.1 (*Rights on Termination Event*) (the "**Termination Sum Payment Date**") or upon occurrence of a Total Loss Payment Date, the Lessee shall immediately pay to the Lessor (provided that in the case of a Total Loss, any amounts which have been received directly by the Security Agent or, as the case may be, the Lessor in respect of such Total Loss under the Insurances, shall reduce the amount that the Lessee is obliged to pay under paragraph (a) of this Clause 66.2 by the amount so received in the order set out in paragraph (a) of this Clause 66.2) by way of agreed compensation for loss of bargain and as a genuine pre-estimate of damages and not as a penalty:

- (a) in case of the occurrence of a Total Loss Payment Date, the aggregate of the following:

- (i) any Rent (including, if applicable, the Balloon Rental) due or accrued but unpaid;
- (ii) the Outstanding Charter Hire Principal;
- (iii) any interest accrued and unpaid on the unpaid Rent (including, if applicable, the Balloon Rental) or the Outstanding Charter Hire Principal at the Default Rate;
- (iv) any relevant Break Costs;
- (v) any reasonable and documented costs incurred by the Lessor to the Finance Parties under the Finance Documents in connection with the early termination and/or cancellation hereunder;
- (vi) any fee or other amount due and payable but unpaid by any Relevant Party or any Manager to the Lessor under any of the Operative Documents; and
- (vii) any out of pocket costs (including legal costs) incurred by the Lessor in connection with the early termination and/or cancellation hereunder,

in each case on the Total Loss Payment Date or, failing payment on such date, on the date the relevant amount is actually received by the Lessor;

(b) in case of a termination due to the occurrence of a Termination Event which is continuing, the aggregate of the following:

- (i) any Rent (including, if applicable, the Balloon Rental) due or accrued but unpaid;
- (ii) the Outstanding Charter Hire Principal;
- (iii) any interest accrued on any unpaid and overdue Rent or on the Outstanding Charter Hire Principal at the Default Rate;
- (iv) any relevant Break Costs;
- (v) if that Termination Sum Payment Date falls before 1 December 2023, the relevant Prepayment Fee;
- (vi) any costs incurred by the Lessor to the Finance Parties under the Finance Documents in connection with the early termination and/or cancellation hereunder;
- (vii) any other amount due and payable but unpaid by any Relevant Party or any Manager to the Lessor under any of the Operative Documents; and
- (viii) any out-of-pocket costs (including legal costs) incurred by the Lessor in connection with the early termination hereunder,

in each case on the Termination Sum Payment Date or, failing payment on such date, on the date the relevant amount is actually received by the Lessor.

For the avoidance of any doubt, any amounts paid by the Lessee under paragraphs (a) or (b) of this Clause 66.2 shall be applied in accordance with Clause 67.1 (*Order of application*).

### **66.3 Lessor's obligations upon receipt of payment**

Immediately upon receipt by the Lessor of the applicable sums set out in Clause 66.2 (*Payments on Termination Event or Total Loss*) (the "**Termination Sum**"), the Lessor shall:

- (a) as soon as reasonably practicable, procure the release of the Mortgage and all other Liens created by the Lessor on the Vessel and the other security created pursuant to the Operative Documents; and

- (b) save where the Vessel is a Total Loss, transfer title to the Vessel to the Lessee or its nominee pursuant to Clause 68 (*Transfer of title*).

#### **66.4 Failure to pay Termination Sum**

If the Lessee fails to pay the Termination Sum within seven (7) Business Days of the Total Loss Payment Date or the Termination Sum Payment Date (as the case may be), the Lessor shall be entitled after the expiry of such seven (7) Business Days' period (without further notice to the Lessee) to sell the Vessel to any third party on an arms-length basis, subject to the proceeds of such sale being applied in accordance with Clause 67 (*Application of proceeds*), provided however that in the event:

- (a) the Lessor has not yet entered into any agreement for the sale of the Vessel; and
- (b) the Lessee furnishes the Lessor with an Offer by a Potential Buyer,

the Lessor shall sell the Vessel to such Potential Buyer under a memorandum of agreement, which shall be (i) on terms acceptable to the Lessor and (ii) (*inter alia*) in all respects compliant with the provisions of The Hong Kong International Convention for the safe and Environmentally Sound Recycling of Ships 2009 (whether or not it is in force) and/or, if applicable, the EU Ship Recycling Regulation.

For the avoidance of any doubt, the proceeds of such sale shall be applied in accordance with Clause 67.1 (*Order of application*).

For the purposes of this Clause 66.4:

**"Offer"** means a firm offer for the purchase of the Vessel by a Potential Buyer:

- (a) for a purchase price in cash (payable on delivery and acceptance of the Vessel) not less than the Relevant Amount; and
- (b) otherwise on customary terms for sale and purchase of commercial vessels of similar type.

**"Potential Buyer"** means an entity which is:

- (a) acceptable to the Lessor (such acceptance not to be unreasonably withheld);
- (b) not a Restricted Person nor any of any of its Subsidiaries, directors or officers, is a Restricted Person nor is owned or controlled by, or acting directly or indirectly on behalf of or for the benefit of, a Restricted Person and none of such persons owns or controls a Restricted Person; and
- (c) not an Affiliate of the Guarantor.

**"Relevant Amount"** means the Termination Sum estimated to be payable on the potential delivery date of the Vessel under any memorandum of agreement entered into between the Lessor and a Potential Buyer.

### **67 Application of Proceeds**

#### **67.1 Order of application**

All amounts received or recovered by the Lessor in connection with the realisation or enforcement of all of or any part of the Operative Documents (or any of them) or the Liens constituted thereunder or any surplus the Lessor received from the sale of the Vessel pursuant to Clause 66.4 (*Failure to pay Termination Sum*) shall each be held by the Lessor on trust to apply them at any time the Lessor sees fit, to the extent permitted by applicable law (subject to the provisions of this Clause 67), in the following order of priority:

- (a) in payment of all costs and expenses incurred by any Creditor Party in connection with any realisation or enforcement of the Operative Documents taken in accordance with the terms of the Operative Documents;
- (b) in or towards payment to the Lessor of all amounts due to it but unpaid under the Operative Documents;
- (c) if no Relevant Party or no Manager is under any further actual or contingent liability under any Operative Document, in payment to any person to whom the Lessor is obliged to pay in priority to any Relevant Party or any Manager; and
- (d) the balance, if any, in payment to any relevant Relevant Party or Manager.

**67.2 investment of Proceeds**

Prior to the application of the proceeds of the Relevant Documents in accordance with Clause 67.1 (*Order of Application*) the Lessor may, at its discretion, hold all or part of those proceeds in an interest bearing suspense or impersonal account(s) in the name of the Lessor with a financial institution for so long as the Lessor shall think fit (the interest being credited to the relevant account) pending the application from time to time of those monies at the Lessor's discretion in accordance with the provisions of this Clause 67 (*Application of proceeds*).

**67.3 Currency Conversion**

- (a) For the purpose of, or pending the discharge of, any of the Outstanding Indebtedness the Lessor may convert any moneys received or recovered by the Lessor from one currency to another, at the spot rate at which the Lessor is able to purchase the currency in which the Outstanding Indebtedness are due with the amount received.
- (b) The obligations of any Relevant Party and/or any Manager to pay in the due currency shall only be satisfied to the extent of the amount of the due currency purchased after deducting the costs of conversion.

**67.4 Permitted Deductions**

The Lessor shall be entitled (a) to set aside by way of reserve amounts required to meet and (b) to make and pay, any deductions and withholdings (on account of taxes or otherwise) which it is or may be required by any applicable law to make from any distribution or payment made by it under this Charter, and to pay all taxes which may be assessed against it in respect of any of the Secured Property.

**68 Transfer of title**

Immediately upon receipt by the Lessor of the sums referred to in Clause 49 (Illegality), Clause 50.3 (Payment of Increased Costs, indemnity sum or voluntary termination), Clause 64 (Purchase Option and Purchase Obligation) or Clause 66.2 (Payments on Termination Event or Total Loss) (as applicable), the Lessor shall:

- (a) procure the release of the Mortgage and all other Liens created by the Lessor on the Vessel and the other security created pursuant to the Operative Documents;
- (b) transfer all its right, title and interest in the Vessel to the Lessee or its nominee on the terms set out in Clause 65(b);
- (c) at the Lessee's expense, execute in favour of, and deliver to, the Lessee a bill of sale in respect of the Vessel conveying the same title as was transferred to the Lessor pursuant to the Memorandum of Agreement; and
- (d) transfer to the Lessee or its nominee the benefit of all Vessel rights which it then holds.

## **69 Substitute Performance**

### **69.1 Lessor's right**

- (a) If the Lessee fails to:
  - (i) do, or cause to be done, anything which it is obliged to do, or cause to be done, under any of the Operative Documents; or
  - (ii) make any payment which it is obliged to make under any of the Operative Documents (other than a payment to the Lessor),the Lessor shall be at liberty to (with prior notice to the Lessee) do, or cause to be done, that thing or make, or cause to be made, that payment itself, to the extent permitted by applicable law.
- (b) The Lessee shall not cease to be in breach of any of its obligations under any of the Operative Documents by reason of anything done, or caused to be done, or any payment made, or caused to be made, by the Lessor pursuant to paragraph (a) above, except in the case of the Lessor's willful misconduct.

### **69.2 Costs**

The Lessee shall:

- (a) pay to the Lessor all reasonable and documented expenses incurred by the Lessor in connection with its doing, or causing to be done, anything pursuant to paragraph (a) of Clause 69.1 (*Lessor's right*); and
- (b) reimburse the Lessor for any such payment made, or caused to be made, by the Lessor together with interest at the Default Rate for the period starting on (and including) the date on which the demand was given by the Lessor and ending on (but excluding) the date on which the same is paid or reimbursed to the Lessor.

## **70 Further Assurances**

Each of the Lessor (at no cost to it) and the Lessee shall promptly take such steps as the Lessor or the Lessee may deem necessary or appropriate to:

- (a) establish, maintain and protect the rights and remedies of the Lessor or the Lessee; and
- (b) carry out and effect the intent and purpose of the Operative Documents.

## **71 Assignment**

- (a) Except in accordance with the terms of the Operative Documents, no Party may assign or transfer any of its rights or obligations under this Charter without the prior written consent of the other Party.
- (b) The Lessee hereby consents to any assignment by the Lessor of any of its rights under this Charter and under the other Operative Documents to the Security Agent pursuant to the Finance Documents (without any cost to the Lessee) and to the exercise of any of the rights of the Security Agent, subject to the provisions of the Letter of Quiet Enjoyment A.
- (c) Subject to paragraph (e) below, the Lessee further hereby consents to any assignment by the Lessor of any of its rights and/or transfer of any of its obligations under this Charter to any Affiliate of the Lessor provided that (i) any such assignment or transfer shall not result in any increased cost or liability for the Lessee under this Charter as a result of circumstances existing at the time of such assignment or transfer (as applicable) and (ii) the Lessor shall notify the Lessee of such assignment and/or transfer.

- (d) Subject to paragraph (e) below, the Lessor may, with the prior written consent of the Lessee (such consent not to be unreasonably withheld or delayed), assign any of its rights and/or transfer any of its obligations under this Charter and/or under any other Operative Document to another person, provided that (i) any such assignment or transfer shall not result in any increased cost or liability for the Lessee under this Charter as a result of circumstances existing at the time of such assignment or transfer (as applicable) and (ii) the Lessor shall notify the Lessee of such assignment and/or transfer.
- (e) At any time after the occurrence of a Termination Event, the Lessor may assign any of its rights and/or transfer any of its obligations under any Operative Document to any person without the consent of, and without notice to, the Lessee.

## **72 Disclosure of Information**

At any time after the date of this Charter and during the Charter Period, each of the Lessor and the Lessee shall keep confidential and shall not, without the prior written consent of the other, disclose to any person:

- (a) the financial details of, or the transactions contemplated by, the Operative Documents; or
- (b) any information provided pursuant to any of the Operative Documents,

**provided that** the Parties may disclose any such information without consent:

- (i) to any person to the extent required for the purpose of any litigation, arbitration or regulatory proceedings or procedure;
- (ii) to any person (including but not limited to any investor and potential investor of the Relevant Party or any Manager or any party entitled under the Operative Documents or Finance Document) to whom, and to the extent that, information is required to be disclosed by any applicable law or regulation;
- (iii) to any Governmental Agency;
- (iv) to the Finance Parties or any other party to any of the Operative Documents;
- (v) to the auditors, legal or insurance advisors, underwriters or brokers or any professional service provider of the Lessor, the Lessee or of any of the persons listed in paragraph (iv) above who shall be instructed to maintain the confidentiality of any information supplied to them;
- (vi) to the Lessor Account Bank or the Account Bank;
- (vii) to any employee, officer or shareholder of the Lessor, the Lessee, any Relevant Party or any Manager; or
- (viii) in any manner contemplated by any of the Operative Documents.

## **73 Notices**

### **73.1 Communications in writing**

Any communication to be made under or in connection with this Charter shall be made in writing and, unless otherwise stated, may be made by letter or (under Clause 73.4 (*Electronic communication*)) email.

### 73.2 Addresses

The address and email address (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with this Charter are as follows:

If to the Lessor at:

8 Akadimias Street  
10671 Athens, Greece

Attn: Mr. Charalampos Antoniou I Mr. Athanasios Voudris  
Email: harris.antoniou@neptuneinternational.ch I sakis.voudris@neptuneleasing.com

If to the Lessee at:

c/o Technomar Shipping Inc.  
3-5 Menandrou Street  
14561 Kifisia, Athens, Greece

Attn: Ms Maria Danezi / Mr. Tassos Psaropoulos  
Email: mdanezi@technomar.gr / t.psaropoulos@technomar.gr,

or to any substitute address, email address or department or officer as the relevant Party may notify to the other Party by not less than 5 Business Days' prior notice in writing.

### 73.3 Delivery

Any communication or document made or delivered by one Party to the other Party under or in connection with this Charter will only be effective:

- (a) if by way of letter, when it has been left at the relevant address or 5 Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address; or
- (b) if by way of email, if it complies with the rules under Clause 73.4 (*Electronic communication*),

and, if a particular department or officer is specified as part of its address details provided under Clause 73.2 (*Addresses*), if addressed to that department or officer.

### 73.4 Electronic communication

- (a) Any communication to be made between the Parties under or in connection with this Charter may be made by electronic mail or other electronic means, and the Parties hereby agree:
  - (i) that, unless and until notified to the contrary, this is to be an accepted form of communication;
  - (ii) to notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
  - (iii) to notify each other of any change to their address or any other such information supplied by them.
- (b) Any electronic communication made by one Party to another Party will be effective when it is sent by the sender Party unless the sender Party receives a message indicating failed delivery.
- (c) A Party shall notify the other Party promptly upon becoming aware that its electronic mail system or other electronic means of communication cannot be used due to technical failure (and that failure is or is likely to be continuing for more than 24 hours). Until that Party has

notified the other Party that the failure has been remedied, all notices between the Parties shall be sent by letter in accordance with this Clause 73.

### **73.5 English language**

- (a) Any notice given under or in connection with this Charter must be in English.
- (b) All other documents provided under or in connection with this Charter must be:
  - (i) in English; or
  - (ii) if not in English, and if so required by the Lessor 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.

### **74 Partial Invalidity**

If, at any time, any provision of this Charter 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.

### **75 Remedies and Waivers**

No failure to exercise, nor any delay in exercising, on the part of the Lessor, any right or remedy under this Charter shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Charter are cumulative and not exclusive of any rights or remedies provided by law.

### **76 Amendments and Waivers**

Any term of this Charter may be amended or waived only with the consent of the Lessor and the Lessee.

### **77 Contractual Recognition of Bail-In**

Notwithstanding any other term of any Operative Document or any other agreement, arrangement or understanding between the Parties, each Party (and any other Relevant Party or any Manager who is a party to any other Operative Document to which this clause is expressed by the terms of that other Operative Document to apply) acknowledges and accepts that any liability of the Lessor to any Relevant Party or any Manager under or in connection with the Operative 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 Operative Document to the extent necessary to give effect to any Bail-In Action in relation to any such liability.

In this Clause 77:

**Article 55 BRRD** means Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms.

**Bail-In Action** means the exercise of any Write-down and Conversion Powers.

**Bail-In Legislation** means.

- (a) in relation to an EEA Member Country which has implemented, or which at any time implements, Article 55 BRRD, the relevant implementing law or regulation as described in the EU Bail-In Legislation Schedule from time to time;
- (b) in relation to the United Kingdom, the UK Bail-In Legislation; and
- (c) in relation to any other state other than such an EEA Member Country and the United Kingdom, any analogous law or regulation from time to time which requires contractual recognition of any Write-down and Conversion Powers contained in that law or regulation.

**EEA Member Country** means any member state of the European Union, Iceland, Liechtenstein and Norway.

**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.

**Resolution Authority** means any body which has authority to exercise any Write-down and Conversion Powers.

**UK Bail-In Legislation** means Part I of the United Kingdom Banking Act 2009 and any other law or regulation applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (otherwise than through liquidation, administration or other insolvency proceedings).

**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;
- (b)
  - (i) in relation to any other applicable Bail-In Legislation other than the UK Bail-In Legislation, 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
  - (ii) any similar or analogous powers under that Bail-In Legislation; and
- (b) in relation to any UK Bail-In Legislation:
  - (i) any powers under that UK 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 UK Bail-In Legislation that are related to or ancillary to any of those powers.

78

## Replacement of Screen Rate

- (a) If a Screen Rate Replacement Event has occurred and the Base Rate is to be determined by reference to the Screen Rate, the Lessor and the Lessee shall enter into negotiations in good faith with a view to agreeing:
- (i) the use of a Replacement Benchmark in place of the Screen Rate from and including a date no later than 1 June 2023; and
  - (ii) amendments for any or all of the following:
    - (A) aligning any provision of any Operative Document to the use of that Replacement Benchmark;
    - (B) enabling that Replacement Benchmark to be used for the calculation of interest under this Charter (including, without limitation, any consequential changes required to enable that Replacement Benchmark to be used for the purposes of this Charter);
    - (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).

- (b) In this Clause 78:

**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.

**Replacement Benchmark** means a benchmark rate which is:

- (a) formally designated, nominated or recommended as the replacement for the Screen Rate by:
- (i) the administrator of the Screen Rate (provided that the market or economic reality that such benchmark rate measures is the same as that measured by the Screen Rate); or
  - (ii) any Relevant Nominating Body,
- (b) 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 a (ii) of this definition;

- (c) in the opinion of the Lessor and the Lessee, generally accepted in the international or any relevant domestic syndicated loan markets as the appropriate successor to the Screen Rate; or
- (d) in the opinion of the Lessor and the Lessee, an appropriate successor to the Screen Rate.

**Screen Rate Replacement Event** means, in relation to the Screen Rate:

- (a) the methodology, formula or other means of determining the Screen Rate has, in the opinion of either the Lessor or the Lessee, materially changed;
- (b) any of the following applies:
  - (i) either:
    - (A) the administrator of the 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 the Screen Rate is insolvent,provided that, in each case, at that time, there is no successor administrator to continue to provide the Screen Rate;
  - (ii) the administrator of the Screen Rate publicly announces that it has ceased or will cease, to provide the Screen Rate permanently or indefinitely and, at that time, there is no successor administrator to continue to provide the Screen Rate;
  - (iii) the supervisor of the administrator of the Screen Rate publicly announces that such Screen Rate has been or will be permanently or indefinitely discontinued;
  - (iv) the administrator of the Screen Rate or its supervisor announces that the Screen Rate may no longer be used; and
  - (v) the supervisor of the administrator of the Screen Rate makes a public announcement or publishes information:
    - (A) stating that the Screen Rate is no longer or, as of a specified future date will no longer be, representative of the underlying market or economic reality that it is intended to measure and that representativeness will not be restored (as determined by such supervisor); and
    - (B) with awareness that any such announcement or publication will engage certain triggers for fallback provisions in contracts which may be activated by any such pre-cessation announcement or publication; or
- (c) the administrator of the Screen Rate determines that the 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 either the Lessor or the Lessee) temporary; or
  - (ii) the Screen Rate is calculated in accordance with any such policy or arrangement for a period of no less than 5 Business Days; or

- (d) in the opinion of either the Lessor or the Lessee the Screen Rate is otherwise no longer appropriate for the purposes of calculating interest under this Charter.

**79 Counterparts**

This Charter 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 Charter.

**80 Time of the Essence**

Without prejudice to any grace periods contained in this Charter, the time stipulated in this Charter for all payments payable by the Lessee, and for the performance of the Lessee's obligations under this Charter, will be of the essence of this Charter.

**81 Governing Law**

This Charter, and all non-contractual obligations arising from or in connection with this Charter, shall be governed by, and construed in accordance with, English law.

**82 Survival of Terms**

The Lessee's and the Lessor's rights and obligations under this Clause 82 and under Clauses 44 (Rent, Payments and Calculations), 45 (Costs and Expenses), 47 (Indemnities), 48 (Taxes), 62 (Redelivery), Clause 66 (Rights following a Termination Event) and Clause (b) of 68 (Transfer of Title) of this Charter and the rights of each Indemnitee and Tax Indemnitee under Clauses 47 (Indemnities) and 48 (Taxes), of this Charter shall survive any termination of the Charter Period or any termination of this Charter or any other Operative Document.

**83 Enforcement**

**83.1 Jurisdiction of English courts**

- (a) Subject to paragraph (c) below, the courts of England and Wales have exclusive jurisdiction to settle any dispute arising out of or in connection with this Charter (including any dispute relating to any non-contractual obligation arising from or in connection with this Charter and any dispute regarding the existence, validity or termination of this Charter) (a "**Dispute**").
- (b) The parties to this Charter agree that the courts of England and Wales are the most appropriate and convenient courts to settle Disputes and accordingly no party to this Charter will argue to the contrary.
- (c) This Clause 83.1 is for the benefit of the Lessor only. As a result, the Lessor shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Lessor may take concurrent proceedings in any number of jurisdictions.

**83.2 Appointment of process agent**

The Lessee agrees that the documents which start any proceedings in relation to any Operative Document, and any other documents required to be served in connection with those proceedings, may be served on it by being delivered to Messrs Saville & Co. at its registered office or place of business in England and Wales, currently at 46 New Broad Street, London EC2M 1.1H, England, or to such other address in England and Wales as the Lessee may specify by notice in writing to the Lessor. Nothing in this Clause 83.2 shall affect the right of either Party to serve process in any other manner permitted by law. This Clause 83.2 applies to proceedings in England and proceedings elsewhere.

**83.3 Waiver of immunities**

To the extent that either Party has acquired or may, after the date of this Charter, acquire any immunity, with respect to itself and its revenues and assets (irrespective of their use or intended use), on the grounds of sovereignty or other similar grounds from:

- (a) suit;
- (b) jurisdiction of any court;
- (c) relief by way of injunction or order for specific performance or recovery of property;
- (d) attachment of its assets (whether before or after judgment); and
- (e) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any proceedings in the courts of any jurisdiction (and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any immunity in any such proceedings), that Party irrevocably waives, to the extent permitted by applicable law, such immunity in respect of its obligations under this Charter.

**IN WITNESS WHEREOF** the Parties have caused this Charter to be duly executed as a deed and delivered on the date first above written.

**Schedule  
Conditions Precedent**

**Part 1**

**Conditions Precedent to effectiveness of the Memorandum of Agreement and this Charter**

**1 Relevant Parties**

- (a) A copy, certified as true copy by a director or an officer of each Relevant Party, each Manager and each Subordinated Creditor, of the constitutional documents of each Relevant Party and each Subordinated Creditor and its register of directors, register of members and register of mortgages and charges.
- (b) A copy, certified as true copy by a director or an officer of each Relevant Party, each Manager and each Subordinated Creditor, of a resolution of the board of directors or a unanimous written resolution of each Relevant Party, each Manager and each Subordinated Creditor:
  - (i) approving the terms of, and the transactions contemplated by, the Operative Documents to which it is a party and resolving that it executes, delivers and performs the Operative Documents to which it is a party;
  - (ii) authorising a specified person or persons to execute the Operative Documents to which it is a party on its behalf;
  - (iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with the Operative Documents to which it is a party; and
  - (iv) in the case of the Guarantor or any other Relevant Party, or any Manager providing third party security, resolving that it is in its best interests to enter into the transactions contemplated by the Operative Documents to which it is a party.
- (c) A certificate of the Guarantor (signed by a director) confirming that guaranteeing or securing, as appropriate, the obligations of any Relevant Party or any Manager under the Operative Documents to which such Relevant Party or such Manager is a party, would not cause any borrowing, guarantee, security or similar limit binding on any Relevant Party or any Manager to be exceeded.
- (d) A specimen of the signature of each person authorised by the resolution referred to in paragraph (a) above who is to actually execute the Operative Documents.
- (e) If relevant, a copy, certified as true copy by a director or an officer of each Relevant Party and each Manager, of a resolutions signed by all the holders of the issued shares in each Relevant Party (other than the Guarantor) or each Manager, approving the terms of, and the transactions contemplated by, the Operative Documents to which such Relevant Party or such Manager is a party.
- (f) If relevant, a copy, certified as a true copy by a director or an officer of each Relevant Party and each Subordinated Creditor, of a power of attorney of each Relevant Party and each Subordinated Creditor.
- (g) A certificate of an authorised signatory of each Relevant Party, each Manager and each Subordinated Creditor certifying that each copy document relating to it specified in this Schedule 1 is correct, complete and in full force and effect as at a date no earlier than the date of this Charter.

## **2 Operative Documents**

The Memorandum of Agreement, this Charter, the Fee Letter, the Guarantee, the Share Pledge, any Subordination Deed, each duly executed by the relevant parties (other than the Lessor) thereto.

## **3 Legal Opinions**

- (a) A draft legal opinion in relation to English law from Norton Rose Fulbright Greece satisfactory to the Lessor.
- (b) A draft legal opinion in relation to Marshall Islands and Liberian law from Hill Dickinson International satisfactory to the Lessor.
- (c) Draft of any other legal opinion satisfactory to the Lessor as required by the Lessor.

## **4 “Know your customer” information**

Such documentation and information as the Lessor may reasonably request to comply with “know your customer” or similar identification procedures under all laws and regulations applicable to the Lessor, the Initial Commercial and the Initial Technical Manager.

## **5 Copies of documents**

A copy, certified as a true copy by a director of the Lessee, of each Management Agreement, each Sub-Charter and the Maersk Contract.

## **6 Other documents and evidence**

- (a) Evidence that any process agent referred to in clause 83.2 (*Appointment of process agent*) or any equivalent provision of any other Operative Document entered into on or before the Delivery Date, if not a Relevant Party or a Manager, has accepted its appointment.
- (b) The Original Financial Statements.

## Part II

### Conditions precedent to issuance of the Payment Notice in respect of the Purchase Price

#### 1 Corporate documents

A certificate from an authorised signatory of the Relevant Party and each Manager confirming that the resolutions referred to in the certificate described in Schedule 1 (*Conditions Precedent*) remain in full force and effect and have not been amended, modified or revoked in any respect.

#### 2 Operative Documents

The Manager's Undertaking, the Account Security of each Account, any Subordination Deed, the Letter of Quiet Enjoyment B, the General Assignment together with all ancillary documents to be delivered pursuant thereto, each duly executed by the relevant parties (other than the Lessor) thereto.

#### 3 Other documents and evidence

- (a) Copies, certified as true copies by a director of the Lessee, of all documents which the Lessor may reasonably require evidencing that all Authorisations with respect to or in connection with the registration of the Vessel under the laws of the Flag State have been taken or obtained.
- (b) A copy of any other Authorisation or other document, opinion or assurance which the Lessor considers to be necessary or desirable (if the Lessor has notified the Lessee accordingly) in connection with the entry into and performance of the transactions contemplated by any Operative Document or for the validity and enforceability of any Operative Document.
- (c) Evidence satisfactory to the Lessor that the Operating Account and the DSRA Account has been opened with the Account Bank.
- (d) Documentary evidence showing that the Lessee is a wholly owned direct Subsidiary of the Guarantor.
- (e) Documentary evidence that:
  - (i) prior to Delivery, there will be no Lien of any kind whatsoever on the Vessel, her earnings or insurance; and
  - (ii) the required insurances for the Vessel with effect from the Delivery Date have been arranged through acceptable brokers and/or with acceptable underwriters.

#### 4 Insurance

A satisfactory opinion from Willis Towers Watson or other insurance consultants approved by the Lessor on the insurances effected or to be effected on the Vessel pursuant to this Charter.

#### 5 Fees

Evidence that any fee then due from the Lessee has been paid.

#### 6 Manager

A copy, certified as a true copy by a director of the Manager, of the Document of Compliance of the Manager issued pursuant to the ISM Code.

**7 Valuation Reports**

Two valuation reports of the Vessel, each issued by an Approved Valuer in accordance with Clause 59.1 (*Valuations*), and being acceptable in all respects to the Lessor,

**8 Legal Opinion**

- (a) A draft legal opinion in relation to English law from Norton Rose Fulbright Greece satisfactory to the Lessor.
- (b) A draft legal opinion in relation to New York law from Norton Rose Fulbright (US) LLP satisfactory to the Lessor.
- (c) A draft legal opinion in relation to Marshall Islands and Liberian law from Hill Dickinson International satisfactory to the Lessor.
- (d) Draft of any other legal opinion satisfactory to the Lessor as required by the Lessor.

**9 Inspection Report**

If required by the Lessor, a physical inspection report from a surveyor appointed by the Lessor at the cost of the Lessee, demonstrating that the Vessel is in satisfactory condition and maintains specifications acceptable to the Lessor.

**10 Dry-docking**

Evidence satisfactory to the Lessor that the Vessel has successfully completed its 4th dry-docking.

**11 IHM certificate**

A copy of the certificate being the document listing all the potentially hazardous materials on board the Vessel.

## Part III

### Conditions precedent to Delivery

#### 1 Purchase price under the Maersk Contract

Evidence that the full purchase price of the Vessel under the Maersk Contract will have been paid upon the Purchase Price being released in accordance with clause 3.2 (*Payment*) of the Memorandum of Agreement and that the Maersk Seller will not have any Lien or other right to detain the Vessel.

#### 2 Vessel requirements

- (a) An original or a copy of the Bill of Sale and an original Protocol of Delivery and Acceptance, as evidence that the Vessel has been delivered to, and accepted by, the Lessor under the Memorandum of Agreement.
- (b) An original Acceptance Certificate.
- (c) Evidence that the Vessel:
  - (i) is (or will be, simultaneously with the release of the Purchase Price in accordance with clause 4.2 (*Payment*) of the Memorandum of Agreement) registered in the name of the Lessor under the laws of the Flag State free of Liens;
  - (ii) is classed in accordance with Clause 56.10 (Maintenance of class; compliance with Authorisations);
  - (iii) is insured in accordance with the provisions of Clause 58 (Insurance), and all requirements of Clause 58 (Insurance) in respect of such insurance have been complied with;
  - (iv) is in possession of (or evidence satisfactory to the Lessor that the Lessee has duly applied to the relevant authorities for the issuance of) a valid International Air Pollution Prevention Certificate (IAPPC) under Annex VI (Regulations for the Prevention of Air Pollution from Ships) to MARPOL;
  - (v) is in possession of (or evidence satisfactory to the Lessor that the Lessee has duly applied to the relevant authorities for the issuance of) a valid Safety Management Certificate under the ISM Code and a valid International Ship Security (ISS) Certificate; and
  - (vi) is in possession of (or evidence satisfactory to the Lessor that the Lessee has duly applied to the relevant authorities for the issuance of) a certificate issued pursuant to Article 7 of the International Convention on Civil Liability for Bunker Oil Pollution Damage 2001.

#### 3 Insurance

A satisfactory opinion from Willis Towers Watson or other insurance consultants approved by the Lessor on the Insurances.

#### 4 Legal Opinions

- (a) A draft legal opinion in relation to English law from Norton Rose Fulbright Greece satisfactory to the Lessor.
- (b) A legal opinion in relation to New York law from Norton Rose Fulbright US LLP satisfactory to the Lessor.

- (c) A legal opinion in relation to Marshall Islands and Liberian law from Hill Dickinson International satisfactory to the Lessor.
- (d) Any other legal opinion satisfactory to the Lessor as required by the Lessor.

**5 Delivery and acceptance of the Vessel under the Sub-Charter 2**

Evidence that the Vessel has been delivered to, and accepted by, the Sub-Charterer 2 pursuant to the terms of the Sub-Charter 2.

**Schedule 2**  
**Form of Acceptance Certificate**

Dated: [●] 2021

**Charter Agreement dated [0] 2021 (the "Charter") between NML Violetta Inc. (the "Lessor") and GSL Violetta LLC (the "Lessee") relating to the container carrier vessel named *GSL Violetta* (the "Vessel")**

- 1** We refer to the Charter. This is the Acceptance Certificate. Terms defined in the Charter shall have the same meaning in this Acceptance Certificate.
- 2** We confirm that today as at [●] hours ([●] time), is the Delivery Date.
- 3** We further confirm that, as at the date hereof:
- (a) the Purchase Price is \$[●];
  - (b) the Purchase Obligation Price is:
    - (i) if the Purchase Obligation Date is the date a Change of Control occurs, the sum in Dollars determined in accordance with Clause 64.3 (*Purchase Obligation*);
    - (ii) if the Purchase Obligation Date is on [●], \$[●];
    - (iii) if the Purchase Obligation Date is on [●], \$[●];
    - (iv) if the Purchase Obligation Date is on [●], \$[●]; or
    - (v) if the Purchase Obligation Date is on the Expiry Date, \$[●],and, in each case under sub-paragraphs (ii) to (v) above, any other amount payable to the Lessee in accordance with Clause 64.3 (*Purchase Obligation*);
  - (c) the Fixed Rent payable by the Lessee on each Payment Date is:
    - (i) for the first (1<sup>st</sup>) to the fifteenth (15<sup>th</sup>) (inclusive) Payment Date, \$[●]; and
    - (ii) for sixteenth (16<sup>th</sup>) to the nineteenth (19<sup>th</sup>) Payment Date (inclusive), \$[●]; and
  - (d) the Balloon Rental payable on the last Payment Date is \$[●].
- 4** **The Lessee further confirms that:**
- (a) the Vessel was duly accepted by the Lessee in accordance with, and subject to the provisions of, the Charter. The execution and delivery of this Acceptance Certificate confirms the acceptance of the Vessel by the Lessee for all purposes of the Charter;
  - (b) the Lessee became obliged to pay to the Lessor the amounts provided for in the Charter with respect to the Vessel;
  - (c) the Vessel is insured in accordance with the Charter;
  - (d) the representations and warranties contained in Clause 51.1 (Lessee *representations*) of the Charter are true by reference to the facts and circumstances existing at the date of this Acceptance Certificate;
  - (e) there has been affixed to the Vessel the notice required by Clause 57.5 (*Notice of ownership and charter*) of the Charter; and

(f) no Potential Termination Event or Termination Event has occurred and is continuing.

**The Lessor**

For and on behalf of  
**NML VIOLETTA INC.**

By: .....  
Name:  
Title:

**The Lessee**

For and on behalf of  
**GSL VIOLETTA LLC**

By: .....  
Name:  
Title:

**Schedule 3  
Payment Schedule**

GSL Violetta Rent (assuming Purchase Price of \$14,734,500, drawdown within April 2021 and a 3 months LIBOR rate of 0.50% for the entire Charter Period)

<b>Payment</b>	<b>Payment Date</b>	<b>Opening Balance</b>	<b>Rent (per quarter)</b>	<b>Fixed Rent</b>	<b>Outstanding Charterhire Principle</b>
	May-2021				
1	Aug-2021	\$14,734,500	<b>\$983,204</b>	\$793,866	\$13,940,634
2	Nov-2021	\$13,940,634	<b>\$973,003</b>	\$793,866	\$13,146,769
3	Feb-2022	\$13,146,769	<b>\$962,802</b>	\$793,866	\$12,352,903
4	May-2022	\$12,352,903	<b>\$952,601</b>	\$793,866	\$11,559,037
5	Aug-2022	\$11,559,037	<b>\$942,399</b>	\$793,866	\$10,765,171
6	Nov-2022	\$10,765,171	<b>\$932,198</b>	\$793,866	\$9,971,306
7	Feb-2023	\$9,971,306	<b>\$921,997</b>	\$793,866	\$9,177,440
8	May-2023	\$9,177,440	<b>\$911,796</b>	\$793,866	\$8,383,574
9	Aug-2023	\$8,383,574	<b>\$901,595</b>	\$793,866	\$7,589,709
10	Nov-2023	\$7,589,709	<b>\$891,393</b>	\$793,866	\$6,795,843
11	Feb-2024	\$6,795,843	<b>\$881,192</b>	\$793,866	\$6,001,977
12	May-2024	\$6,001,977	<b>\$870,991</b>	\$793,866	\$5,208,112
13	Aug-2024	\$5,208,112	<b>\$860,790</b>	\$793,866	\$4,414,246
14	Nov-2024	\$4,414,246	<b>\$850,589</b>	\$793,866	\$3,620,380
15	Feb-2025	\$3,620,380	<b>\$840,388</b>	\$793,866	\$2,826,514
16	May-2025	\$2,826,514	<b>\$505,449</b>	\$469,129	\$2,357,386
17	Aug-2025	\$2,357,386	<b>\$499,421</b>	\$469,129	\$1,888,257
18	Nov-2025	\$1,888,257	<b>\$493,393</b>	\$469,129	\$1,419,129
19	Feb-2026	\$1,419,129	<b>\$487,364</b>	\$469,129	\$950,000
<b>19 (Balloon Rental)</b>	Feb-2026	\$950,000			

**Schedule 4  
Form of Compliance Certificate**

To: NML VIOLETTA INC. as Lessor

From: GLOBAL SHIP LEASE, INC.

Dated: [●]

Dear Sirs

**Bareboat charter dated [●] 2021 (the “Charter”) made between GSL Violetta LLC as lessee and [●] as lessor in respect of container carrier “GSL Violetta”**

- 1 We refer to the Charter. This is a Compliance Certificate. Terms defined in the Charter have the same meaning when used in this Compliance Certificate unless given a different meaning in this Compliance Certificate.
- 2 We confirm that:
  - (a) on the basis of the calculations appended to this Certificate, as at [30 June] [31 December] 202[●] the aggregate of the Cash and Cash Equivalents maintained on a consolidated basis is equal to \$[●] (whereas pursuant to clause 53 (*Financial Covenants*) of the Charter it is required that the aggregate of the Cash and Cash Equivalents maintained on a consolidated basis is not less than \$20,000,000;
  - (b) on the basis of the calculations appended to this Certificate, as at [30 June](31 December] 202[●] the Lessee maintains in the Operating Account the amount of \$[●] whereas pursuant to clause 53 (*Financial Covenants*) it is required that the Lessee maintains an amount of no less than \$500,000 in the Operating Account; and
  - (c) on the basis of the valuations and calculations appended to this Certificate, as at [30 June][31 December] 202[●] the Security Coverage Ratio is [●]%, whereas pursuant to clause 59.2 (*Security Coverage Ratio*) of the Charter the Security Coverage Ratio should be no less than one hundred and twenty per cent (120%).

Signed:

\_\_\_\_\_  
[Officer] (**office held to be stated**)  
of  
GLOBAL SHIP LEASE, INC.

**EXECUTED BY THE PARTIES**

**The Lessor**

For and on behalf of  
**NML VIOLETTA INC.**  
and SIGNED by  
as attorney-in-fact

)  
) /s/ Athanasios Voudris  
) Athanasios Voudris  
) Director

Witnessed/Verified by

Andreas Papachristodoulou  
Name: Andreas Papachristodoulou  
Title: Solicitor  
Norton Rose Fulbright Greece

Address:  
Fax:  
Email:  
Attn:

**The Lessee**

**EXECUTED** as a **DEED**  
for and on behalf of  
**GSL VIOLETTA LLC**  
and SIGNED by  
as attorney-in-fact

)  
) /s/ Vassiliki Georgopoulos  
) Vassiliki Georgopoulos  
)

/s/ Andreas Papachristodoulou  
Name: Andreas Papachristodoulou  
Title: Solicitor  
Norton Rose Fulbright Greece

Address:  
Fax:  
Email:  
Attn:

DATED 12 May 2021

GSL VIOLETTA LLC  
(AS SELLER)

AND

NML VIOLETTA INC.  
(AS BUYER)

MEMORANDUM OF AGREEMENT  
IN RESPECT OF  
ONE (1) CONTAINER VESSEL NAMED  
*GSL VIOLETTA (ex-E.R. LONDON)*

 NORTON ROSE FULBRIGHT

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THIS AGREEMENT is dated 12 May 2021 and made

**BETWEEN:**

- (1) **GSL VIOLETTA LLC**, a limited liability company formed and existing under the laws of the Republic of Liberia, with its registered address at 80 Broad Street, Monrovia, Republic of Liberia, as seller (the "**Seller**"); and
- (2) **NML VIOLETTA INC.**, a corporation organised and existing under the laws of the Republic of Liberia, with its registered address at 80 Broad Street, Monrovia, Republic of Liberia, as buyer (the "**Buyer**", which expression includes its successors in title).

**BACKGROUND:**

- (A) The Seller is the sole legal and beneficial owner of one (1) 5,762 TEU container vessel, built in 2000 by Samsung Heavy Industries Co., Ltd., bearing IMO No. 9214202, named *GSL Violetta*, along with all its appurtenances, equipment, materials, stores and spare parts whether on board or on shore as of the date of this Agreement (together the "**Vessel**").
- (B) The Seller has agreed to sell and deliver the Vessel to the Buyer and the Buyer has agreed to (a) purchase the Vessel from the Seller and (b) pay the Purchase Price (as defined below), upon the terms and conditions set forth in this Agreement.
- (C) The Buyer has agreed to let the Vessel to the Seller and the Seller has agreed to hire the Vessel from the Buyer immediately upon the acceptance of the Vessel by the Buyer from the Seller under this Agreement, pursuant to the terms and conditions set forth in a bareboat charter agreement (as amended and or supplemented from time to time, the "**Charter**") entered into on the same date as this Agreement between the Buyer, as owner, and the Seller as demise charterer.

IT IS AGREED as follows:

## **1 Definitions and interpretation**

### **1.1 Definitions**

Words and expressions having defined meanings in the Charter shall, except where otherwise defined herein, have the same meanings when used in this Agreement, and in this Agreement:

"**Bill of Sale**" has the meaning given to it in Clause 4.8(a) (*Deliverables*).

"**Business Day**" means a day (other than a Saturday or Sunday):

- (a) in relation to any date for payment of amounts under this Agreement, on which commercial banks and the relevant financial markets are open for general business in Athens, London and New York City and the principal financial centre of the country of the currency of payment; and
- (b) in relation to any other matter, on which commercial banks are open for general business in Athens, London and New York City.

"**Charter**" has the meaning given to it in Recital (C) hereof.

"**Cut-off Date**" means 31 May 2021 or such other date as the Buyer and the Seller may agree in writing.

"**Delivery**" has the meaning given to it in the Charter.

**“Delivery Date”** has the meaning given to it in Clause 3(b) (*Time and place of Delivery*).

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**"Delivery Location"** means the place where the Seller (with prior notice to the Buyer) will deliver the Vessel to the Buyer which would not give rise to the payment of any Taxes in respect of the transfer of title from the Seller to the Buyer.

**"Delivery Notice"** has the meaning give to it in Clause 3 (*Time and place of Delivery*).

**"Dollars"** and **"\$"** each means available and freely transferrable and convertible funds in the lawful currency of the United States of America.

**"Payment Notice"** means a notice of the amount payable by the Buyer under this Agreement, being the Purchase Price, to be issued by the Seller to the Buyer at least one (1) Business Day prior to the Scheduled Delivery Date.

**"Protocol of Delivery and Acceptance"** has the meaning given to it in Clause 4.8(b) (*Deliverables*).

**"Purchase Price"** has the meaning given to it in Clause 4.1 (*Purchase Price*).

**"Remittance Interest"** means the amount of interest payable by the Seller to the Buyer in accordance with Clause 4.3 (*Remittance Interest*) on the Purchase Price, as calculated by the Buyer on the basis of 464 basis points plus overnight USD LIBOR for the relevant period, which shall accrue on such amount:

- (a) in the event that the Vessel is not delivered to the Buyer on the Delivery Date, during the period commencing on the Remittance Date and ending on the date the Purchase Price is returned by the Lessor Account Bank to the Buyer or to its order; and
- (b) in the event that the Vessel is delivered to the Buyer on the Delivery Date, during the period commencing on the Remittance Date and ending on the Delivery Date (both dates inclusive).

**"Scheduled Delivery Date"** has the meaning given to it in Clause 3 (*Time and place of Delivery*).

**"Taxes"** 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).

## **1.2 Construction**

Unless a contrary indication appears, references to Clauses and the Schedule are to be construed as references to clauses of, and the schedule to, this Agreement. Clauses and the Schedule headings are for ease of reference only.

## **1.3 Third party rights**

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or enjoy the benefit of any term of this Agreement.

# **2 Sale and Purchase**

## **2.1 Agreement for sale and purchase**

The Seller hereby agrees to sell and the Buyer hereby agrees to purchase the Vessel on the terms and conditions hereinafter set forth.

## 2.2 Effectiveness of this Agreement

This Agreement shall become effective upon the later of:

- (a) execution of the Charter by the parties thereto; and
- (b) receipt by the Buyer of the documents and evidence specified in part I of schedule 1 (*Conditions Precedent*) to the Charter in form and substance satisfactory to the Buyer.

## 2.3 Cancellation of this Agreement

- (a) If at any time before Delivery occurs:
  - (i) the Sub-Charter 1 is cancelled, rescinded, frustrated, terminated or declared null and void for whatever reason; or
  - (ii) the Charter is cancelled, rescinded, frustrated, terminated or declared null and void for whatever reason; or
  - (iii) the Buyer fails to pay the Purchase Price in accordance with the provisions of Clause 4.2 (*Payment*),

the Seller or (in the case of paragraphs (i) and (ii) to above only) the Buyer may, by giving written notice to the other party hereto, cancel this Agreement whereupon each party hereto shall be released from all its liabilities and obligations under this Agreement and neither party hereto shall have a claim or demand against the other party, save as provided in paragraph (d) below.

- (b) If at any time before Delivery occurs the Vessel becomes a Total Loss this Agreement shall be automatically cancelled whereupon each party hereto shall be released from all its liabilities and obligations under this Agreement and neither party hereto shall have a claim or demand against the other party, save as provided in paragraph (d) below.
- (c) If Delivery does not occur on or before the earlier of:
  - (i) the Scheduled Delivery Date or such later date as the Buyer may agree in writing; and
  - (ii) the Cut-off Date,

this Agreement shall be automatically cancelled whereupon each party hereto shall be released from all its liabilities and obligations under this Agreement and neither party hereto shall have a claim or demand against the other party, save as provided in paragraph (d) below.

- (d) In the event that this Agreement is cancelled pursuant to the terms of paragraph (a) (other than paragraph (a)(iii)), (b) or (c) of this Clause 2.3 (*Cancellation of this Agreement*) or clause 49.2 of the Charter or clause 50.3(c) of the Charter, the Seller shall pay to the Buyer within five (5) Business Days of demand:
  - (i) any Remittance Interest accrued on the Purchase Price;
  - (ii) any Break Costs incurred by the Buyer;
  - (iii) any amount then due and payable but unpaid by any Relevant Party to the Buyer or the Lessor under any of the Operative Documents;

- (iv) any cost incurred by the Buyer to the Finance Parties under the Finance Documents as a result of the cancellation of this Agreement; and

- (v) any documented out of pocket costs (including legal costs) reasonably incurred by the Buyer in connection with any of the Operative Documents and/or the cancellation of this Agreement.

### 3 Time and place of Delivery

- (a) The Seller shall give the Buyer an irrevocable notice in writing of delivery (the "**Delivery Notice**") which will specify the scheduled delivery date for the Vessel (such date the "**Scheduled Delivery Date**") not later than 10.00 a.m. (London time) 1 day (or such shorter period as the Buyer and the Seller may agree) prior to the Scheduled Delivery Date. At the time of Delivery, the Vessel shall be located at the Delivery Location.
- (b) In exchange of the Purchase Price, the Vessel shall be delivered by the Seller, with full title guarantee, to the Buyer on the Scheduled Delivery Date or such other date (not later than the Cut-Off Date), each being a Business Day, as may be agreed in writing between the Seller and the Buyer (the date on which the Vessel shall be delivered to and accepted by the Buyer under this Agreement, the "**Delivery Date**"), free and clear of all Liens and otherwise on the terms set forth herein.

### 4 Purchase Price, Payment and other matters

#### 4.1 Purchase Price

- (a) The purchase price of the Vessel under this Agreement (the "**Purchase Price**") shall be an amount in Dollars equal to the lesser of:
  - (i) 75 per cent of the Fair Market Value at Closing, as determined by the Buyer and advised to the Seller on request at any time prior to the Payment Notice being served by the Seller but not earlier than 30 days before the Scheduled Delivery Date; and
  - (ii) Dollars Fourteen million seven hundred and thirty four thousand and five hundred (\$14,734,500).
- (b) The Purchase Price shall be inclusive of any VAT or other indirect Tax payable in any relevant jurisdiction.

#### 4.2 Payment

Subject to the terms of this Agreement, including Clause 4.5 (*Conditions Precedent*) and Clause 4.6 (*Buyer's further conditions precedent*), and provided always that the Seller has served a Payment Notice and a Delivery Notice:

- (a) not earlier than one (1) Business Day before the Scheduled Delivery Date (the "**Remittance Date**"), the Purchase Price shall be credited to the Payment Account; and
- (b) the Purchase Price will be released to the Seller in immediately available bank funds on the Delivery Date to the Operating Account.

#### 4.3 Remittance Interest

The Seller shall pay to the Buyer the applicable Remittance Interest as notified by the Buyer to the Seller within five (5) Business Days of demand by the Buyer.

#### **4.4 No Deductions**

All payments by the parties under this Agreement shall be made without set-off or counterclaim, free and clear of and without deduction for or on account of all Taxes unless the relevant payor is required by law to make any such deduction or withholding, in which event the relevant payor

shall ensure that any deduction or withholding by it does not exceed the minimum amount legally required.

#### 4.5 Conditions Precedent

The obligation of the Buyer to pay the Purchase Price and to purchase the Vessel from the Seller under this Agreement on the Delivery Date is subject to the conditions precedent that:

- (a) on or prior to the date of the Payment Notice issued by the Seller, the Buyer shall have received the documents and evidence specified in part II of schedule 1 (*Conditions Precedent*) to the Charter in form and substance satisfactory to the Buyer; and
- (b) on or prior to the Delivery Date the Buyer shall have received the documents and evidence specified in part III of schedule 1 (*Conditions Precedent*) to the Charter in form and substance satisfactory to the Buyer.

#### 4.6 Buyer's further conditions precedent

The obligation of the Buyer to pay the Purchase Price and to purchase the Vessel from the Seller under this Agreement on the Delivery Date is subject to the further conditions that:

- (a) no Potential Termination Event or Termination Event shall have occurred and be continuing or would arise by reason of payment of the Purchase Price under this Agreement or by reason of the Delivery taking place;
- (b) on Delivery, the Vessel, its earnings and insurances are free of Liens; and
- (c) this Agreement has not been cancelled pursuant to Clause 2.3 (*Cancellation of this Agreement*) or otherwise terminated, rescinded or frustrated.

#### 4.7 Waiver of conditions precedent

The conditions specified in this Clause 4 are inserted for the sole benefit of the Buyer and may be waived or deferred in whole or in part and with or without conditions by the Buyer only.

#### 4.8 Deliverables

- (a) On the Delivery Date, the Seller shall deliver to the Buyer a duly executed bill of sale in a form recordable in the Flag State (the "**Bill of Sale**") whereupon:
  - (i) the full legal and beneficial title to;
  - (ii) interest in; and
  - (iii) all ownership rights with respect to,in each case, the Vessel shall pass from the Seller to the Buyer.
- (b) On the Delivery Date, the Seller and the Buyer shall execute and deliver to each other a protocol of delivery and acceptance (the "**Protocol of Delivery and Acceptance**") in the customary form acceptable to the Buyer and the Seller, whereupon the Seller has given, and the Buyer has received, possession of the Vessel.
- (c) Items on board the Vessel which are on hire or owned by third parties shall remain on board the Vessel but are excluded from the sale.

## **5 Representations**

### **5.1 Seller's Representations**

The Seller makes the representations and warranties set out in clause 51.1 (*Representations*) of the Charter to the Buyer.

### **5.2 Repetition**

The representations and warranties set out in the Charter shall be made (to the same extent as made or repeated in accordance with clause 51.2 (*Repetition*) of the Charter) as of the date hereof and, with respect to the facts and circumstances existing immediately prior to the time of the Payment Notice, the time when payment of the Purchase Price is made and on the Delivery Date.

## **6 Notification of certain events**

The Seller undertakes to inform the Buyer of a Total Loss as soon as it occurs. The Seller also undertakes to inform promptly the Buyer in the event that the Sub-Charter 1 or the Charter is for any reason terminated, cancelled, rescinded, repudiated or frustrated.

## **7 Seller's acknowledgments**

The Seller hereby acknowledges that:

- (a) the Buyer is not a manufacturer or dealer in vessels and is relying on the Seller in all respects to check all the matters concerning the Vessel, its safety, condition, quality, fitness for purpose, licensing, registration and maintenance before entering into this Agreement; and
- (b) the Buyer has entered into this Agreement in reliance on the truth and accuracy of the Seller's representations and warranties specified in this Agreement and the Charter.

## **8 Excluded Terms**

Any terms implied to this Agreement by any applicable statute or law are hereby excluded to the extent such exclusion can legally be made. Without limiting the generality of the foregoing, this Agreement and the sale of the Vessel are specifically outside the terms of the UK Sale of Goods Act 1979 or any statutory modification or re-enactment thereof for the time being in force.

## **9 Assignment**

### **9.1 Assignment by the Seller**

The Seller may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Buyer.

### **9.2 Assignment by the Buyer**

The Buyer may assign or transfer any of its rights or obligations under this Agreement subject to and in accordance with the terms of clause 71 (*Assignment*) of the Charter.

## **10 General**

### **10.1 Notices**

The provisions of clause 73 (*Notices*) of the Charter are incorporated in this Agreement as if set out in full herein *mutatis mutandis* and with each reference therein to the Lessee being deemed

to be a reference to the Seller and with each reference therein to the Lessor being deemed to be a reference to the Buyer and with the address details of each of the Lessee and the Lessor being as set out in the Charter or to such other address or facsimile number as is notified by the Buyer to the Seller, or vice versa, under this Agreement.

## 10.2 Miscellaneous

- (a) This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.
- (b) The rights and remedies of each of the parties under this Agreement are cumulative and are in addition to any rights or remedies that any party may otherwise have at law or in equity. This Agreement may be amended, superseded, modified, supplemented or terminated, and the terms hereof may be waived, only by a written instrument signed by the parties or, in the case of a waiver, by the party waiving compliance. No failure or delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof. No waiver on the part of any party of any such right, power or privilege, nor any single or partial exercise of any such right, power or privilege, shall preclude any other or further exercise thereof or the exercise of any other such right, power or privilege.
- (c) If, at any time, any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the applicable law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provision under the applicable law of any other jurisdiction shall in any way be affected or impaired thereby.
- (d) This Agreement together with the Charter constitutes the complete agreement of the parties hereto regarding the subject matter hereof and supersedes all prior proposals, agreements, understandings, and written and oral communications in relation thereto.
- (e) The Seller shall, if and when required by the Buyer, promptly do whatever the Buyer shall require to facilitate the exercise or proposed exercise by the Buyer of any of its rights under this Agreement.
- (f) The time stipulated in this Agreement for all payments by the Buyer to the Seller or by the Seller to the Buyer and for the prompt performance of the Seller's and the Buyer's other obligations under this Agreement will be of the essence of this Agreement.

## 11 Governing Law

This Agreement, and all non-contractual obligations arising from or in connection with this Agreement, are governed by English law.

## 12 Enforcement

### 12.1 Jurisdiction of English courts

- (a) Subject to paragraph (c) below, the courts of England and Wales have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including any dispute relating to any non-contractual obligation arising from or in connection with this Agreement and any dispute regarding the existence, validity or termination of this Agreement) (a "**Dispute**").

- (b) The parties to this Agreement agree that the courts of England and Wales are the most appropriate and convenient courts to settle Disputes and accordingly no party to this Agreement will argue to the contrary.

- (c) This Clause 12 is for the benefit of the Buyer only. As a result, the Buyer shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Buyer may take concurrent proceedings in any number of jurisdictions.

## **12.2 Appointment of process agent**

The Seller agrees that the documents which start any proceedings in relation this Agreement and any other documents required to be served in connection with those proceedings, may be served on it by being delivered to Messrs Saville & Co. at its registered office or place of business in England and Wales, currently at 46 New Broad Street, London EC2M 1JH, England, or to such other address in England and Wales as the Seller may specify by notice in writing to the Buyer. Nothing in this Clause 12.2 shall affect the right of the Buyer to serve process in any other manner permitted by law. This Clause 12.2 applies to proceedings in England and proceedings elsewhere.

**THIS AGREEMENT** has been executed as a deed by each of the Buyer and the Seller and is delivered by each of the Buyer and the Seller as a deed.

**The Buyer**

**EXECUTED** as a **DEED** )  
by Anthanasios Voudris )  
acting as attorney-in-fact for ) /s/ Anthanasios Voudris  
**NML VIOLETTA INC.** )  
in the presence of )

/s/ Andreas Papachristoulou  
Name: Andreas Papachristoulou  
Title: Solicitor  
Norton Rose Fulbright Greece  
Address:  
Email:  
Attn:

**The Seller**

**EXECUTED** as a **DEED** )  
by Vassiliki Georgopoulos )  
acting as attorney-in-fact for ) /s/ Vassiliki Georgopoulos  
**GSL VIOLETTA LLC** )  
in the presence of )

/s/ Andreas Papachristoulou  
Name: Andreas Papachristoulou  
Title: Solicitor  
Norton Rose Fulbright Greece  
Address:  
Email:  
Attn:





# BARECON 2001

## STANDARD BAREBOAT CHARTER

Part I

1. Shipbroker <b>N/A</b>	2. Place and date <b>20 May 2021</b>	
3. Owners/Place of business (Cl. 1) <b>SEA 156 LEASING CO. LIMITED 46/F., Champion Tower, 3 Garden Road, Central, Hong Kong</b>	4. Bareboat Charterers/Place of business (Cl. 1) <b>TELEMACHUS MARINE LLC Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960</b>	
5. Vessel's name, call sign and flag (Cl. 1 and 3) <b>Name: ANTHEA Y Flag: Liberia</b>		
6. Type of Vessel <b>9,115 TEU container vessel</b>	7. GT/NT <b>94416 / 54249</b>	
8. When/Where built <b>2015 HHIC-Phil. Inc.</b>	9. Total DWT (abt.) in metric tons on summer freeboard <b>110,903.2 mt</b>	
10. Classification Society (Cl. 3) <b>DNV GL or any other generally recognised first class classification society that is a member of the International Association of Classification Societies (IACS) as selected by the Charterers and approved by the Owners (such approval not to be unreasonably withheld).</b>	11. Date of last special survey by the Vessel's classification society <b>15 July 2020</b>	
12. Further particulars of Vessel (also indicate minimum number of months' validity of class certificates agreed acc. to Cl. 3) <b>IMO Number: 9710244</b>		
13. Port or Place of delivery (Cl. 3) <b>As per MOA</b>	14. Time for delivery (Cl. 4) <b>N/A</b>	15. Cancelling date (Cl. 5) <b>N/A</b>
16. Port or Place of redelivery (Cl. 15) <b>See Additional Clause 42 (Redelivery)</b>	17. No. of months' validity of trading and class certificates upon redelivery (Cl. 15) <b>N/A</b>	
18. Running days' notice if other than stated in Cl. 4 <b>N/A</b>	19. Frequency of dry-docking (Cl. 10(g)) <b>In accordance with the normal procedure for vessels of the same type, size and age of the Vessel and as required by the Classification Society or flag state and not less than once every sixty (60) months</b>	
20. Trading limits (Cl. 6) <b>Trading worldwide via safe ports / safe berths / safe anchorages within International Navigating Limits (INL) or otherwise in accordance with the terms of this Charter, always afloat at any time of tide and subject to exclusions and limitations in Clause 41 (Insurance).</b>		
21. Charter period (Cl. 2) <b>Eighty-four (84) months commencing from the Actual Delivery Date</b>	22. Charter hire (Cl. 11) <b>See Additional Clause 40 (Hire)</b>	
23. New class and other safety requirements (state percentage of Vessel's insurance value acc. to Box 29)(Cl. 10(a)(ii)) <b>See Additional Clause 39(b) (Structural changes and alterations)</b>		
24. Rate of interest payable acc. to Cl. 11 (f) and, if applicable, acc. to PART IV <b>See Additional Clause 40 (Hire)</b>	25. Currency and method of payment (Cl. 11) <b>US Dollars (see also Additional Clause 40 (Hire))</b>	
26. Place of payment; also state beneficiary and bank account (Cl. 11) <b>See Additional Clause 40 (Hire)</b>	27. Bank guarantee/bond (sum and place) (Cl. 24) (optional) <b>N/A</b>	

<p>28. Mortgage(s), if any (state whether 12(a) or (b) applies; if 12(b) applies state date of Financial Instrument and name of Mortgagee(s)/Place of business) (Cl. 12)  <b>12(b) applies; form of Financial Instrument and name of Mortgagee to be determined</b></p>	<p>29. Insurance (hull and machinery and war risks) (state value acc. to Cl. 13(f) or, if applicable, acc. to Cl. 14(k)) (also state if Cl. 14 applies)  <b>See Additional Clause 41 (Insurance)</b></p>
<p>30. Additional insurance cover, if any, for Owners' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g))  <b>No limitation</b></p>	<p>31. Additional insurance cover, if any, for Charterers' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g))  <b>No limitation</b></p>

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First published in 1974 as BARECON A and B. Amalgamated and revised in 1989. Revised 2001.

32. Latent defects (only to be filled in if period other than stated in Cl. 3)	33. Brokerage commission and to whom payable (Cl. 27) <b>N/A</b>
34. Grace period (state number of clear banking days) (Cl. 28) <b>See Additional Clause 49 (Termination Events)</b>	35. Dispute Resolution (state 30(a), 30(b) or 30(c); if 30(c) agreed Place of Arbitration must be stated (Cl. 30) <b>See Additional Clause 71 (Law and dispute resolution)</b>
36. War cancellation (indicate countries agreed) (Cl. 26(f)) <b>N/A</b>	
37. Newbuilding Vessel (indicate with "yes" or "no" whether PART III applies) (optional)  <b>No; Part III does not apply</b>	38. Name and place of Builders (only to be filled in if PART III applies)  <b>N/A</b>
39. Vessel's Yard Building No. (only to be filled in if PART III applies) <b>N/A</b>	40. Date of Building Contract (only to be filled in if PART III applies) <b>N/A</b>
41. Liquidated damages and costs shall accrue to (state party acc. to Cl. 1) a) <b>N/A</b> b) <b>N/A</b> c) <b>N/A</b>	
42. Hire/Purchase agreement (indicate with "yes" or "no" whether PART IV applies) (optional) <b>No; Part IV does not apply</b>	43. Bareboat Charter Registry (indicate with "yes" or "no" whether PART V applies) (optional) <b>No</b>
44. Flag and Country of the Bareboat Charter Registry (only to be filled in if PART V applies) <b>N/A</b>	45. Country of the Underlying Registry (only to be filled in if PART V applies) <b>N/A</b>
46. Number of additional clauses covering special provisions, if agreed <b>Clause 32 (Definitions) to Clause 78 (Confidentiality) (both inclusive) as attached hereto, form an integral part of this Charter. In the event of any conflict or inconsistency between the terms of any Additional Clauses with any provision of Part I or Part II of this Charter, such Additional Clauses prevail.</b>	

PREAMBLE - It is mutually agreed that this Contract shall be performed subject to the conditions contained in this Charter which shall include PART I and PART II. In the event of a conflict of conditions, the provisions of PART I shall prevail over those of PART II to the extent of such conflict but no further. It is further mutually agreed that PART III and/or PART IV and/or PART V shall only apply and only form part of this Charter if expressly agreed and stated in Boxes 37, 42 and 43. If PART III and/or PART IV and/or PART V apply, it is further agreed that in the event of a conflict of conditions, the provisions of PART I and PART II shall prevail over those of PART III and/or PART IV and/or PART V to the extent of such conflict but no further.

Signature (Owners) <b>SEA 156 LEASING CO. LIMITED</b>	Signature (Charterers) <b>TELEMACHUS MARINE LLC</b>
 <u>/s/ Tan Li Xin, Joan</u> Name: Tan Li Xin, Joan Title: Attorney-in-fact	 <u>/s/ Aglaia Lida Papadi</u> Name: Aglaia Lida Papadi Title: Attorney-in-fact

**PART II**  
**BARECON 2001 Standard Bareboat Charter**

**1. Definitions**

In this Charter, the following terms shall have the meanings hereby assigned to them :

"*The Owners*" shall mean the party identified in Box 3 together with their successors, permitted transferees and assignees;

"*The Charterers*" shall mean the party identified in Box 4 together with their successors, permitted transferees and assignees;

"*The Vessel*" shall mean the vessel named in Box 5 and with particulars as stated in Boxes 6 to 12.

"*Financial Instrument*" means the mortgage, deed of covenant or other such financial security instrument as ~~annexed to this Charter and stated in Box 28~~ may at a later date be granted by the Owners to any bank or Financial Institution in accordance with this Charter.

See also Additional Clause 32 (Definitions) and Additional Clause 33 (Interpretations).

**2. Charter Period**

In consideration of the ~~h~~ire detailed in Box 22, the Owners have agreed to let and the Charterers have agreed to hire the Vessel for the period stated in Box 21 ("The Charter Period").

**3. Delivery**

See Additional Clause 35 (Delivery).

*(not applicable when Part III applies, as indicated in Box 37)*

~~(a) The Owners shall before and at the time of delivery exercise due diligence to make the Vessel seaworthy And in every respect ready in hull, machinery and equipment for service under this Charter.~~

~~The vessel shall be delivered by the Owners and taken over by the Charterers at the port or place indicated in Box 13 in such ready safe berth as the Charterers may direct.~~

~~(b) The Vessel shall be properly documented on delivery in accordance with the laws of the flag State indicated in Box 5 and the requirements of the classification society stated in Box 10. The Vessel upon delivery shall have her survey cycles up to date and trading and class certificates valid for at least the number of months agreed in Box 12.~~

~~(c) The delivery of the Vessel by the Owners and the taking over of the Vessel by the Charterers shall constitute a full performance by the Owners of all the Owners' obligations under this Clause 3, and thereafter the Charterers shall not be entitled to make or assert any claim against the Owners on account of any conditions, representations or warranties expressed or implied with respect to the Vessel but the Owners shall be liable for the cost of but not the time for repairs or renewals occasioned by the latent defects in the Vessel, her machinery or appurtenances, existing at the time of delivery under this Charter, provided such defects have manifested themselves within twelve (12) months after delivery unless otherwise provided in Box 32.~~

**4. Time for Delivery**

See Additional Clause 35 (Delivery).

*(not applicable when Part III applies, as indicated in Box 37)*

~~The Vessel shall not be delivered before the date indicated in Box 14 without the Charterers' consent and the Owners shall exercise due diligence to deliver the Vessel not later than the date indicated in Box 15. Unless otherwise agreed in Box 18, the Owners shall give the Charterers not less than thirty (30) running days' preliminary and not less than fourteen (14) running days' definite notice of the date on which the Vessel is expected to be ready for delivery.~~

~~The Owners shall keep the Charterers closely advised of possible changes in the Vessel's position.~~

**5. Cancelling**

See Additional Clause 34 (Background).

*(not applicable when Part III applies, as indicated in Box 37)*

~~(a) Should the Vessel not be delivered latest by the cancelling date indicated in Box 15, the Charterers shall have the option of cancelling this Charter by giving the Owners notice of cancellation within thirty-six (36) running hours after the cancelling date stated in Box 15, failing which this Charter shall remain in full force and effect.~~

~~(b) If it appears that the Vessel will be delayed beyond the cancelling date, the Owners may, as soon as they are in a position to state with reasonable certainty the day on which the Vessel should be ready, give notice thereof to the Charterers asking whether they will exercise their option of cancelling, and the option must then be declared within one hundred and sixty-eight (168) running hours of the receipt by the Charterers of such notice or within thirty-six (36) running hours after the cancelling date, whichever is the earlier. If the Charterers do not then exercise their option of cancelling, the seventh day after the readiness date stated in the Owners' notice shall be substituted for the cancelling date indicated in Box 15 for the purpose of this Clause 5.~~

~~(c) Cancellation under this Clause 5 shall be without prejudice to any claim the Charterers may otherwise have on the Owners under this Charter.~~

## **6. Trading Restrictions**

The Vessel shall be employed in lawful trades for the carriage of suitable lawful merchandise within the trading limits indicated in Box 20. The Charterers undertake not to employ the Vessel or suffer the Vessel to be employed otherwise than in conformity with the terms of the contracts of insurance (including any warranties expressed or implied therein) without first obtaining the consent of the insurers to such employment and complying with such requirements as to extra premium (which shall be at the Charterers' expense) or otherwise as the insurers may prescribe. The Charterers also undertake not to employ the Vessel or suffer her employment in any trade or business which is forbidden by the law of any country to which the Vessel may sail or is otherwise illicit or in carrying illicit or prohibited goods or in any manner whatsoever which may render her liable to condemnation, destruction, seizure or confiscation. Notwithstanding any other provisions contained in this Charter it is agreed that nuclear fuels or radioactive products or waste are specifically excluded from the cargo permitted to be loaded or carried under this Charter. This exclusion does not apply to radio-isotopes.

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used or intended to be used for any industrial, commercial, agricultural, medical or scientific purposes provided the Vessel's P&I Club's Owners' prior approval has been obtained to loading thereof and, upon the Owners' request (such request to be made not more than once every three (3) months) the Charterers shall provide the Owners with a copy of such approval from the Vessel's P&I Club.

**7. Surveys on Delivery and Redelivery**

See Additional Clause 42 (Redelivery).

~~(not applicable when Part III applies, as indicated in Box 37)~~

~~The Owners and Charterers shall each appoint surveyors for the purpose of determining and agreeing in writing the condition of the Vessel at the time of delivery and redelivery hereunder. The Owners shall bear all expenses of the On hire Survey including loss of time, if any, and the Charterers shall bear all expenses of the Off hire Survey including loss of time, if any, at the daily equivalent to the rate of hire or pro rata thereof.~~

**8. Inspection**

See Additional Clause 48(nn)(ii).

~~The Owners shall have the right at any time after giving reasonable notice to the Charterers to inspect or survey the Vessel or instruct a duly authorised surveyor to carry out such survey on their behalf:~~

~~(a) to ascertain the condition of the Vessel and satisfy themselves that the Vessel is being properly repaired and maintained. The costs and fees for such inspection or survey shall be paid by the Owners unless the Vessel is found to require repairs or maintenance in order to achieve the condition so provided;~~

~~(b) in dry dock if the Charterers have not dry docked Her in accordance with Clause 10(g). The costs and fees for such inspection or survey shall be paid by the Charterers; and~~

~~(c) for any other commercial reason they consider necessary (provided it does not unduly interfere with the commercial operation of the Vessel). The costs and fees for such inspection and survey shall be paid by the Owners.~~

~~All time used in respect of inspection, survey or repairs shall be for the Charterers account and form part of the Charter Period.~~

~~The Charterers shall also permit the Owners to inspect the Vessel's log books whenever requested and shall whenever required by the Owners furnish them with full information regarding any casualties or other accidents or damage to the Vessel.~~

**9. Inventories, Oil and Stores**

See also Additional Clause 37 (Bunkers and Luboils).

~~An inventory of the Vessel's major spare parts for the Main Engine, Diesel Generators and E.R. Auxiliary Machinery. A complete inventory of the Vessel's entire equipment, outfit including spare parts, appliances and of all consumable stores on board the Vessel shall be made by the Charterers in conjunction with the Owners on delivery and again on redelivery of the Vessel unless the Vessel has been sold to the Charterers pursuant to the exercise of a Purchase Option, Call Option or Early Termination Event. The Charterers shall at the time of delivery provide for (at no cost to the Owners) and the Owners, respectively, shall at the time of delivery and redelivery take over and pay for all bunkers, lubricating oil, unbroached provisions, paints, ropes and other consumable stores (excluding spare parts) in the said Vessel at the then current market prices at the ports of delivery and redelivery, respectively. The Charterers shall ensure that all spare parts listed in the inventory and used during the Charter Period are replaced at their expense prior to redelivery of the Vessel.~~

**10. Maintenance and Operation**

~~(a)(i) Maintenance and Repairs - During the Charter Period the Vessel shall be in the full possession and at the absolute disposal for all purposes of the Charterers and under their complete control in every respect. The Charterers shall maintain the Vessel, her machinery, boilers, appurtenances and spare parts in a good state of repair, in efficient operating condition and in accordance with good commercial maintenance practice for vessels of this type and, except as provided for in Clause 14(l), if applicable, at their own expense they shall at all times keep the Vessel's Class fully up to date with the Classification Society indicated in Box 10 free of overdue recommendations, qualifications and conditions and maintain all other necessary certificates in force at all times.~~

~~(ii) New Class and Other Safety Requirements - In the event of any improvement, structural changes or new equipment becoming necessary for the continued operation of the Vessel by reason of new class requirements or by compulsory legislation costing (excluding the Charterers' loss of time) more than the percentage stated in Box 23, or if Box 23 is left blank, 5 per cent of the Vessel's insurance value as stated in Box 29, then the extent, if any, to which the rate of hire shall be varied and the ratio in which the cost of compliance shall be shared between the parties concerned in order to achieve a reasonable distribution thereof as between the Owners and the Charterers having regard, inter alia, to the length of the period remaining under this Charter shall, in the absence of agreement, be referred to the dispute resolution method agreed in Clause 30.~~

**(iii) Financial Security** - The Charterers shall maintain financial security or responsibility in respect of third party liabilities as required by any government, including federal, state or municipal or other division or authority thereof, to enable the Vessel, without penalty or charge, lawfully to enter, remain at, or leave any port, place, territorial or contiguous waters of any country, state or municipality in performance of this Charter without any delay. This obligation shall apply whether or not such requirements have been lawfully imposed by such government or division or authority thereof. The Charterers shall make and maintain all arrangements by bond or otherwise as may be necessary to

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satisfy such requirements at the Charterers' sole expense and the Charterers shall indemnify the Owners against all consequences whatsoever ~~(including loss of time)~~ for any failure or inability to do so.

**(b) Operation of the Vessel** - The Charterers shall at their own expense and by their own procurement man, victual, navigate, operate, supply, fuel and, whenever required, repair the Vessel during the Charter Period and they shall pay all charges and expenses of every kind and nature whatsoever incidental to their use and operation of the vessel under this Charter, including annual Flag State fees and any foreign general municipality and/or state taxes. The Master, officers and crew of the Vessel shall be the servants of the Charterers for all purposes whatsoever, even if for any reason appointed by the Owners.

Charterers shall comply with the regulations regarding officers and crew in force in the country of the Vessel's flag or any other applicable law.

**(c)** The Charterers shall keep the Owners and the mortgagee(s) advised of ~~the any~~ intended employment, planned dry docking and major repairs of the Vessel, as reasonably required. See also Additional Clause 57 (Operational notifiable events).

**(d) Flag and Name of Vessel** - ~~During the Charter Period, the Charterers shall have the liberty to paint the Vessel in their own colours, install and display their funnel insignia and fly their own house flag. The Charterers shall also have the liberty, with the Owners' consent, which shall not be unreasonably withheld, to change the flag and/or the name of the Vessel during the Charter Period.~~ Painting and re-painting, instalment and re-instalment, registration and re-registration, if required by the Owners, shall be at the Charterers' expense and time.  
See also Additional Clause 39 (Structural changes and alterations) and Additional Clause 51 (Name of Vessel).

**(e) Changes to the Vessel** – See Additional Clause 39(a).

~~Subject to Clause 10(a)(ii), the Charterers shall make no structural changes in the Vessel or changes in the machinery, boilers, appurtenances or spare parts thereof without in each instance first securing the Owners' approval thereof. If the Owners so agree, the Charterers shall, if the Owners so require, restore the Vessel to its former condition before the termination of this Charter.~~

**(f) Use of the Vessel's Outfit, Equipment and Appliances** – The Charterers shall have the use of all outfit, equipment, and appliances on board the Vessel at the time of delivery, provided the same or their substantial equivalent shall be returned to the Owners on redelivery in the same good order and condition as when received, ordinary wear and tear excepted. The Charterers shall from time to time during the Charter Period replace such items of equipment as shall be so damaged or worn as to be unfit for use in accordance with the guidelines of the Classification Society and shall ensure that title to any part replaced, renewed or substituted remains with the Owners. The Charterers are to procure that all repairs to or replacement of any damaged, worn or lost parts or equipment be effected in such manner (both as regards workmanship and quality of materials) as not to diminish the value of the Vessel. The Charterers have the right to fit additional equipment and replace, renew or substitute any damaged or worn machinery and equipment to be fit for use at their expense and risk but title to such additional equipment and such replaced, renewed or substituted machinery and equipment (or any parts thereof) shall be deemed to have passed to the Owners immediately upon such fitting and the Charterers shall remove such equipment at the end of the period (unless the Vessel has been sold to the Charterers pursuant to the exercise of a Purchase Option, Call Option or Early Termination Event) if requested by the Owners. Any equipment including radio equipment on hire on the Vessel at time of delivery shall be kept and maintained by the Charterers and the Charterers shall assume the obligations and liabilities of the Owners under any lease contracts in connection therewith and shall reimburse indemnify the Owners for all expenses incurred in connection therewith, also for any new equipment required in order to comply with radio regulations.

**(g) Periodical Dry-Docking** – The Charterers shall (at their cost and expense) dry-dock the Vessel and clean and paint her underwater parts whenever the same may be necessary, but not less than once during the period stated in Box 19 or, if Box 19 has been left blank, every sixty (60) calendar months after delivery or such other period as may be required by the Classification Society or Flag State.

## **11. Hire**

(See Additional Clause 40 (Hire).

**(a)** The Charterers shall pay ~~h~~Hire due to the Owners punctually in accordance with the terms of this Charter in respect of which time shall be of the essence.

~~**(b)** The Charterers shall pay to the Owners for the hire of the Vessel a lump sum in the amount indicated in Box 22 which shall be payable not later than every thirty (30) running days in advance, the first lump sum being payable on the date and hour of the Vessel's delivery to the Charterers. Hire shall be paid continuously throughout the Charter Period.~~

~~**(c)** Payments of hire shall be made in cash without discount in the currency and in the manner indicated in Box 25 and at the place mentioned in Box 26.~~

~~(d) Final payment of hire, if for a period of less than thirty (30) running days, shall be calculated proportionally according to the number of days and hours remaining before redelivery and advance payment to be affected accordingly.~~

~~(e) Should the Vessel be lost or missing, hire shall cease from the date and time when she was lost or last heard of. The date upon which the Vessel is to be treated as lost or missing shall be ten (10) days after the Vessel was last reported or when the Vessel is posted as missing by Lloyd's, whichever occurs first. Any hire paid in advance to be adjusted accordingly.~~

~~(f) Any delay in payment of hire shall entitle the Owners to interest at the rate per annum as agreed~~

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in Box 24. If Box 24 has not been filled in, the three months Interbank offered rate in London (LIBOR or its successor) for the currency stated in Box 25, as quoted by the British Bankers' Association (BBA) on the date when the hire fell due, increased by 2 per cent., shall apply.

~~(g) Payments of interest due under subclause 11(f) shall be made within seven (7) running days of the date of the Owners invoice specifying the amount payable or, in the absence of an invoice, at the time of the next hire payment date~~

**12. Mortgage**

~~(only to apply if Box 28 has been appropriately filled in)~~

~~\*) (a) The Owners warrant that they have not effected any mortgage(s) of the Vessel and that they shall not effect any mortgage(s) without the prior consent of the Charterers, which shall not be unreasonably withheld.~~

~~\*) (b) The Vessel chartered under this Charter is may be financed by a mortgage according to the Financial Instrument. The Charterers undertake to comply, and provide such information and documents to enable the Owners to comply, with all such instructions or directions in regard to the employment, insurances, operation, repairs and maintenance of the Vessel as laid down in the Financial Instrument or as may be directed from time to time during the currency of the Charter by the mortgagee(s) in conformity with ~~the each~~ Financial Instrument. The Charterers confirm that, for this purpose, they will, once such Financial Instrument is available, have acquainted themselves with all relevant terms, conditions and provisions of the Financial Instrument and agree to acknowledge this and any assignment of this Charter and the Owner's earnings and insurances in writing in any form that may reasonably be required by the mortgagee(s). For the avoidance of doubt and notwithstanding anything to the contrary contained in this Charter unless otherwise agreed by the Charterers, the Charterers shall not be obliged to comply with any provision of a Financial Instrument that imposes obligations on the Charterers which are more onerous than those imposed pursuant to this Charter. See also Additional Clause 45 (Owners' mortgage; Owners transfers). The Owners warrant that they have not effected any mortgage(s) other than stated in Box 28 and that they shall not agree to any amendment of the mortgage(s) referred to in Box 28 or effect any other mortgage(s) without the prior consent of the Charterers, which shall not be unreasonably withheld.~~

~~\*) (Optional, Clauses 12(a) and 12(b) are alternatives; indicate alternative agreed in Box 28)~~

**13. Insurance and Repairs**

See Additional Clause 41 (Insurance)

~~(a) During the Charter Period the Vessel shall be kept insured by the Charterers at their expense against hull and machinery, war and Protection and Indemnity risks (and any risks against which it is compulsory to insure for the operation of the Vessel, including maintaining financial security in accordance with sub-clause 10(a)(iii)) in such form as the Owners shall in writing approve, which approval shall not be unreasonably withheld. Such insurances shall be arranged by the Charterers to protect the interests of both the Owners and the Charterers and the mortgagee(s) (if any), and The Charterers shall be at liberty to protect under such insurances the interests of any managers they may appoint. Insurance policies shall cover the Owners and the Charterers according to their respective interests. Subject to the provisions of the Financial Instrument, if any, and the approval of the Owners and the insurers, the Charterers shall effect all insured repairs and shall undertake settlement and reimbursement from the insurers of all costs in connection with such repairs as well as insured charges, expenses and liabilities to the extent of coverage under the insurances herein provided for. The Charterers also ~~to~~ shall remain responsible for and to effect repairs and settlement of costs and expenses incurred thereby in respect of all other repairs not covered by the insurances and/or not exceeding any possible franchise(s) or deductibles provided for in the insurance. All time used for repairs under the provisions of sub-clause 13(a) and for repairs of latent defects according to Clause 3(c) above, including any deviation, shall be for the Charterers' account.~~

~~(b) If the conditions of the above insurances permit additional insurance to be placed by the parties, such cover shall be limited to the amount for each party set out in Box 30 and Box 31, respectively. The Owners or the Charterers as the case may be shall immediately furnish the other party with particulars of any additional insurance effected, including copies of any cover notes or policies and the written consent of the insurers of any such required insurance in any case where the consent of such insurers are necessary.~~

~~(c) The Charterers shall upon the request of the Owners, provide information and promptly execute such documents as may be required to enable the Owners to comply with the insurance provisions of the Financial Instrument.~~

~~(d) Subject to the provisions of the Financial Instrument, if any, should the Vessel become an actual, constructive, compromised or agreed total loss under the insurances required under sub-clause 13(a), all insurance payments for such loss shall be paid to the Owners who shall distribute the moneys between the Owners and the Charterers according to their respective interests. The Charterers undertake to notify the Owners and the mortgagee(s), if any, of any occurrences in consequence of which the Vessel is likely to become a total loss as defined in this Clause.~~

~~(e) The Owners shall upon the request of the Charterers, promptly execute such documents as may be required to enable the Charterers to abandon the Vessel to insurers and claim a constructive total loss.~~

~~(f) For the purpose of insurance coverage against hull and machinery and war risks under the provisions of sub clause 13(a), the value of the Vessel is the sum indicated in Box 29.~~

#### **14. Insurance, Repairs and Classification**

~~(Optional, only to apply if expressly agreed and stated in Box 29, in which event Clause 13 shall be considered deleted).~~

~~(a) During the Charter Period the Vessel shall be kept~~

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~~insured by the Owners at their expense against hull and machinery and war risks under the form of policy or policies attached hereto. The Owners and/or insurers shall not have any right of recovery or subrogation against the Charterers on account of loss of or any damage to the Vessel or her machinery or appurtenances covered by such insurance, or on account of payments made to discharge claims against or liabilities of the Vessel or the Owners covered by such insurance. Insurance policies shall cover the Owners and the Charterers according to their respective interests.~~

~~(b) During the Charter Period the Vessel shall be kept insured by the Charterers at their expense against Protection and Indemnity risks (and any risks against which it is compulsory to insure for the operation of the Vessel, including maintaining financial security in accordance with sub-clause 10(a)(iii)) in such form as the Owners shall in writing approve which approval shall not be unreasonably withheld.~~

~~(c) In the event that any act or negligence of the Charterers shall vitiate any of the insurance herein provided, the Charterers shall pay to the Owners all losses and indemnify the Owners against all claims and demands which would otherwise have been covered by such insurance.~~

~~(d) The Charterers shall, subject to the approval of the Owners or Owners' Underwriters, effect all insured repairs, and the Charterers shall undertake settlement of all miscellaneous expenses in connection with such repairs as well as all insured charges, expenses and liabilities to the extent of coverage under the insurances provided for under the provisions of sub-clause 14(a). The Charterers to be secured reimbursement through the Owners' Underwriters for such expenditures upon presentation of accounts.~~

~~(e) The Charterers to remain responsible for and to effect repairs and settlement of costs and expenses incurred thereby in respect of all other repairs not covered by the insurances and/or not exceeding any possible franchise(s) or deductibles provided for in the insurances.~~

~~(f) All time used for repairs under the provisions of sub-clauses 14(d) and 14(e) and for repairs of latent defects according to Clause 3 above, including any deviation, shall be for the Charterers' account and shall form part of the Charter Period. The Owners shall not be responsible for any expenses as are incident to the use and operation of the Vessel for such time as may be required to make such repairs.~~

~~(g) If the conditions of the above insurances permit additional insurance to be placed by the parties such cover shall be limited to the amount for each party set out in Box 30 and Box 31, respectively. The Owners or the Charterers as the case may be shall immediately furnish the other party with particulars of any additional insurance effected, including copies of any cover notes or policies and the written consent of the insurers of any such required insurance in any case where the consent of such insurers is necessary.~~

~~(h) Should the Vessel become an actual, constructive, compromised or agreed total loss under the insurances required under sub-clause 14(a), all insurance payments for such loss shall be paid to the Owners, who shall distribute the moneys between themselves and the Charterers according to their respective interests.~~

~~(i) If the Vessel becomes an actual, constructive, compromised or agreed total loss under the insurances arranged by the Owners in accordance with sub-clause 14(a), this Charter shall terminate as of the date of such loss.~~

~~(j) The Charterers shall upon the request of the Owners, promptly execute such documents as may be required to enable the Owners to abandon the Vessel to the insurers and claim a constructive total loss.~~

~~(k) For the purpose of insurance coverage against hull and machinery and war risks under the provisions of sub-clause 14(a), the value of the Vessel is the sum indicated in Box 29.~~

~~(l) Notwithstanding anything contained in sub-clause 10(a), it is agreed that under the provisions of Clause 14, if applicable, the Owners shall keep the Vessel's Class fully up to date with the Classification Society indicated in Box 10 and maintain all other necessary certificates in force at all times.~~

**15. Redelivery**

See Additional Clause 42 (Redelivery) and Additional Clause 43 (Redelivery conditions)

~~At the expiration of the Charter Period the Vessel shall be redelivered by the Charterers to the Owners at a safe and ice free port or place as indicated in Box 16, in such ready safe berth as the Owners may direct. The Charterers shall give the Owners not less than thirty (30) running days' preliminary notice of expected date, range of ports of redelivery or port or place of redelivery and not less than fourteen (14) running days' definite notice of expected date and port or place of redelivery. Any changes thereafter in the Vessel's position shall be notified immediately to the Owners.~~

The Charterers warrant that they will not permit the Vessel to commence a voyage (including any preceding ballast voyage) which cannot reasonably be expected to be completed in time to allow redelivery of the Vessel within the Charter Period. ~~Notwithstanding the above, should the Charterers fail to redeliver the Vessel within the Charter Period, the Charterers shall pay the daily equivalent to the rate of hire stated in Box 22 plus 10 per cent. or to the market rate, whichever is the higher, for the number of days by which the Charter Period is exceeded. All other terms, conditions and provisions of this Charter shall continue to apply.~~

~~Subject to the provisions of Clause 10, the Vessel shall be redelivered to the Owners in the same or as good structure, state, condition and class as that in which she was delivered, fair wear and tear not affecting class excepted.~~

~~The Vessel upon redelivery shall have her survey cycles up to date and trading and class certificates valid for at least the number of months agreed in Box 17.~~

#### **16. Non-Lien**

The Charterers will not suffer, nor permit to be continued, any lien or encumbrance incurred by them or their agents, which might have priority over the title and interest of the Owners in the Vessel other than any Permitted Encumbrances). The Charterers further agree to fasten to the Vessel in a conspicuous

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place and to keep so fastened during the Charter Period a notice reading as follows:

"This Vessel is the property of (name of Owners). It is under charter to (name of Charterers) and by the terms of the Charter Party neither the Charterers nor the Master have any right, power or authority to create, incur or permit to be imposed on the Vessel any lien whatsoever." See paragraph (i) of Additional Clause 48 (Charterers' undertakings).

**17. Indemnity**

See also Additional Clause 58 (Further Indemnities)

(a) The Charterers shall indemnify the Owners against any loss, damage or documented expense incurred by the Owners arising out of or in relation to the operation of the Vessel by the Charterers, and against any lien of whatsoever nature (save for any liens caused directly and solely by the Owners (in the absence of any Termination Event or contributory negligence of the Charterers)), arising out of an event occurring during the Charter Period. If the Vessel be arrested or otherwise detained by reason of claims or liens arising out of her operation hereunder by the Charterers, the Charterers shall at their own expense take all reasonable steps to secure that within a reasonable time the Vessel is released, including the provision of bail. Without prejudice to the generality of the foregoing, the Charterers agree to indemnify the Owners against all consequences or liabilities arising from the Master, officers or agents signing Bills of Lading or other documents.

~~(b) If the Vessel be arrested or otherwise detained by reason of a claim or claims against the Owners, the Owners shall at their own expense take all reasonable steps to secure that within a reasonable time the Vessel is released, including the provision of bail. In such circumstances the Owners shall indemnify the Charterers against any loss, damage or expense incurred by the Charterers (including hire paid under this Charter) as a direct consequence of such arrest or detention.~~

**18. Lien**

The Owners to have a lien upon all cargoes, sub-hires and sub-freights belonging or due to the Charterers or any sub-charterers and any Bill of Lading freight for all claims under this Charter, ~~and the Charterers to have a lien on the Vessel for all moneys paid in advance and not earned.~~

**19. Salvage**

All salvage and towage performed by the Vessel shall be for the Charterers' benefit and the cost of repairing damage occasioned thereby shall be borne by the Charterers.

**20. Wreck Removal**

In the event of the Vessel becoming a wreck or obstruction to navigation the Charterers shall indemnify the Owners against any sums whatsoever which the Owners shall become liable to pay and shall pay in consequence of the Vessel becoming a wreck or obstruction to navigation.

**21. General Average**

The Owners shall not contribute to General Average.

**22. Assignment, Sub-Charter and Sale**

See Additional Clause 45 (Owners' mortgage; Owners transfers) and Additional Clause 50 (Sub-chartering and assignment).

(a) The Charterers shall not assign or transfer this Charter nor sub-charter the Vessel on a bareboat basis except with the prior consent in writing of the Owners, which shall not be unreasonably withheld, and subject to such terms and conditions as the Owners shall approve.

~~(b) The Owners shall not sell the Vessel during the currency of this Charter except with the prior written consent of the Charterers, which shall not be unreasonably withheld, and subject to the buyer accepting an assignment of this Charter.~~

**23. Contracts of Carriage**

\*) (a) The Charterers are to procure that all documents issued during the Charter Period evidencing the terms and conditions agreed in respect of carriage of goods shall contain a paramount clause incorporating any legislation relating to carrier's liability for cargo compulsorily applicable in the trade; if no such legislation exists, the documents shall incorporate the Hague-Visby Rules. The documents shall also contain the New Jason Clause and the Both-to-Blame Collision Clause.

~~\*) (b) The Charterers are to procure that all passenger tickets issued during the Charter Period for the carriage of passengers and their luggage under this Charter shall contain a paramount clause incorporating any legislation relating to carrier's liability for passengers and their luggage compulsorily applicable in the trade; if no such legislation exists, the passenger tickets shall incorporate the Athens Convention Relating to the Carriage of Passengers and their Luggage by Sea, 1974, and any protocol thereto.~~

~~<sup>3)</sup> Delete as applicable.~~

#### **24. Bank Guarantee**

~~(Optional, only to apply if Box 27 filled in)~~

~~The Charterers undertake to furnish, before delivery of the Vessel, a first class bank guarantee or bond in the sum and at the place as indicated in Box 27 as guarantee for full performance of their obligations under this Charter.~~

#### **25. Requisition/Acquisition**

~~(a) In the event of the Requisition for Hire of the Vessel by any governmental or other competent authority (hereinafter referred to as "Requisition for Hire") irrespective of the date during the Charter Period when "Requisition for Hire" may occur and irrespective of the length thereof and whether or not it be for an indefinite or a limited period of time, and irrespective of whether it may or will remain in force for the remainder of the Charter Period, this Charter shall not be deemed thereby or thereupon to be frustrated or otherwise terminated and the Charterers shall continue to pay the stipulated hire in the manner provided by this Charter until the time when the Charter would have terminated pursuant to any of the provisions hereof always provided however that in the event of "Requisition for Hire" any Requisition Hire or compensation received or receivable by the Owners shall be payable to the Charterers during the~~

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~~remainder of the Charter Period or the period of the "Requisition for Hire" whichever be the shorter.~~

~~(b) In the event of the Owners being deprived of their ownership in the Vessel by any Compulsory Acquisition of the Vessel or requisition for title by any governmental or other competent authority (hereinafter referred to as "Compulsory Acquisition"), then, irrespective of the date during the Charter Period when "Compulsory Acquisition" may occur, this Charter shall be deemed terminated as of the date of such "Compulsory Acquisition". In such event Charter Hire to be considered as earned and to be paid up to the date and time of such "Compulsory Acquisition".~~

**26. War**

(a) For the purpose of this Clause, the words "War Risks" shall include any war (whether actual or threatened), act of war, civil war, hostilities, revolution, rebellion, civil commotion, warlike operations, the laying of mines (whether actual or reported), acts of piracy, acts of terrorists, acts of hostility or malicious damage, blockades (whether imposed against all vessels or imposed selectively against vessels of certain flags or ownership, or against certain cargoes or crews or otherwise howsoever), by any person, body, terrorist or political group, or the Government of any state whatsoever, which may be dangerous or are likely to be or to become dangerous to the Vessel, her cargo, crew or other persons on board the Vessel.

~~(b) The Vessel, provided that copies of such applicable additional insurance cover shall be provided to the Owners upon the Owners' request (such request to be made not more than once every three (3) months), unless the written consent of the Owners be first obtained, shall not continue to or go through any port, place, area or zone (whether of land or sea), or any waterway or canal, where it reasonably appears that the Vessel, her cargo, crew or other persons on board the Vessel, in the reasonable judgement of the Owners, may be, or are likely to be, exposed to War Risks. Should the Vessel be within any such place as aforesaid, which only becomes dangerous, or is likely to be or to become dangerous, after her entry into it, the Owners shall have the right to require the Vessel to leave such area unless copies of such applicable additional insurance cover are provided to the Owners upon the Owners' request (such request to be made not more than once every three (3) months).~~

(c) The Vessel shall not load contraband cargo, or ~~to~~ pass through any blockade, whether such blockade be imposed on all vessels, or is imposed selectively in any way whatsoever against vessels of certain flags or ownership, or against certain cargoes or crews or otherwise howsoever, or ~~to~~ proceed to an area where she shall be subject, or is likely to be subject to a belligerent's right of search and/or confiscation.

(d) If the insurers of the war risks insurance, when Clause 14 is applicable, should require payment of premiums and/or calls because, pursuant to the Charterers' orders, the Vessel is within, or is due to enter and remain within, any area or areas which are specified by such insurers as being subject to additional premiums because of War Risks, then such premiums and/or calls shall be reimbursed by the Charterers to the Owners at the same time as the next payment of ~~H~~Hire is due.

(e) The Charterers shall have the liberty:

(i) to comply with all orders, directions, recommendations or advice as to departure, arrival, routes, sailing in convoy, ports of call, stoppages, destinations, discharge of cargo, delivery, or in any other way whatsoever, which are given by the Government of the Nation under whose flag the Vessel sails, or any other Government, body or group whatsoever acting with the power to compel compliance with their orders or directions;

(ii) to comply with the orders, directions or recommendations of any war risks underwriters who have the authority to give the same under the terms of the war risks insurance;

(iii) to comply with the terms of any resolution of the Security Council of the United Nations, any directives of the European Community, the effective orders of any other Supranational body which has the right to issue and give the same, and with national laws aimed at enforcing the same to which the Owners are subject, and to obey the orders and directions of those who are charged with their enforcement.

~~(f) In the event of outbreak of war (whether there be a declaration of war or not) (i) between any two or more of the following countries: the United States of America; Russia; the United Kingdom; France; and the People's Republic of China, (ii) between any two or more of the countries stated in Box 36, both the Owners and the Charterers shall have the right to cancel this Charter, whereupon the Charterers shall redeliver the Vessel to the Owners in accordance with Clause 15, if the Vessel has cargo on board after discharge thereof at destination, or if debarred under this Clause from reaching or entering it at a near, open and safe port as directed by the Owners, or if the Vessel has no cargo on board, at the port at which the Vessel then is or if at sea at a near, open and safe port as directed by the Owners. In all cases ~~H~~Hire shall continue to be paid in accordance with Clause 11 and except as aforesaid all other provisions of this Charter shall apply. until redelivery.~~

**27. Commission**

Not applicable

~~The Owners to pay a commission at the rate indicated in Box 33 to the Brokers named in Box 33 on any hire paid under the Charter. If no rate is indicated in Box 33, the commission to be paid by the Owners shall cover the actual expenses of the Brokers and a reasonable fee for their work. If the full hire is not paid owing to breach of the Charter by either of the parties the party liable therefor shall indemnify the Brokers against their loss of commission. Should the parties agree to cancel the Charter, the Owners shall indemnify the Brokers against any loss of commission but in such case the commission shall not exceed the brokerage on one year's hire.~~

## **28. Termination**

See Additional Clause 49 (Termination Events) and Clause 53 (Total Loss)

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**PART II**  
**BARECON 2001 Standard Bareboat Charter**

**(a) Charterers' Default**

The Owners shall be entitled to withdraw the Vessel from the service of the Charterers and terminate the Charter with immediate effect by written notice to the Charterers if:

~~(i) the Charterers fail to pay hire in accordance with Clause 11. However, where there is a failure to make punctual payment of hire due to oversight, negligence, errors or omissions on the part of the Charterers or their bankers, the Owners shall give the Charterers written notice of the number of clear banking days stated in Box 34 (as recognised at the agreed place of payment) in which to rectify the failure, and when so rectified within such number of days following the Owners' notice, the payment shall stand as regular and punctual. Failure by the Charterers to pay hire within the number of days stated in Box 34 of their receiving the Owners' notice as provided herein, shall entitle the Owners to withdraw the Vessel from the service of the Charterers and terminate the Charter without further notice;~~

~~(ii) the Charterers fail to comply with the requirements of:~~

~~(1) Clause 6 (Trading Restrictions)~~

~~(2) Clause 13(a) (Insurance and Repairs)~~

~~provided that the Owners shall have the option, by written notice to the Charterers, to give the Charterers a specified number of days grace within which to rectify the failure without prejudice to the Owners' right to withdraw and terminate under this Clause if the Charterers fail to comply with such notice;~~

~~(iii) the Charterers fail to rectify any failure to comply with the requirements of sub clause 10(a)(i) (Maintenance and Repairs) as soon as practically possible after the Owners have requested them in writing so to do and in any event so that the Vessel's insurance cover is not prejudiced.~~

**(b) Owners' Default**

~~If the Owners shall by any act or omission be in breach of their obligations under this Charter to the extent that the Charterers are deprived of the use of the Vessel and such breach continues for a period of fourteen (14) running days after written notice thereof has been given by the Charterers to the Owners, the Charterers shall be entitled to terminate this Charter with immediate effect by written notice to the Owners.~~

**(c) Loss of Vessel**

~~This Charter shall be deemed to be terminated if the Vessel becomes a total loss or is declared as a constructive or compromised or arranged total loss. For the purpose of this sub-clause, the Vessel shall not be deemed to be lost unless she has either become an actual total loss or agreement has been reached with her underwriters in respect of her constructive, compromised or arranged total loss or if such agreement with her underwriters is not reached it is adjudged by a competent tribunal that a constructive loss of the Vessel has occurred. (d) Either party shall be entitled to terminate this Charter with immediate effect by written notice to the other party in the event of an order being made or resolution passed for the winding up, dissolution, liquidation or bankruptcy of the other party (otherwise than for the purpose of reconstruction or amalgamation) or if a receiver is appointed, or if it suspends payment, ceases to carry on business or makes any special arrangement or composition with its creditors.~~

~~(e) The termination of this Charter shall be without prejudice to all rights accrued due between the parties prior to the date of termination and to any claim that either party might have.~~

**29. Repossession**

~~See Additional Clause 42 (Redelivery) and Additional Clause 43 (Redelivery conditions).~~

~~In the event of the termination of this Charter in accordance with the applicable provisions of Clause 28 this Charter, the Owners shall have the right to repossess the Vessel from the Charterers at her current or next port of call, or at a port or place convenient to them without hindrance or interference by the Charterers, courts or local authorities. Pending physical repossession of the Vessel in accordance with this Clause 29, the Charterers shall hold the Vessel as gratuitous bailee only to the Owners and the Charterers shall procure that the master and crew follow the orders and directions of the Owners. The Owners shall arrange for an authorised representative to board the Vessel as soon as reasonably practicable following the termination of the Charter. The Vessel shall be deemed to be repossessed by the Owners from the Charterers upon the boarding of the Vessel by the Owners' representative. All arrangements and expenses relating to the settling of wages, disembarkation and repatriation of the Charterers' Master, officers and crew shall be the sole responsibility of the Charterers.~~

**30. Dispute Resolution**

~~See Additional Clause 71 (Law and dispute resolution)~~

~~\*) (a) This Contract shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this Contract shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.~~

~~The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.~~

~~The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within 14 calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the 14 days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the 14 days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if he had been appointed by agreement.~~

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**PART II**  
**BARECON 2001 Standard Bareboat Charter**

Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator. In cases where neither the claim nor any counterclaim exceeds the sum of US\$50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

~~\*) (b) This Contract shall be governed by and construed in accordance with Title 9 of the United States Code and the Maritime Law of the United States and any dispute arising out of or in connection with this Contract shall be referred to three persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for the purposes of enforcing any award, judgement may be entered on an award by any court of competent jurisdiction. The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc. In cases where neither the claim nor any counterclaim exceeds the sum of US\$50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the Society of Maritime Arbitrators, Inc. current at the time when the arbitration proceedings are commenced.~~

~~\*) (c) This Contract shall be governed by and construed in accordance with the laws of the place mutually agreed by the parties and any dispute arising out of or in connection with this Contract shall be referred to arbitration at a mutually agreed place, subject to the procedures applicable there.~~

~~(d) Notwithstanding (a), (b) or (c) above, the parties may agree at any time to refer to mediation any difference and/or dispute arising out of or in connection with this Contract.~~

In the case of a dispute in respect of which arbitration has been commenced under (a), (b) or (c) above, the following shall apply:-

~~(i) Either party may at any time and from time to time elect to refer the dispute or part of the dispute to mediation by service on the other party of a written notice (the "Mediation Notice") calling on the other party to agree to mediation.~~

~~(ii) The other party shall thereupon within 14 calendar days of receipt of the Mediation Notice confirm that they agree to mediation, in which case the parties shall thereafter agree a mediator within a further 14 calendar days, failing which on the application of either party a mediator will be appointed promptly by the Arbitration Tribunal ("the Tribunal") or such person as the Tribunal may designate for that purpose. The mediation shall be conducted in such place and in accordance with such procedure and on such terms as the parties may agree or, in the event of disagreement, as may be set by the mediator.~~

~~(iii) If the other party does not agree to mediate, that fact may be brought to the attention of the Tribunal and may be taken into account by the Tribunal when allocating the costs of the arbitration as between the parties.~~

~~(iv) The mediation shall not affect the right of either party to seek such relief or take such steps as it considers necessary to protect its interest.~~

~~(v) Either party may advise the Tribunal that they have agreed to mediation. The arbitration procedure shall continue during the conduct of the mediation but the Tribunal may take the mediation timetable into account when setting the timetable for steps in the arbitration.~~

~~(vi) Unless otherwise agreed or specified in the mediation terms, each party shall bear its own costs incurred in the mediation and the parties shall share equally the mediator's costs and expenses.~~

~~(vii) The mediation process shall be without prejudice and confidential and no information or documents disclosed during it shall be revealed to the Tribunal except to the extent that they are disclosable under the law and procedure governing the arbitration.~~

~~(Note: The parties should be aware that the mediation process may not necessarily interrupt time limits.)~~

~~(e) If Box 35 in Part I is not appropriately filled in, sub clause 30(a) of this Clause shall apply. Sub clause 30(d) shall apply in all cases.~~

~~\*) Sub clauses 30(a), 30(b) and 30(c) are alternatives; indicate alternative agreed in Box 35.~~

### **31. Notices**

See Additional Clause 66 (Notices).

~~(a) Any notice to be given by either party to the other party shall be in writing and may be sent by fax, telex, registered or recorded mail or by personal service.~~

~~(b) The address of the Parties for service of such communication shall be as stated in Boxes 3 and 4 respectively.~~

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**PART III**  
**PROVISIONS TO APPLY FOR NEWBUILDING VESSELS ONLY**  
(Optional, only to apply if expressly agreed and stated in Box 37)

**1. Specifications and Building Contract**

~~(a) The Vessel shall be constructed in accordance with the Building Contract (hereafter called the "Building Contract") as annexed to this Charter, made between the Builders and the Owners and in accordance with the specifications and plans annexed thereto, such Building Contract, specifications and plans having been countersigned as approved by the Charterers.~~

~~(b) No change shall be made in the Building Contract or in the specifications or plans of the Vessel as approved by the Charterers as aforesaid, without the Charterers' consent.~~

~~(c) The Charterers shall have the right to send their representative to the Builders' Yard to inspect the Vessel during the course of her construction to satisfy themselves that construction is in accordance with such approved specifications and plans as referred to under sub-clause (a) of this Clause.~~

~~(d) The Vessel shall be built in accordance with the Building Contract and shall be of the description set out therein. Subject to the provisions of sub-clause 2(c)(ii) hereunder, the Charterers shall be bound to accept the Vessel from the Owners, completed and constructed in accordance with the Building Contract, on the date of delivery by the Builders. The Charterers undertake that having accepted the Vessel they will not thereafter raise any claims against the Owners in respect of the Vessel's performance or specification or defects, if any. Nevertheless, in respect of any repairs, replacements or defects which appear within the first 12 months from delivery by the Builders, the Owners shall endeavour to compel the Builders to repair, replace or remedy any defects or to recover from the Builders any expenditure incurred in carrying out such repairs, replacements or remedies. However, the Owners' liability to the Charterers shall be limited to the extent the Owners have a valid claim against the Builders under the guarantee clause of the Building Contract (a copy whereof has been supplied to the Charterers). The Charterers shall be bound to accept such sums as the Owners are reasonably able to recover under this Clause and shall make no further claim on the Owners for the difference between the amount(s) so recovered and the actual expenditure on repairs, replacement or remedying defects or for any loss of time incurred. Any liquidated damages for physical defects or deficiencies shall accrue to the account of the party stated in Box 41(a) or if not filled in shall be shared equally between the parties. The costs of pursuing a claim or claims against the Builders under this Clause (including any liability to the Builders) shall be borne by the party stated in Box 41(b) or if not filled in shall be shared equally between the parties.~~

**2. Time and Place of Delivery**

~~(a) Subject to the Vessel having completed her acceptance trials including trials of cargo equipment in accordance with the Building Contract and specifications to the satisfaction of the Charterers, the Owners shall give and the Charterers shall take delivery of the Vessel afloat when ready for delivery and properly documented at the Builders' Yard or some other safe and readily accessible dock, wharf or place as may be agreed between the parties hereto and the Builders. Under the Building Contract the Builders have estimated that the Vessel will be ready for delivery to the Owners as therein provided but the delivery date for the purpose of this Charter shall be the date when the Vessel is in fact ready for delivery by the Builders after completion of trials whether that be before or after as indicated in the Building Contract. The Charterers shall not be entitled to refuse acceptance of delivery of the Vessel and upon and after such acceptance, subject to Clause 1(d), the Charterers shall not be entitled to make any claim against the Owners in respect of any conditions, representations or warranties, whether express or implied, as to the seaworthiness of the Vessel or in respect of delay in delivery.~~

~~(b) If for any reason other than a default by the Owners under the Building Contract, the Builders become entitled under that Contract not to deliver the Vessel to the Owners, the Owners shall upon giving to the Charterers written notice of Builders becoming so entitled, be excused from giving delivery of the Vessel to the Charterers and upon receipt of such notice by the Charterers this Charter shall cease to have effect.~~

~~(c) If for any reason the Owners become entitled under the Building Contract to reject the Vessel the Owners shall, before exercising such right of rejection, consult the Charterers and thereupon~~

~~(i) if the Charterers do not wish to take delivery of the Vessel they shall inform the Owners within seven (7) running days by notice in writing and upon receipt by the Owners of such notice this Charter shall cease to have effect; or~~

~~(ii) if the Charterers wish to take delivery of the Vessel they may by notice in writing within seven (7) running days require the Owners to negotiate with the Builders as to the terms on which delivery should be taken and/or refrain from exercising their right to rejection and upon receipt of such notice the Owners shall commence such negotiations and/or take delivery of the Vessel from the Builders and deliver her to the Charterers;~~

~~(iii) in no circumstances shall the Charterers be entitled to reject the Vessel unless the Owners are able to reject the Vessel from the Builders;~~

~~(iv) if this Charter terminates under sub clause (b) or (c) of this Clause, the Owners shall thereafter not be liable to the Charterers for any claim under or arising out of this Charter or its termination.~~

~~(d) Any liquidated damages for delay in delivery under the Building Contract and any costs incurred in pursuing a claim therefor shall accrue to the account of the party stated in Box 41(c) or if not filled in shall be shared equally between the parties.~~

### ~~3. Guarantee Works~~

~~If not otherwise agreed, the Owners authorise the Charterers to arrange for the guarantee works to be performed in accordance with the building contract terms, and hire to continue during the period of guarantee works. The Charterers have to advise the Owners about the performance to the extent the Owners may request.~~

### ~~4. Name of Vessel~~

~~The name of the Vessel shall be mutually agreed between the Owners and the Charterers and the Vessel shall be~~

**PART III**  
**PROVISIONS TO APPLY FOR NEWBUILDING VESSELS ONLY**  
(Optional, only to apply if expressly agreed and stated in Box 37)

~~Painted in the colours, display the funnel insignia and fly the house flag as required by the Charterers.~~

**5. Survey on Redelivery**

~~The Owners and the Charterers shall appoint surveyors for the purpose of determining and agreeing in writing the condition of the Vessel at the time of re-delivery. Without prejudice to Clause 15 (Part II), the Charterers shall bear all survey expenses and all other costs, if any, including the cost of docking and undocking, if required, as well as all repair costs incurred. The Charterers shall also bear all loss of time spent in connection with any docking and undocking as well as repairs, which shall be paid at the rate of hire per day or pro rata.~~

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**PART IV  
HIRE/PURCHASE AGREEMENT**

(Optional, only to apply if expressly agreed and stated in Box 42)

See Additional Clause 52 (Purchase Option, Call Option, Early Termination Event and Transfer of Title).

~~On expiration of this Charter and provided the Charterers have fulfilled their obligations according to Part I and II as well as Part III, if applicable, it is agreed, that on payment of the final payment of hire as per Clause 11 the Charterers have purchased the Vessel with everything belonging to her and the Vessel is fully paid for.~~

~~*In the following paragraphs the Owners are referred to as the Sellers and the Charterers as the Buyers.*~~

~~The Vessel shall be delivered by the Sellers and taken over by the Buyers on expiration of the Charter. The Sellers guarantee that the Vessel, at the time of delivery, is free from all encumbrances and maritime liens or any debts whatsoever other than those arising from anything done or not done by the Buyers or any existing mortgage agreed not to be paid off by the time of delivery. Should any claims, which have been incurred prior to the time of delivery be made against the Vessel, the Sellers hereby undertake to indemnify the Buyers against all consequences of such claims to the extent it can be proved that the Sellers are responsible for such claims. Any taxes, notarial, consular and other charges and expenses connected with the purchase and registration under Buyers' flag, shall be for Buyers' account. Any taxes, consular and other charges and expenses connected with closing of the Sellers' register, shall be for Sellers' account.~~

~~In exchange for payment of the last month's hire instalment the Sellers shall furnish the Buyers with a Bill of Sale duly attested and legalized, together with a certificate setting out the registered encumbrances, if any. On delivery of the Vessel the Sellers shall provide for deletion of the Vessel from the Ship's Register and deliver a certificate of deletion to the Buyers.~~

~~The Sellers shall, at the time of delivery, hand to the Buyers all classification certificates (for hull, engines, anchors, chains, etc.), as well as all plans which may be in Sellers' possession.~~

~~The Wireless Installation and Nautical Instruments, unless on hire, shall be included in the sale without any extra payment.~~

~~The Vessel with everything belonging to her shall be at Sellers' risk and expense until she is delivered to the Buyers, subject to the conditions of this Contract and the Vessel with everything belonging to her shall be delivered and taken over as she is at the time of delivery, after which the Sellers shall have no responsibility for possible faults or deficiencies of any description.~~

~~The Buyers undertake to pay for the repatriation of the Master, officers and other personnel if appointed by the Sellers to the port where the Vessel entered the Bareboat Charter as per Clause 3 (Part II) or to pay the equivalent cost for their journey to any other place.~~

**PART V**  
**PROVISIONS TO APPLY FOR VESSELS REGISTERED IN A BAREBOAT CHARTER REGISTRY**  
(Optional, only to apply if expressly agreed and stated in Box 43)

**1. Definitions**

For the purpose of this PART V, the following terms shall have the meanings hereby assigned to them:

~~"The Bareboat Charter Registry" shall mean the registry of the State whose flag the Vessel will fly and in which the Charterers are registered as the bareboat charterers during the period of the Bareboat Charter.~~

~~"The Underlying Registry" shall mean the registry of the State in which the Owners of the Vessel are registered as Owners and to which jurisdiction and control of the Vessel will revert upon termination of the Bareboat Charter Registration.~~

**2. Mortgage**

~~The Vessel chartered under this Charter is financed by a mortgage and the provisions of Clause 12(b) (Part II) shall apply.~~

**3. Termination of Charter by Default**

~~If the Vessel chartered under this Charter is registered in a Bareboat Charter Registry as stated in Box 44, and if the Owners shall default in the payment of any amounts due under the mortgage(s) specified in Box 29, the Charterers shall, if so required by the mortgagee, direct the Owners to re-register the Vessel in the Underlying Registry as shown in Box 45.~~

~~In the event of the Vessel being deleted from the Bareboat Charter Registry as stated in Box 44, due to a default by the Owners in the payment of any amounts due under the mortgage(s), the Charterers shall have the right to terminate this Charter forthwith and without prejudice to any other claim they may have against the Owners under this Charter.~~

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**ADDITIONAL CLAUSES**

**TO BAREBOAT CHARTER FOR THE VESSEL "ANTHEA Y"**

**32 Definitions**

In this Charter:

"**2018 Withdrawal Act**" means the European Union (Withdrawal) Act 2018.

"**2020 Withdrawal Act**" means the European Union (Withdrawal Agreement) Act 2020.

"**Account Bank**" means ABN AMRO Bank N.V. of Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands or any other third party bank acceptable to the Owners (acting reasonably).

"**Account Charge**" means a deed or other instrument by the Charterers in favour of the Owners in an agreed form conferring a Security Interest over the Operating Account.

"**Actual Delivery Date**" means the date of delivery of the Vessel by the Owners to the Charterers under this Charter.

"**Advance Hire**" has the meaning given to such term in Clause 40(a)(i) (*Hire*).

"**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.

"**Agreement Term**" means the period commencing on the date of this Charter and terminating on the later of:

- (a) the expiration of the Charter Period; and
- (b) the date on which all money of any nature owed by the Obligors to the Owners under the Transaction Documents or otherwise in connection with the Vessel have been paid in full to the Owners and no obligations of the Obligors of any nature to the Owners or otherwise in connection with the Transaction Documents or with the Vessel remain unperformed or undischarged.

"**AML Laws**" means all applicable financial record-keeping and reporting requirements, anti-money laundering statutes (including all applicable rules and regulations thereunder) and all applicable related or similar laws, rules, regulations or guidelines, of all jurisdictions including and without limitation, the United States of America, the European Union, the United Kingdom and the People's Republic of China and which in each case are:

- (a) issued, administered or enforced by any governmental agency having jurisdiction over any Obligor or Owners;
- (b) of any jurisdiction in which any Obligor or Owners conduct business; or
- (c) to which any Obligor or Owners is subjected or subject to.

**"Anti-Terrorism Financing Laws"** means all applicable anti-terrorism laws, rules, regulations or guidelines of any jurisdiction, including and not limited to the United States of America, the European Union, the United Kingdom or the People's Republic of China which are:

- (a) issued, administered or enforced by any governmental agency, having jurisdiction over any Obligor or Owners;
- (b) of any jurisdiction in which any Obligor or Owners conduct business; or
- (c) to which any Obligor or Owners is subjected or subject to.

**"Applicable Rate"** means:

- (a) for any Hire Period of which the Variable Hire Determination Date falls before a Replacement Benchmark has been agreed pursuant to Clause 40(m)(ii)(B) (*Hire*), LIBOR; or
- (b) for any Hire Period of which the Variable Hire Determination Date falls upon or after a Replacement Benchmark is agreed on pursuant to Clause 40(m)(ii)(B) (*Hire*), the Replacement Benchmark.

**"Approved Broker"** means any of Clarksons Platou, Maersk Broker, Howe Robinson Partners Pte Ltd and Barry Rogliano Salles (BRS) (or any affiliates of the aforementioned if ship valuations are commonly issued by them) and such other reputable and independent ship brokers as may be nominated by the Charterers and approved by the Owners.

**"Approved Charter"** means a valid, binding time charter for the Vessel entered into by the Charterers as disponent owner and with an Approved Charterer as charterer meeting the following criteria:

- (a) with a minimum duration of five (5) years commencing from the fifth (5<sup>th</sup>) anniversary of the Actual Delivery Date; and
- (b) with the amount of daily charter hire being not less than thirty thousand Dollars (US\$30,000).

**"Approved Charterer"** means a leading international container shipping company ranked within the top seven container liner companies globally at any time.

**"Approved Commercial Manager"** means the Conchart Commercial Inc, a company incorporated in the Marshall Islands whose registered address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 (registration number 39730) or such other reputable third-party ship management company nominated by the Charterers and approved by the Owners.

**"Approved Flag"** means Liberia or such other jurisdiction as may be acceptable to the Owners (acting reasonably) from time to time.

**"Approved Managers"** means the Approved Commercial Manager and the Approved Technical Manager and **"Approved Manager"** means any one of them.

**"Approved Technical Manager"** means Technomar Shipping Inc, a company incorporated in the Republic of Liberia whose registered address is at 80 Broad Street, Monrovia, Liberia (registration number C-76029) or such other reputable third-party ship management company nominated by the Charterers and approved by the Owners.

**"Arrangement Fee"** means the non-refundable fee in the amount equal to one per cent. (1%) of the Owners' Cost.

**"Balloon Amount"** means an amount equivalent to forty-five per cent. (45%) of the Owners' Cost, unless at the fifth (5<sup>th</sup>) anniversary of the Actual Delivery Date no Approved Charter has been entered into, in which case the Balloon Amount shall be an amount as determined by the Owners in accordance with Clause 50(g).

**"Break Costs"** means all costs, losses, premiums or penalties incurred by the Owners as a result of the receipt by the Owners of any payment under or in relation to the Transaction Documents on a day other than the due date for payment of the sum in question, or as a result of the Purchase Option Date, Call Option Date or a Termination Payment Date not falling on a Hire Payment Date or as a result of the Termination Payment Date not falling on a Hire Payment Date in each case, including (but not limited to) any break costs incurred by the Owners under the Finance Documents.

**"Business Day"** means a day (other than a Saturday or Sunday) on which banks and financial markets are open for business in Athens, Shanghai, Hong Kong, the Netherlands, the jurisdiction in which the Owners' Account is opened, and:

(a) (in relation to the determination of the Actual Delivery Date) in London; and

(b) (in relation to any date for payment) in New York.

**"Business Ethics Laws"** means any laws, regulations and/or other legally binding requirements or determinations in relation to bribery, corruption, fraud, money-laundering, terrorism, sanctions, collusion bid-rigging or anti-trust, human rights violations (including forced labour and human trafficking) which are applicable to either party or to any jurisdiction where activities are performed and which shall include: (i) the United Kingdom Bribery Act 2010, (ii) the United States Foreign Corrupt Practices Act 1977, (iii) Prevention of Bribery Ordinance (Cap. 201) of the Laws of Hong Kong and (iv) any United States, United Kingdom, United Nations or European Union sanctions.

**"Call Option"** means the option to purchase the Vessel at the applicable Call Option Price which the Charterers may exercise in accordance with Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*).

**"Call Option Date"** means the date falling on the seventh (7<sup>th</sup>) anniversary of the Actual Delivery Date.

**"Call Option Expiry Date"** means the date falling ninety (90) days prior to the Call Option Date.

**"Call Option Notice"** means a written notice (in such form as the Owners and the Charterers may agree from time to time) which the Charterers may deliver to the Owners for the purpose of the Charterers exercising the Call Option.

"**Call Option Price**" means the aggregate of:

- (a) the Balloon Amount;
- (b) all other Unpaid Sums due and payable, together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof up to the date of actual payment;
- (c) the Break Costs (if any);
- (d) any reasonable and documented legal costs incurred by the Owners in respect of the Call Option;
- (e) any other reasonable and documented costs, losses, liabilities and expenses incurred or suffered by the Owners in connection with any Finance Document as a result of the Charterers' exercise of the Call Option; and
- (f) any other sums as the Owners may be entitled to under the terms of this Charter, including (but not limited to) any payments referred to in paragraph (a) of Clause 17 (*Indemnity*)(Part II) and Clause 58 (*Further Indemnities*).

"**Cancellation Date**" means the "Cancelling Date" as set out in the MOA.

"**Chargor**" means Odyssea NB LLC, a corporation organised and existing under the laws of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Islands, Majuro, Marshall Islands, MH96960 (registration number 962565).

"**Charter Guarantee**" means the guarantee made or to be made by the Charter Guarantor in favour of the Owners in respect of the obligations of the Obligors (other than the Charter Guarantor) under the Transaction Documents.

"**Charter Guarantor**" means Global Ship Lease, Inc., a corporation organised and existing under the laws of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Islands, Majuro, Marshall Islands, MH96960 (registration number 28891).

"**Charter Guarantor Change of Control Event**" means any of the following events:

- (a) when the common stock of the Charter Guarantor ceases to be listed for public trade on the New York Stock Exchange (NYSE) or other internationally recognised stock exchange (if applicable) where such delisting did not occur in connection with a listing of the Charter Guarantor's common stock on another internationally recognised stock exchange ("**Delisting Event**");
- (b) when any person(s) own(s) directly or indirectly more than thirty five per cent. (35%) of the shares in the Charter Guarantor, unless such person(s) owned such shares on the date of the completion of the merger of the Charter Guarantor with Poseidon Containers Holdings LLC and K&T Marine LLC in November 2018 (the "**Merger Completion Date**");
- (c) when Mr. George Glouroukos ceases to own or control (either directly or indirectly through one or more Affiliates) at least fifty per cent. (50%) of the number of shares of the Charter Guarantor held by him on the Merger

Completion Date (excluding any share split or reverse split), other than by reason of death or other incapacity in managing his affairs; or

- (d) when Mr. George Glouroukos ceases to be the Executive Chairman (or to hold an equivalent executive officer position) of the Charter Guarantor, other than by reason of death or other incapacity in managing his affairs.

**"Charter Period"** means, subject to Clause 40(k) (*Hire*), Clause 49 (*Termination Events*), Clause 53 (*Total Loss*) and Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*), the period of eighty-four (84) months commencing from the Actual Delivery Date.

**"Charterers' Assignment"** means the deed of assignment executed or to be executed (as the case may be) by the Charterers in favour of the Owners in relation to certain of the Charterers' rights and interest in and to (among other things) the (a) Earnings, (b) Insurances, (c) Requisition Compensation, (d) the Initial Sub-Charter and any Sub-Charter and (e) any Sub-Charter Guarantees.

**"Classification Society"** means the vessel classification society referred to in Box 10 (*Classification Society*) of this Charter, or such other reputable classification society which is a member of the International Association of Classification Societies as selected by the Charterers and as the Owners may approve from time to time (acting reasonably).

**"Commercial Management Agreement"** means the commercial management agreement entered or to be entered into (as the context so requires) between the Approved Commercial Manager and the Charterers.

**"Compliance Certificate"** means a certificate substantially in the form in schedule 1 of the Charter Guarantee.

**"Cost Balance"** means, at any relevant time during the Agreement Term, an amount equal to the Owners' Cost as may be reduced by payment of the Fixed Hire pursuant to Clause 40(a)(ii) (*Hire*).

**"Default Termination"** means a termination of the Charter Period pursuant to the provisions of Clause 49 (*Termination Events*).

**"Early Termination Date"** has the meaning ascribed to in in Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*).

**"Early Termination Event"** means the option to purchase the Vessel which the Owners may exercise in accordance with Clause 52(d) (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*)

**"Earnings"** means all hires, freights, pool income and other sums payable to or for the account of the Charterers and in respect of the Vessel including (without limitation) all earnings received or to be received from each Sub-Charter or any proceeds received or to be received from each Sub-Charter Guarantee, all remuneration for salvage and towage services, demurrage and detention moneys, contributions in general average, compensation in respect of any requisition for hire, and damages and other payments (whether awarded by any court or arbitral tribunal or by agreement or otherwise) for

breach, termination or variation of any contract for the operation, employment or use of the Vessel including the Initial Sub-Charter and any other Sub-Charter.

**"Environmental Approval"** means any present or future permit, ruling, variance or other authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration required under Environmental Laws.

**"Environmental Claim"** means any claim, proceeding, formal notice or investigation by any governmental, judicial or regulatory authority or any other person which arises out of an Environmental Incident or which relates to any Environmental Law and, for this purpose, "claim" includes a claim for damages, compensation, contribution, injury, fines, losses and penalties or any other payment of any kind, including in relation to clean-up and removal, whether or not similar to the foregoing; an order or direction to take, or not to take, certain action or to desist from or suspend certain action; and any form of enforcement or regulatory action, including the arrest or attachment of any asset.

**"Environmental Incident"** means:

- (a) any release, emission, spill or discharge into or upon the air, sea, land or soils (including the seabed) or surface water of Environmentally Sensitive Material within or from the Vessel; or
- (b) any incident in which Environmentally Sensitive Material is released, emitted, spilled or discharged into or upon the air, sea, land or soils (including the seabed) or surface water from a vessel other than the Vessel and which involves a collision between the Vessel and such other vessel or some other incident of navigation or operation, in either case, in connection with which the Vessel is actually arrested, attached, detained or injuncted and the Vessel, any Obligor, any operator or manager of the Vessel or any combination of them is at fault or allegedly at fault or otherwise liable to any legal or administrative action; or
- (c) any other incident in which Environmentally Sensitive Material is released, emitted, spilled or discharged into or upon the air, sea, land or soils (including the seabed) or surface water otherwise than from the Vessel and in connection with which the Vessel is actually liable to be arrested, attached, detained or injuncted and/or where any Obligor, any operator or manager of the Vessel or any combination of them is at fault or otherwise liable to any legal or administrative action, other than in accordance with an Environmental Approval.

**"Environmental Law"** means any present or future law or regulation relating to pollution or protection of human health or the environment, to conditions in the workplace, to the carriage, generation, handling, storage, use, release or spillage of Environmentally Sensitive Material or to releases of Environmentally Sensitive Material.

**"Environmentally Sensitive Material"** means all contaminants, oil, oil products, toxic substances and any other substance (including any chemical, gas or other hazardous or noxious substance) which is (or is capable of being or becoming) polluting, toxic or hazardous.

"**Escrow Agreement**" has the meaning ascribed to it in the MOA.

"**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 (a); or
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in (a) or (b) with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

"**FATCA Deduction**" means a deduction or withholding from a payment under a Transaction Document required by FATCA.

"**FATCA Exempt Party**" means a party that is entitled to receive payments free from any FATCA Deduction.

"**Finance Document**" means any facility agreement, security document, fee letter and any other document designated as such by the Finance Parties and the Owners and which have been or may be (as the case may be) entered into between the Finance Parties and the Owners for the purpose of, among other things, financing or (as the case may be) refinancing all or any part of the Owners' Cost.

"**Finance Party**" means any bank or Financial Institution which is or will be party to a Finance Document (other than the Owners and other entities which may have agreed or be intended as debtors and/or obligors thereunder) and "**Finance Parties**" means two or more of them.

"**Financial Indebtedness**" means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any acceptance credit under any acceptance credit facility or dematerialised equivalent;
- (c) any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract, a liability under which would, in accordance with GAAP, be treated as a balance sheet liability;
- (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, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability of an entity which is not an Obligor which liability would fall within one of the other sections of this definition;
- (h) any amount raised by the issue of shares which are redeemable (other than at the option of the issuer) before the end of the Agreement Term or are otherwise classified as borrowings under GAAP;
- (i) any amount of any liability under an advance or deferred purchase agreement if (i) 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 or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 30 days after the date of supply;
- (j) any amount raised under any other transaction (including any forward sale or purchase, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing; and
- (k) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in (a) to (j).

**"Financial Institution"** means any bank or financial institution, trust, fund, leasing company or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets.

**"Fixed Hire"** means:

- (a) in respect of the first eight (8) payments of Fixed Hire due on the Hire Payment Dates occurring from the Actual Delivery Date up to and including the second (2<sup>nd</sup>) anniversary of the Actual Delivery Date, the amount calculated in accordance with the following formula:

$$A = 1/8 \times B$$

Where:

**A** is the amount of the Fixed Hire due on that Hire Payment Date; and

**B** is the difference between the Owners' Cost and thirty seven million and eight hundred thousand Dollars (US\$37,800,000);

- (b) in respect of the ninth (9<sup>th</sup>) to twentieth (20<sup>th</sup>) payment of Fixed Hire due on the Hire Payment Dates occurring from and excluding the second (2<sup>nd</sup>) anniversary of the Actual Delivery Date up to and including the fifth (5<sup>th</sup>) anniversary of the Actual Delivery Date, the amount calculated in accordance with the following formula:

$$C = 1/20 \times D$$

Where:

**C** is the amount of the Fixed Hire due on that Hire Payment Date; and

**D** is the difference between thirty seven million and eight hundred thousand Dollars (US\$37,800,000) and 37% of the Owners' Cost;

and

- (c) in respect of the twenty-first (21<sup>st</sup>) to twenty-eighth (28<sup>th</sup>) payment of Fixed Hire due on the Hire Payment Dates occurring from and excluding the fifth (5<sup>th</sup>) anniversary of the Actual Delivery Date up to and including the seventh (7<sup>th</sup>) anniversary of the Actual Delivery Date, the amount calculated in accordance with the following formula:

$$E = 1/8 \times F$$

Where:

**E** is the amount of the Fixed Hire due on that Hire Payment Date; and

**F** is the difference between thirty seven million and eight hundred thousand Dollars (US\$37,800,000) and the aggregate amount of (a) twelve (12) instalments of the amount of C and (b) an amount as determined by the Owners in accordance with Clause 50(g).

"**GAAP**" means generally accepted accounting principles in the United States.

"**Group**" means the Charter Guarantor and each of its Subsidiaries for the time being.

"**Hire**" means each or any combination or aggregate of (as the context may require):

- (a) Advance Hire;
- (b) Fixed Hire; and
- (c) Variable Hire.

"**Hire Payment Date**" means the last day of each and any Hire Period.

"**Hire Period**" means each and every consecutive period of three (3) months with the first Hire Period to commence on the Actual Delivery Date and each successive Hire Period to commence forthwith upon the expiry of the immediately preceding Hire Period, provided that the final period shall end on the earlier of (i) the last day of the Charter Period, and (ii) the redelivery of the Vessel to the Owners following an early termination of this Charter or, as the case may be, purchase of the Vessel by the Charterers in accordance with the terms hereof, without prejudice however to any other claims of the Owners against the Charterers arising out of or in connection with this Charter.

"**Holding Company**" means, in relation to a person, any other person in respect of which it is a Subsidiary.

"**Hong Kong**" means the Hong Kong Special Administrative Region of The People's Republic of China.

"**IAPPC**" means a valid international air pollution prevention certificate for the Vessel issued under Annex VI (Regulations for the Prevention of Air Pollution from Ships) to

the International Convention for the Prevention of Pollution from Ships 1973 (as modified in 1978 and 1997).

**"IMO Ballast Water Management (BWM) Convention"** means the International Convention for the Control and Management of Ships' Ballast Water and Sediments adopted by the International Maritime Organization (as the same may be amended, supplemented or superseded from time to time).

**"Increased Costs"** means:

- (a) a reduction in the rate of return from the transactions contemplated by the Transaction Documents or on the Owners' overall capital;
- (b) an additional or increased cost; or
- (c) a reduction of any amount due and payable under any Transaction Document,

which is incurred or suffered by the Owners to the extent that it is attributable to the Owners having agreed to acquire the Vessel to charter the same to the Charterers on the basis of this Charter and in entering into this Charter, the other Transaction Documents or in performing its obligations under the Transaction Documents.

**"Indemnitee"** has the meaning given to such term in Clause 58 (*Further indemnities*).

**"Indirect Tax"** means any goods and services tax, consumption tax, value added tax or any tax of a similar nature.

**"Initial Sub-Charter"** means the time charterparty fixture recap in respect of the Vessel dated 26 October 2020 contained in the Telix message on 27 November 2020 between the Charterers and the Initial Sub-Charterers as may be further amended or supplemented from time to time (including pursuant to any such agreement to be provided in accordance with Clause 36(b)(vi)).

**"Initial Sub-Charterers"** means Cosco (Cayman) Mercury Co. Ltd, with its registered office at HSM Corporate Services & Management Ltd., 68 Fort Street, George Town, P.O. Box 31726, Grand Cayman KY1-1207, Cayman Islands.

**"Innocent Owners' Interest Insurances"** means all policies and contracts of innocent owners' interest insurance and innocent owners' additional perils (oil pollution) insurance from time to time taken out by the Owners in relation to the Vessel.

**"Insurances"** means all policies and contracts of insurance, including entries of the Vessel in any protection and indemnity or war risks association, which are from time to time taken out or entered into in respect of the Vessel or her earnings or otherwise in connection with the Vessel or her Earnings and (where the context permits) all rights, benefits and other assets under, or derived from, such contracts and policies, including all claims of any nature and returns of premium.

**"ISM Code"** means the International Safety Management Code (including the guidelines on its implementation), adopted by the International Maritime Organisation Assembly as Resolutions A.741 (18) (as amended by MSC 104 (73)) and A.913(22) (superseding Resolution A.788 (19)), as the same may be amended, supplemented or

superseded from time to time (and the terms "safety management system", "Safety Management Certificate" and "Document of Compliance" have the same meanings as are given to them in the ISM Code).

"**ISPS Code**" means the International Ship and Port Facility Security Code adopted by the International Maritime Organisation (as the same may be amended, supplemented or superseded from time to time).

"**ISSC**" means a valid and current International Ship Security Certificate issued under the ISPS Code.

"**Joint Venture**" means any joint venture entity, whether a company, unincorporated firm, undertaking, association, joint venture or partnership or any other entity.

"**Legal Opinions**" means the legal opinions provided to the Owners under Clause 36(a)(xii) (*Conditions precedent and conditions subsequent*).

**"Legal Reservations"**

- (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 Acts, 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;
- (c) similar principles, rights and defences under the laws of any Relevant Jurisdiction; and
- (d) any other matters which are set out as qualifications or reservations as to matters of law of general application in the Legal Opinions.

"**LIBOR**" means the applicable Screen Rate at or about 11:00 am (London time) on the relevant Variable Hire Determination Date for the offering of deposits in US Dollars for a period of three (3) months and, if any such rate is below zero, LIBOR will be deemed to be zero.

"**Management Agreement**" means the Commercial Management Agreement and the Technical Management Agreement.

"**Managers' Undertaking**" means the undertaking to be entered into by an Approved Manager in favour of the Owners in the form to be agreed by the Owners and each Approved Manager.

"**Margin**" means three point two five per cent. (3.25%).

"**Market Value**" means, on any Valuation Date:

- (a) for the purposes of determining the Purchase Price on the Actual Delivery Date, the arithmetic average of two valuations pursuant to two such Valuation Reports from two Approved Brokers, one selected by the Charterers and one

selected by the Owners; or in the event the difference between the two Valuation Reports obtained is greater than 5%, the arithmetic average of the three Valuation Reports, the third Valuation Report being obtained from a further Approved Broker selected by the Owners; and

- (b) for any other purposes other than that in (a) above (including, without limitation, determining the Value Maintenance Ratio and Minimum Insured Value), the arithmetic average of two valuations pursuant to two such Valuation Reports from two Approved Brokers, both selected by the Owners; or in the event the difference between the two Valuation Reports obtained is greater than 5%, the arithmetic average of the three Valuation Reports, the third Valuation Report being obtained from a further Approved Broker selected by the Owners,

in each case, (i) assessed in Dollars on a desktop charter-free basis between a willing buyer and a willing seller, and so obtained in ascertaining the market value of the Vessel, no more than thirty (30) days prior to that Valuation Date and (ii) if an Approved Broker determines that the valuation of the Vessel shall fall within a range, the valuation as determined by each Approved Broker should be the lower of such range.

"**MARPOL**" means the International Convention for the Prevention of Pollution from Ships adopted by the International Maritime Organisation (as the same may be amended, supplemented or superseded from time to time).

"**Material Adverse Effect**" means in the reasonable opinion of the Owners a material adverse effect on:

- (a) the business, operations or property of any Obligor or the Group taken as a whole; or
- (b) the ability of any Obligor to perform its obligations under any Transaction Document; 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 Transaction Documents or the rights or remedies of the Secured Parties under any of the Transaction Documents.

"**Minimum Balloon Amount**" has the meaning given to such term in Clause 50(g).

"**Minimum Cash Balance**" means at any date during the Charter Period, an amount of three hundred and fifty thousand Dollars (US\$350,000).

"**MOA**" has the meaning given to such term in Clause 34 (*Background*).

"**month**" means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last day in that calendar month.

"**Obligors**" means the Charterers, the Charter Guarantor, the Chargor, any Approved Managers that is owned or controlled by the Charter Guarantor, any person that may

be party to a Transaction Document from time to time (other than the Owners but provided that they are owned or controlled by the Charter Guarantor) and any Sub-Charterer that is owned or controlled by the Charter Guarantor.

**"Operating Account"** means the bank account opened or to be opened in the name of the Charterers with the Account Bank and designated "the Operating Account" or such other account to which the Earnings are to be remitted and operating expenses of the Vessel are to be recorded, and in each case, includes any sub-account thereof.

**"Option Premium"** means the aggregate of:

- (a)
  - (i) if the Balloon Amount has been adjusted by the Owners in accordance with Clause 50(g) and such adjusted Balloon Amount is greater than the Minimum Balloon Amount, an amount equal to ten million Dollars (US\$10,000,000); or
  - (ii) if the Balloon Amount as determined by the Owners in accordance with Clause 50(g) is equal to the Minimum Balloon Amount, an amount equal to five million Dollars (US\$5,000,000);
- (b) all other Unpaid Sums due and payable, together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof up to the date of actual payment; and
- (c) any other reasonable and documented costs, losses, liabilities and expenses incurred or suffered by the Owners in connection with any Finance Document.

**"Original Financial Statements"** means the unaudited consolidated financial statements of the Charter Guarantor for the financial year ended 31 December 2020.

**"Outgoing Mortgagee"** means Wilmington Trust (London) Ltd.

**"Owners' Account"** means the Owners' bank account described in paragraph (d) of Clause 40 (*Hire*).

**"Owners' Cost"** means an amount equivalent to seventy-two per cent. (72%) of the Purchase Price (as defined in the MOA) paid or to be paid by the Owners (as buyers) to the Charterers (as sellers) under the MOA.

**"Party"** means a party to this Charter and **"Parties"** means both of them.

**"Permitted Security Interest"** means:

- (a) until the Vessel is registered in the name of the Owners on the Actual Delivery Date, any Security interest created in favour of the Outgoing Mortgagee;
- (b) any Security Interest created pursuant to any Transaction Document or any Finance Document or otherwise created with the prior written consent of the Owners;
- (c) any liens for unpaid master's, officer's and crew's wages in accordance with usual maritime practice and are discharged within thirty (30) days;

- (d) any liens for salvage;
- (e) any liens for master's disbursements incurred in the ordinary course of trading and are discharged within thirty (30) days; or
- (f) any other lien arising by operation of law or otherwise in the ordinary course of operation, repair or maintenance of the Vessel and not as a result of any default or omission of any Obligor.

"PDA" means the protocol of delivery and acceptance in relation to the Vessel to be executed between the Owners and the Charterers, substantially in the form of Schedule 1 (*Form of Protocol of Delivery and Acceptance*) hereto.

"**Potential Termination Event**" means a Termination Event or any event or circumstance specified in Clause 49 (*Termination Events*) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Transaction Documents or any combination of any of the foregoing) be a Termination Event.

"**Pre-positioning Date**" means such term as defined in the MOA.

"**Purchase Option**" means the option to purchase the Vessel at the applicable Purchase Option Price which the Charterers may exercise in accordance with Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*).

"**Purchase Option Date**" means the date falling on each relevant anniversary of the Actual Delivery Date commencing on and including the third (3<sup>rd</sup>) anniversary of the Actual Delivery Date, on which the Charterers exercise the Purchase Option in accordance with Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*), except for the Call Option Date.

"**Purchase Option Fee**" means:

- (a) if the Purchase Option Date falls on the third (3<sup>rd</sup>) anniversary or the fourth (4<sup>th</sup>) anniversary of the Actual Delivery Date, an amount that is calculated by multiplying (a) the then current Cost Balance by (b) two per cent. (2%); and
- (b) if the Purchase Option Date falls on the fifth (5<sup>th</sup>) anniversary or the sixth (6<sup>th</sup>) anniversary of the Actual Delivery Date, an amount that is calculated by multiplying (a) the then current Cost Balance by (b) one per cent. (1%).

"**Purchase Option Notice**" means a written notice (in such form as the Owners and the Charterers may agree from time to time) which the Charterers may deliver to the Owners for the purpose of the Charterers exercising the Purchase Option.

"**Purchase Option Price**" means the amount due and payable by the Charterers to the Owners pursuant to Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*), being the aggregate of:

- (a) the then current Cost Balance;
- (b) the Purchase Option Fee;

- (c) any Variable Hire due and payable, but unpaid, under this Charter up to (and including) any applicable Purchase Option Date together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof to the date of actual payment;
- (d) all other Unpaid Sums due and payable, together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof up to the date of actual payment;
- (e) the Break Costs (if any);
- (f) any reasonable and documented legal costs incurred by the Owners in respect of the Purchase Option;
- (g) any other reasonable and documented costs, losses, liabilities and expenses incurred or suffered by the Owners in connection with any Finance Document as a result of the Charterers' exercise of the Purchase Option; and
- (h) any other sums as the Owners may be entitled to under the terms of this Charter, including (but not limited to) any payments referred to in paragraph (a) of Clause 17 (*Indemnity*) (Part II) and Clause 58 (*Further indemnities*).

"**Purchase Price**" means such term as defined in the MOA.

"**Registration Costs**" means any documented costs, expenses and taxes properly incurred by the Owners in respect of (i) the registration of title to the Vessel with an Approved Flag in the Owners' name (including but not limited to any notarisation, apostillisation or legalisation costs required by the relevant flag authorities); (ii) the maintenance of any such registration on or prior to the Actual Delivery Date and for the duration of the Agreement Term; and (iii) (if applicable) any documented costs and expenses in connection with the maintenance of a local agent and/or registration of the Owners as a foreign maritime entity (or similar) for purposes of the vessels registration.

"**Relevant Jurisdiction**" means, in relation to an Obligor:

- (a) its jurisdiction of incorporation or formation (as the case may be);
- (b) any jurisdiction where any asset subject to or intended to be subject to a Security Document to be executed by it is situated;
- (c) any jurisdiction where it principally conducts its business; and
- (d) the 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.

"**Replacement Benchmark**" means a benchmark rate which is:

- (a) formally designated, nominated or recommended as the replacement for the Screen Rate by:

(i) the administrator of the Screen Rate (provided that the market or economic reality that such benchmark rate measures is the same as that measured by the 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 Owners (acting reasonably), generally accepted in the international or any relevant domestic syndicated loan markets as the appropriate successor to the Screen Rate; or

(c) in the opinion of the Owners (acting reasonably), an appropriate successor to the Screen Rate.

**"Requisition Compensation"** means all compensation or other money which may from time to time be payable to the Charterers as a result of the Vessel being requisitioned for title or in any other way compulsorily acquired (other than by way of requisition for hire).

**"Restricted Countries"** means those countries subject to country-wide or territory-wide Sanctions and/or trade embargoes, in particular but not limited to pursuant to the U.S.'s Office of Foreign Asset Control of the U.S. Department of Treasury ("**OFAC**") including at the date of this Charter, but without limitation, Iran, North Korea and Syria and any additional countries based on respective country-wide or territory-wide Sanctions being imposed by OFAC or any of the regulative bodies referred to in the definition of Restricted Party.

**"Restricted Party"** means a person or entity or any other parties (i) located, domiciled, resident or incorporated in Restricted Countries, and/or (ii) subject to any sanction administered by the United Nations, the European Union, Switzerland, the United States and the OFAC, the United Kingdom, Her Majesty's Treasury ("**HMT**") and the Foreign and Commonwealth Office of the United Kingdom, the People's Republic of China and/or (iii) owned or controlled by or affiliated with persons, entities or any other parties as referred to in (i) and (ii).

**"Sanctions"** means any sanctions, embargoes, freezing provisions, prohibitions or other restrictions relating to trading, doing business, investment, exporting, financing or making assets available (or other activities similar to or connected with any of the foregoing) imposed by law or regulation of the United Nations, United Kingdom, the United States of America (including, without limitation, CISADA and OFAC), the People's Republic of China, the Council of the European Union or the jurisdiction of incorporation of the Owners and the Charterers.

**"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 US Dollars for the relevant period displayed on pages LIBOR01 or LIBOR02 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on 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 Owners may specify another page or service displaying the relevant rate after consultation with the Charterers.

**"Screen Rate Replacement Event"** means, in relation to the Screen Rate that:

- (a) the methodology, formula or other means of determining the Screen Rate has, in the opinion of the Owners and the Charterers, materially changed; or
- (b) any of the following applies:
  - (i) either:
    - (A) the administrator of the 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 the Screen Rate is insolvent,provided that, in each case, at that time, there is no successor administrator to continue to provide the Screen Rate;
  - (ii) the administrator of the Screen Rate publicly announces that it has ceased or will cease to provide the Screen Rate permanently or indefinitely and, at that time, there is no successor administrator to continue to provide the Screen Rate;
  - (iii) the supervisor of the administrator of the Screen Rate publicly announces that the Screen Rate has been or will be permanently or indefinitely discontinued;
  - (iv) the administrator of the Screen Rate or its supervisor announces that the Screen Rate may no longer be used; or
  - (v) in the case of a Screen Rate for LIBOR, the supervisor of the administrator of that Screen Rate makes a public announcement or publishes information:
    - (A) stating that that Screen Rate is no longer or, as of a specified future date will no longer be, representative of the underlying market or economic reality that it is intended to measure and that representativeness will not be restored (as determined by such supervisor); and
    - (B) with awareness that any such announcement or publication will engage certain triggers for fallback provisions in contracts which may be activated by any such pre-cessation announcement or publication.

- (c) the administrator of that Screen Rate determines that the 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 events leading to such determination are not (in the opinion of the Owners) temporary; or
  - (ii) the Screen Rate is calculated in accordance with any such policy or arrangement for a period no less than three months; or
- (d) in the opinion of the Owners, the Screen Rate is otherwise no longer appropriate for the purposes of calculating the Variable Hire under this Charter.

**"Security Assets"** means all of the assets of the Obligors which from time to time are, or are expressed to be, the subject of the Security Interests created or evidenced or expressed to be created or evidenced under the Security Documents.

**"Security Documents"** means, in relation to the Vessel, collectively the following:

- (a) the Account Charge;
- (b) the Charter Guarantee;
- (c) the Charterers' Assignment;
- (d) the Share Charge;
- (e) the Managers' Undertakings; and
- (f) any other document that may at any time be executed by any person creating, evidencing or perfecting any Security Interest to secure all or part of the Obligors' obligations under or in connection with the Transaction Documents,

and **"Security Document"** means any one of them.

**"Security Interest"** means a mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, trust arrangement, title retention or other security interest or arrangement of any kind whatsoever.

**"Settlement Date"** means, following a Total Loss of the Vessel, the earliest of:

- (a) the date which falls one hundred and twenty (120) days after the date of occurrence of the Total Loss or, if such date is not a Business Day, the immediately preceding Business Day;
- (b) the date on which the Owners receive the Total Loss Proceeds in respect of the Total Loss; and
- (c) the last day of the Charter Period.

**"Share Charge"** means a charge over the entire issued share capital of the Charterers made or to be made by the Chargor in favour of the Owners.

"**Shareholder Loans**" means any loans provided by any member of the Group to the Charterers from time to time.

"**Sub-Charter**" means (as the context may require):

- (a) the Initial Sub-Charter;
- (b) any Approved Charter; or
- (c) such other sub-charter or contract of employment in respect of the Vessel entered or to be entered into between the Charterers as disponent owners and any Sub-Charterers.

"**Sub-Charter Guarantor**" means any party who enters into a guarantee of any other Sub-Charterer's obligations pursuant to any other Sub-Charter.

"**Sub-Charter Guarantees**" means any guarantees entered into by any Sub-Charter Guarantor pursuant to any other Sub-Charter.

"**Sub-Charter Termination Event**" means in respect of any Sub-Charter, any event entitling any party to a Sub-Charter to terminate, cancel or suspend that Sub-Charter under the terms thereof or at law.

"**Sub-Charterers**" means:

- (a) in respect of the Initial Sub-Charter, the Initial Sub-Charterers; or
- (b) in respect of any other Sub-Charter, such sub-charterers which are or will be parties to the relevant Sub-Charter.

"**Subsidiary**" means, in relation to any company or corporation, a company or corporation:

- (a) which is controlled, directly or indirectly, by the first mentioned company or corporation;
- (b) more than half the issued equity share capital of which is beneficially owned, directly or indirectly, by the first mentioned company or corporation; or
- (c) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation,

and for this purpose, a company or corporation shall be treated as being "controlled" by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

"**Swap Losses**" means the amount (if any) in Dollars payable by the Owners to their counterparty under any interest rate swap arrangement entered into by the Owners in connection with the hedging of their interest rate swap exposure in respect of the financing or refinancing of the Owners' Cost, in relation to an unwinding of the whole or part of any interest rate swap transaction entered between the Owners and such counterparty under such interest rate swap arrangement(s), in each cases, determined on a "mark-to-market" basis.

"**Tax**" or "**tax**" means any present and future tax (including, without limitation, value added tax, consumption tax or any other tax in respect of added value or any income), levy, impost, duty or other charge or withholding of any nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same); and "**Taxes**", "**taxes**", "**Taxation**" and "**taxation**" shall be construed accordingly.

"**Technical Management Agreement**" means the technical management agreement entered or to be entered into (as the context so requires) between the Approved Technical Manager and the Charterers.

"**Termination**" means the termination at any time of the chartering of the Vessel under this Charter.

"**Termination Event**" means each of the events specified in paragraph (a) of Clause 49 (*Termination Events*).

"**Termination Notice**" has the meaning given to such term in paragraph (k) of Clause 40 (*Hire*) and paragraph (c) of Clause 49 (*Termination Events*).

"**Termination Payment Date**" means:

- (a) in respect of a termination of this Charter in accordance with paragraph (k) of Clause 40 (*Hire*), the date specified in the Termination Notice served on the Charterers pursuant to that Clause;
- (b) in respect of a Default Termination, the date specified in the Termination Notice served on the Charterers pursuant to paragraph (c) of Clause 49 (*Termination Events*) in respect of such Default Termination;
- (c) in respect of a Total Loss Termination, the Settlement Date in respect of the Total Loss which gives rise to such Total Loss Termination; and
- (d) in respect of a termination of this Charter in accordance with Clause 52(d) (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*), the date specified in the notice issued by the Owners to the Charterers pursuant to Clause 52(d).

"**Termination Sum**" means an amount representing the Owners' losses as a result of a Termination prior to the expiry of the Charter Period (other than pursuant to Clause 40(k) (*Hire*) or by virtue of the Charterers exercising the Purchase Option, Call Option in accordance with Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*)), which both parties acknowledge as a genuine and reasonable pre-estimate of the Owners' losses in the event of such Termination and shall consist of the following:

- (a) an amount equivalent to one hundred and two per cent. (102%) of the Cost Balance applicable as at the Hire Payment Date immediately preceding the Termination Payment Date;
- (b) any Hire due and payable, but unpaid, under this Charter up to (and including) the relevant Termination Payment Date together with interest accrued

thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof to the date of actual payment;

- (c) all other Unpaid Sums due and payable, together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof up to the date of actual payment;
- (d) Break Costs and Swap Losses (if any);
- (e) any and all direct documented costs, losses, liabilities and expenses incurred or suffered by the Owners as a result of the early termination of this Charter including but not limited to any legal costs, any agency or broker fees incurred in re-charter or otherwise disposal of the Vessel;
- (f) any other documented costs, losses, liabilities and expenses incurred or suffered by the Owners in connection with any Finance Document as a result of the Termination;
- (g) any other sums as the Owners may be entitled to under the terms of this Charter, including (but not limited to) any payments referred to in paragraph (a) of Clause 17 (*Indemnity*) (Part II) and Clause 58 (*Further indemnities*); and
- (h) if the Vessel is required to be redelivered to the Owners pursuant to Clause 42 (*Redelivery*), all liabilities, documented costs and expenses so incurred in recovering possession of, and in repositioning, berthing, insuring and maintaining the Vessel for carrying out any works or modifications required to cause the Vessel to conform with the provisions of Clauses 42 (*Redelivery*) and 43 (*Redelivery conditions*),

for the avoidance of doubt, there shall be no double-counting as between any sums as listed in paragraphs (a) to (h) above.

"**Third Parties Act**" means the Contracts (Rights of Third Parties) Act 1999.

"**Title Transfer PDA**" means the protocol of delivery and acceptance in relation to the Vessel to be executed between the Owners and the Charterers, substantially in the form of Schedule 2 (*Form of Title Transfer Protocol of Delivery and Acceptance*) hereto.

"**Threshold Amount**" means one million Dollars (US\$1,000,000) or the equivalent in any other currency.

"**Total Loss**" means during the Charter Period:

- (a) actual or constructive or compromised or agreed or arranged total loss of the Vessel;
- (b) the requisition for title or compulsory acquisition of the Vessel by any government or other competent authority (other than by way of requisition for hire);
- (c) the capture, seizure, arrest, detention, hijacking, theft, condemnation as prize, confiscation or forfeiture of the Vessel (not falling within paragraph (b) of this definition), unless the Vessel is released and returned to the possession

of the Owners or the Charterers within sixty (60) days after the capture, seizure, arrest, detention, hijacking, theft, condemnation as prize, confiscation or forfeiture in question,

and for the purpose of this Charter, (i) an actual Total Loss of the Vessel shall be deemed to have occurred at the date and time when the Vessel was lost but if the date of the loss is unknown the actual Total Loss shall be deemed to have occurred on the date on which the Vessel was last reported, (ii) a constructive Total Loss shall be deemed to have occurred at the date and time at which a notice of abandonment of the Vessel is given to the insurers of the Vessel and (iii) a compromised, agreed or arranged Total Loss shall be deemed to have occurred on the date of the relevant compromise, agreement or arrangement.

**"Total Loss Proceeds"** means the proceeds of the Insurances or any other compensation of any description in respect of a Total Loss unconditionally received by or on behalf of the Owners in respect of a Total Loss.

**"Total Loss Termination"** means a termination of the Charter Period pursuant to the provisions of paragraph (a) of Clause 53 (*Total Loss*).

**"Transaction Documents"** means, together, this Charter, the MOA, the Security Documents, the Initial Sub-Charter and any other Sub-Charters and any other Sub-Charter Guarantees, any Management Agreement, any Compliance Certificate and such other documents as may be designated as such by the Owners from time to time.

**"Treasury Transactions"** means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price.

**"Unpaid Sum"** means any sum due and payable but unpaid by any Obligor under the Transaction Documents.

**"US Dollars", "Dollars", "USD", "US\$" and "\$"** each means available and freely transferable and convertible funds in lawful currency of the United States of America.

**"US Tax Obligor"** means:

- (a) an obligor which is resident for tax purposes in the United States of America; or
- (b) an obligor some or all of whose payments under the Transaction Documents to which it is a party are from sources within the United States for US federal income tax purposes.

**"Variable Hire"** has the meaning given to such term in Clause 40(a)(iii) (*Hire*).

**"Variable Hire Determination Date"** means, in relation to a Hire Period, the date falling two (2) Business Days prior to such Hire Period.

**"Valuation Date"** means the Actual Delivery Date or such date as required by the Owners throughout the Agreement Term, provided that prior to the occurrence of a Potential Termination Event or Termination Event which, in each case, is continuing, no more than one Valuation Date shall occur during each six-month period commencing from the Actual Delivery Date in accordance with Clause 74(b)(i).

"**Valuation Report**" means, in relation to the Vessel, a valuation report addressed to the Owners from an Approved Broker on the basis of a "desk top" charter-free sale for prompt delivery for cash at arm's length on normal commercial terms as between a willing seller and a willing buyer.

"**Vessel**" means the 9,115 TEU container vessel named "ANTHEA Y" as more particularly described in Boxes 5 (*Vessel's name, call sign and flag*) to 10 (*Classification Society*) of this Charter.

### 33

#### Interpretations

- (a) In this Charter, unless the context otherwise requires, any reference to:
- (i) to this Charter include the Schedules hereto and references to Clauses and Schedules are, unless otherwise specified, references to Clauses of and Schedules to this Charter and, in the case of a Schedule, to such Schedule as incorporated in this Charter as substituted from time to time;
  - (ii) any statutory or other legislative provision shall be construed as including any statutory or legislative modification or re-enactment thereof, or any substitution therefor;
  - (iii) the term "Vessel" includes any part of the Vessel;
  - (iv) the "**Owners**", the "**Charterers**", any "**Obligor**", any "**Sub-Charterers**" or any other person include any of their respective successors, permitted assignees and permitted transferees;
  - (v) any agreement, instrument or document include such agreement, instrument or document as the same may from time to time be amended, modified, supplemented, novated or substituted;
  - (vi) "**assets**" includes present and future properties, revenues and rights of every description;
  - (vii) the "**equivalent**" in one currency (the "**first currency**") as at any date of an amount in another currency (the "**second currency**") shall be construed as a reference to the amount of the first currency which could be purchased with such amount of the second currency at the spot rate of exchange quoted by the Owners at or about 11:00 a.m. two (2) business days (being a day other than a Saturday or Sunday on which banks and foreign exchange markets are generally open for business in Shanghai) prior to such date for the purpose of the first currency with the second currency for delivery and value on such date;
  - (viii) "**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;
- (ix) **"hereof", "herein" and "hereunder"** and other words of similar import means this Charter as a whole (including the Schedules) and not any particular part hereof;
  - (x) **"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;
  - (xi) **"law"** includes common or customary law and any constitution, decree, judgment, legislation, order, ordinance, regulation, rule, statute, treaty or other legislative measure in any jurisdiction or any present or future directive, regulation, request or requirement, or official or judicial interpretation of any of the foregoing, in each case having the force of law and, if not having the force of law, in respect of which compliance is generally customary;
  - (xii) the word **"person"** or **"persons"** or to words importing persons include, without limitation, any state, divisions of a state, government, individuals, firms, association, trust, consortiums, partnerships, companies, corporations, ventures, government agencies, committees, departments, authorities and other bodies, corporate or unincorporated, whether having distinct legal personality or not;
  - (xiii) 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 of any regulatory, self-regulatory or other authority or organisation;
  - (xiv) the **"winding-up", "dissolution", "administration", "liquidation", "insolvency", "reorganisation", "readjustment of debt", "suspension of payments", "moratorium" or "bankruptcy"** (and their derivatives and cognate expressions) of any person shall each be construed so as to include the others and any equivalent or analogous proceedings or event under the laws of any jurisdiction in which such person is incorporated or any jurisdiction in which such person carries on business;
  - (xv) **"protection and indemnity risks"** means the usual risks covered by a protection and indemnity association which is a member of the International Group of P&I Club, including pollution risks and the proportion (if any) of any sums payable to any other person or persons in case of collision which are not recoverable under the hull and machinery policies by reason of the incorporation in them of clause 6 of the International Hull Clauses (1/11/02 or 1/11/03), clause 8 of the Institute Time Clauses (Hull)(1/10/83) or clause 8 of the Institute Time Clauses (Hulls)(1/11/1995) or the Institute

Amended Running Down Clause (1/10/71) or any equivalent provision;

- (xvi) a Potential Termination Event is "**continuing**" if it has not been remedied or waived and a Termination Event is "**continuing**" if it has not been waived; and
- (xvii) words denoting the plural number include the singular and vice versa.
- (b) Headings are for the purpose of reference only, have no legal or other significance, and shall be ignored in the interpretation of this Charter.
- (c) A time of day (unless otherwise specified) is a reference to Shanghai time.

#### 34 Background

- (a) By a memorandum of agreement (the "**MOA**") of even date herewith made between the Owners (as buyers thereunder) and the Charterers (as sellers thereunder), the Owners have agreed to purchase and the Charterers have agreed to sell the Vessel subject to the terms and conditions therein.
- (b) Accordingly the parties hereby agree that this Charter is subject to the effective transfer of ownership of the Vessel to the Owners pursuant to the MOA.
- (c) If:
  - (i) the Vessel is not delivered by the Cancellation Date (or such later date as the Owners and Charterers may agree); or
  - (ii) it becomes unlawful for the Owners (as buyers) to perform or comply with any or all of their obligations under the MOA or any of the obligations of the Owners under the MOA is not or ceases to be legal, valid, binding and enforceable; or
  - (iii) the MOA expires, is cancelled, terminated, rescinded or suspended or otherwise ceases to remain in full force and effect for any reason,

neither party shall be liable to the other for any claim arising out of this Charter and this Charter shall immediately terminate and be cancelled (with the exception of Clause 17 (*Indemnity*) (Part II) and Clause 58 (*Further indemnities*) and any other indemnities specified any other Transaction Document, and, **provided that** the Owners shall be entitled to retain all fees paid by the Charterers pursuant to the Transaction Documents (and if such fees (including, without limitation, the Arrangement Fee) have not been paid, the Charterers shall forthwith pay such fees to the Owners) and such payment shall not be construed as a penalty but shall represent an agreed estimate of the loss and damage suffered by the Owners in entering into this Charter and shall therefore be paid as compensation to the Owners.

**Delivery**

- (a) The obligation of the Owners to charter the Vessel to the Charterers pursuant to this Charter shall be subject to the following conditions:
- (i) delivery of the Vessels by the Charterers to the Owners pursuant to the terms of the MOA;
  - (ii) the Owners obtaining full title to the Vessel pursuant to the terms of the MOA;
  - (iii) no Termination Event or Potential Termination Event having occurred which is continuing on or prior to the date of this Charter or the Actual Delivery Date;
  - (iv) the representations and warranties referred to in Clause 47 (*Charterers' representations and warranties*) being true and correct on the date of this Charter and the Actual Delivery Date;
  - (v) the Actual Delivery Date falling on or before the Cancellation Date (or such later date as may be agreed between the Owners (as buyer under the MOA) and the Charterers (as seller under the MOA)); and
  - (vi) the Owners having received, or being satisfied that they will receive, the documents and evidence referred to in Clause 36 (*Conditions precedent*), in each case in all respects in form and substance satisfactory to it on or before the Actual Delivery Date.
- (b) Provided that the conditions referred to in paragraph (a) above have been fulfilled or waived to the satisfaction of the Owners (which shall be evidenced in writing by the Owners), the Owners and the Charterers agree that:
- (i) the Charterers shall, at their own expense, upon the Actual Delivery Date arrange for the Vessel to be registered under an Approved Flag in the name of the Owners as legal owner;
  - (ii) the Charterers shall take delivery of the Vessel from the Owners under this Charter (such delivery to be conclusively evidenced by a duly executed PDA) simultaneously with the acceptance of delivery of the Vessel by the Owners from the Charterers pursuant to the MOA;
  - (iii) the Charterers will accept the Vessel:
    - (A) on an "as is where is" basis in exactly the same form and state as the Vessel is delivered by the Charterers to the Owners pursuant to the MOA;
    - (B) in such form and state with any faults, deficiencies and errors of description; and
    - (C) for the avoidance of doubt, no underwater inspection shall be performed at the time of commencement of this Charter

on the basis that any repairs required at the next scheduled dry-docking are the responsibility of the Charterers; and

- (iv) the Charterers shall have no right to refuse acceptance of delivery of the Vessel into this Charter if the Vessel is delivered to the Owners pursuant to the MOA and, notwithstanding and without prejudice to the foregoing, the Owners and the Charterers nonetheless agree to enter into and execute the PDA on delivery of the Vessel under this Charter.
- (c) The Charterers acknowledge and agree that the Owners are not the manufacturer or original supplier of the Vessel which has been purchased by the Owners pursuant to the MOA, and have therefore made no representations or warranties in respect of the Vessel or any part thereof hereby waive all their rights in respect of any warranty or condition implied (whether statutory or otherwise) on the part of the Owners and all claims against the Owners howsoever the same might arise at any time in respect of the Vessel, or arising out of the construction, operation or performance of the Vessel and the chartering thereof under this Charter (including, without limitation, in respect of the seaworthiness or otherwise of the Vessel).
- (d) In particular, and without prejudice to the generality of paragraph (c) above, the Owners shall be under no liability whatsoever, howsoever arising, in respect of the injury, death, loss, damage or delay of or to or in connection with the Vessel or any person or property whatsoever, whether onboard the Vessel or elsewhere, and irrespective of whether such injury, death, loss, damage or delay shall arise from the unseaworthiness of the Vessel. For the purpose of this paragraph (d), "**delay**" shall include delay to the Vessel (whether in respect of delivery under this Charter or thereafter and any other delay whatsoever).

**36 Conditions precedent and conditions subsequent**

- (a) The Owners' agreement to perform its obligations under this Charter is subject to and conditional upon the Owners' receipt of the following documents and evidence (in each case in form and substance acceptable to the Owners) before the Pre-positioning Date:
  - (i) each of the following:
    - (A) the duly executed Charter, MOA, Charter Guarantee, Escrow Agreement, together with all dated notices of charge or documents required by any of them (but excluding for the avoidance of doubt, the acknowledgement to the notice of charge under the Account Charge and the original share certificates); and
    - (B) the duly executed but undated Account Charge, Share Charge, Charterers' Assignment and Manager's Undertakings together with all documents required under any of them but left undated, including, without limitation, all notices of assignment (other than any

acknowledgements of notices of assignment) together with written consents of the parties to the above-mentioned documents to release and date such documents on the Actual Delivery Date;

- (ii) copies of the constitution or memorandum and articles of association or bylaws (or equivalent documents) (and all amendments thereto) of each Obligor and any documents required to be filed or registered or issued under the laws of their jurisdiction of incorporation to establish their incorporation;
- (iii) copies of written resolutions or (as the case may be) resolutions passed at separate meetings, in each case, of the board of directors of each Obligor, in each case evidencing their approval of the Transaction Documents and authorising appropriate officers or attorneys to execute the same and to sign all notices required to be given hereunder or thereunder on their behalf or other evidence of such approvals and authorisations as shall be acceptable to the Owners;
- (iv) if applicable, the original power of attorney of each Obligor under which any document (including the Transaction Documents) are to be executed or transactions undertaken by them;
- (v) a specimen of the signature or copy of the passport of each person actually executing any of the Transaction Documents pursuant to the resolutions referred to in paragraph (iii) above;
- (vi) a certificate of a duly authorised officer of each of the Obligors:
  - (A) certifying that each copy document relating to it specified in this paragraph (a) is correct, complete and in full force and effect;
  - (B) in relation to the Charterers and the Charter Guarantor, setting out the names of the directors, officers and shareholders of that person and the proportion of shares held by each shareholder; and
  - (C) confirming that entry into the Transaction Documents to which it is a party or guaranteeing or securing, as appropriate, this Charter would not cause any borrowing, guarantee, security or similar limit binding on that person to be exceeded.
- (vii) a copy of the following:
  - (A) the duly executed Management Agreement;
  - (B) the Approved Manager's current Document of Compliance (as such term is defined pursuant to the ISM Code); and
  - (C) the Initial Sub-Charter,

- in each case together with all addenda, amendments or supplements;
- (viii) copy of an e-mail from the Initial Sub-Charterers with its written consent of the Charterers' entry into the sale of the Vessel by the Charterers to the Owners under the terms of the MOA (in a form satisfactory to the Owners) pursuant to Clause 85 of the Initial Sub-Charter;
  - (ix) evidence that:
    - (A) all the conditions precedent under clause 24 (*Conditions Precedent*) of the MOA have been, or, in the Owners' opinion, will be satisfied on the Actual Delivery Date;
    - (B) on or immediately after the Actual Delivery Date, the Vessel will be registered in the name of the Owners as legal owner with the Approved Flag;
    - (C) the written approval of the Insurances by an insurance advisor appointed by the Owners in form satisfactory to the Owners;
    - (D) the letters of undertaking will be issued to the Owners (as assignee pursuant to the Charterers' Assignment and Manager's Undertakings) in form acceptable to the Owners as in the industry-standard form by the brokers through whom the Insurances are placed; and
    - (E) all Security Interests created by the Charterers in favour of the Outgoing Mortgagee, including without limitation, the mortgage over the Vessel, the charge over the shares of the Charterers, the assignment over the Insurances, Earnings and Requisition Compensation will be discharged and released on the Actual Delivery Date, including but not limited to copies of the relevant release deed and all notices of release and reassignment thereunder;
  - (x) (i) an e-mail confirmation from the Account Bank (if not possible, any other evidence) that the Operating Account has been activated by the Account Bank and is in operation; (ii) evidence that an amount no less than the Minimum Cash Balance has been remitted to the Operating Account and (iii) the evidence that the Charterers have notified the Initial Sub-Charterers and the Initial Sub-Charterers have acknowledged (by e-mail) that the account to which the Earnings under the Initial Sub-Charter shall be remitted to has been changed to the Operating Account with effect from the Actual Delivery Date;
  - (xi) such documentation and other evidence as is reasonably requested by the Owners in order for the Owners to comply with all necessary

"know your customer" or similar identification procedures in relation to the transactions contemplated in the Transaction Documents;

(xii) a legal opinion of the legal advisers to the Owners in form satisfactory to the Owners:

- (A) England;
- (B) Marshall Islands; and
- (C) Netherlands.

(xiii) a copy of the Original Financial Statements;

(xiv) a certificate of good standing (or equivalent) of each Obligor; and

(xv) such other consent, licence, approval, authorisation or other document, opinion or assurance which is necessary in connection with their entry into and performance of the transactions contemplated by any of the Transaction Documents or for the validity and enforceability thereof.

(b) The Charterers undertake to deliver or to cause to be delivered to the Owners:

(i) on the Actual Delivery Date, the following:

- (A) a Provisional Certificate of Registry and Certificate of Ownership and Encumbrances evidencing that the Vessel is at least provisionally registered under the laws and flag of the Approved Flag in the ownership of the Owners and that the Vessel is free from registered encumbrances and mortgages;
- (B) the duly executed and dated deed of release from the Outgoing Mortgagee evidencing the discharge of all security interests created by the Charterers in favour of the Outgoing Mortgagee, including without limitation, the mortgage over the Vessel, the charge over the shares of the Charterers, the assignment over the Insurances, Earnings and Requisition Compensation, and all notices thereto;
- (C) the duly executed and dated Share Charge, Account Charge, Charterers' Assignment and Manager's Undertakings, together with all documents required by any of them including, without limitation, all notices of assignment (save for those referred to at Clause 36(b)(iii));
- (D) a copy of the following:
  - (1) the Vessel's current Safety Management Certificate (as such term is defined pursuant to the ISM Code);
  - (2) the Vessel's current ISSC;

- (3) the Vessel's current IAPPC;
  - (4) evidence that the Vessel is in service under the Initial Sub-Charter, including but not limited to latest account statements under the Initial Sub-Charter evidencing their receipt of hire,
    - in each case together with all addenda, amendments or supplements; and
    - (E) evidence that the Vessel is insured in the manner required by the Transaction Documents.
  - (ii) within ten (10) Business Days from the Actual Delivery Date, the original share certificate(s) of the Charterers issued in the Chargor's name;
  - (iii) within ten (10) Business Days from the Actual Delivery Date:
    - (A) the dated acknowledgement in respect of the notice of charge served pursuant to the Account Charge;
    - (B) (using reasonable endeavours) the dated acknowledgement and other relevant documents from the Initial Sub-Charterers in respect of the notice of assignment served pursuant to the Charterers' Assignment;
    - (C) the dated insurance report in the form agreed under Clause 36(a)(ix)(C);
    - (D) the dated letters of undertaking in the forms agreed under Clause 36(a)(ix)(D); and
  - (iv) within twenty (20) Business Days from the Actual Delivery Date, the dated legal opinions in the forms agreed under Clause 36(a)(xii);
  - (v) if the Vessel will only be provisionally registered on the Actual Delivery Date, within six (6) months from the Actual Delivery Date, the Certificate of Registry issued by the Approved Flag evidencing that the Owners are the owners of the Vessel and that the Vessel is free from registered encumbrances and mortgages; and
  - (vi) upon the Initial Sub-Charter being signed between the Initial Sub-Charterer and the Charterers on substantially the same terms under the Initial Sub-Charter provided to the Owners under Clause 36(a)(vii)(C) in accordance with the Transaction Documents, a copy of such fully signed time charter agreement.
- (c) If the Owners in their sole discretion agree to deliver the Vessel under this Charter to the Charterers before all of the documents and evidence required under paragraph (a) and (b)(i) of this Clause 36 (*Conditions precedent and conditions subsequent*) have been delivered to or to the order of the Owners, the Charterers undertake to deliver all outstanding documents and evidence

to or to the order of the Owners no later than ten (10) Business Days after the Actual Delivery Date or such other date as specified by the Owners, acting in their sole discretion. The delivery of the Vessel by the Owners to the Charterers under this Charter shall not, unless otherwise notified by the Owners (acting in their sole discretion) to the Charterers in writing, be taken as a waiver of the Owners' right to require production of all the documents and evidenced required by this Clause 36 (*Conditions precedent and subsequent*).

**37 Bunkers and luboils**

- (a) At delivery the Charterers shall take over all bunkers, lubricating oil, water and unbroached provisions in the Vessel without cost assuming that these have remained the property of the Charterers (as sellers) under the MOA.
- (b) At redelivery the Owners shall take over and pay for all bunkers, unused lubricating oil, water and unbroached provisions and other consumable stores in the said Vessel without cost to the Owners.

**38 Further maintenance and operation**

- (a) The good commercial maintenance practice under Clause 10 (*Maintenance and Operation*) (Part II) of this Charter shall be deemed to include:
  - (i) the maintenance and operation of the Vessel by the Charterers in accordance with:
    - (A) the relevant regulations and requirements of the Classification Society;
    - (B) the relevant regulations and requirements of the country and flag of the Vessel's registry;
    - (C) any applicable IMO regulations (including but not limited to the ISM Code, the ISPS Code, IMO Ballast Water Management (BWM) Convention and MARPOL;
    - (D) all other applicable regulations, requirements and recommendations; and
    - (E) the Charterers' operations and maintenance manuals;
  - (ii) the maintenance and operation of the Vessel by the Charterers taking into account:
    - (A) engine manufacturers' recommended maintenance and service schedules;
    - (B) builder's operations and maintenance manuals; and
  - (iii) recommended maintenance and service schedules of all installed equipment and pipework.

- (b) In addition to the above, the Charterers covenant with the Owners at all times during the Charter Period:
- (i) to keep and maintain the Vessel in a condition entitling the Vessel to the highest class applicable to vessels of her type with the Classification Society free of overdue recommendations, qualifications and conditions;
  - (ii) to keep and maintain the Vessel with the Classification Society and shall not, without the Owners' prior written consent (not to be unreasonably withheld), change the Classification Society of the Vessel;
  - (iii) to install and maintain an auditable computerised planned maintenance system on board. On redelivery the full planned maintenance history and forthcoming work schedule to be retained on board;
  - (iv) to maintain on board an auditable record of any software upgrades that take place on all equipment. This record is to be available to the Owners following their reasonable request and becomes the property, together with the latest installed software of the Owners at redelivery; and
  - (v) to arrange online access to class records for the Owners as available to the Charterers.
- (c) Any equipment that is found not to be required on board as a result of regulation or operational experience is either to be removed at the Charterers expense or to be maintained in operable condition.
- (d) The title to any equipment placed on board as a result of operational requirements of the Charterers shall automatically be deemed to belong to the Owners immediately upon such placement, and such equipment may only be removed: (i) with the Owners' prior written consent (not to be unreasonably withheld and unless the removal is routine (such being determined by reference to the Vessel's normal operations and class and flag requirements) or in respect of equipment which is no longer needed or obsolete), (ii) at the Charterers' own expense, and (iii) without damage to the Vessel.
- (e) The Charterers shall, from time to time on request of the Owners (acting reasonably), produce to the Owners written evidence satisfactory to the Owners confirming that the master and crew of the Vessel have no claims for wages beyond the ordinary arrears and that the master has no claim for

disbursements other than those properly incurred by him in the ordinary course of trading of the Vessel on the voyage then in progress.

- (f) The Charterers shall provide to the Owners from time to time during the Agreement Term on request:
- (i) such information as the Owners may reasonably require with regard to the Vessel, the Vessel's employment (including but not limited to records of the Vessel's itinerary), position and state of repair;
  - (ii) copies of all charterparties and other contracts of employment relating to the Vessel together with any information relating to the performance of any party's obligations under any Sub-Charter; and
  - (iii) copies of the Vessel's deck and engine logs.
- (g) The Charterers shall take all reasonable precautions to prevent any infringements of any anti-drug legislation in any jurisdiction in which the Vessel shall trade and in particular (if the Vessel is to trade in the United States of America) to take all reasonable precautions to prevent any infringements of the Anti-Drug Abuse Act of 1986 of the United States of America.
- (h) The Charterers shall comply, or procure that the operator of the Vessel will comply, with the ISM Code or any replacement of the ISM Code and shall in particular, without limitation:
- (i) procure that the Vessel is and remains for the duration of the Agreement Term subject to a safety management system developed and implemented in accordance with the ISM Code; and
  - (ii) maintain for the Vessel throughout the Agreement Term a valid and current Safety Management Certificate (as defined in the ISM Code) and provide a copy to the Owners; and
  - (iii) procure that the ISM Company maintains throughout the Facility Period a valid and current Document of Compliance (as defined in the ISM Code) and provide a copy to the Owners.
- (i) The Charterers shall comply, in relation to the Vessel, with the ISPS Code or any replacement of the ISPS Code and shall in particular, without limitation:
- (i) procure that the Vessel and the company responsible for the Vessel's compliance with the ISPS Code comply with the ISPS Code; and
  - (ii) maintain for the Vessel throughout the Agreement Term a valid and current ISSC and provide a copy to the Owners.
- (j) The Charterers shall, in respect of the Vessel, comply with Annex VI or any replacement of Annex VI and shall in particular, without limitation:
- (i) procure that the Vessel's master and crew are familiar with, and that the Vessel complies with, Annex VI; and

- (ii) maintain for the Vessel throughout the Agreement Term a valid and current IAPPC and provide a copy to the Owners.

#### 39 Structural changes and alterations

- (a) The Charterers shall make no structural changes in the Vessel or changes in the machinery, engines, appurtenances or spare parts thereof without in each instance first securing the Owners' written consent (not to be unreasonably withheld) thereto, save for any structural changes (i) as a result of mandatory law or regulatory compliance in accordance with Clause 39(c) and (ii) to improve the performance, operation or marketability of the Vessel in each case, at the Charterers' cost and for which written notice shall be provided to the Owners upon such structural change.
- (b) Upon the occurrence of any Termination Event which is continuing, if the Owners decide to retake possession of the Vessel pursuant to paragraph (c) of Clause 49 (*Termination Events*), the Charterers shall at their expense restore the Vessel to its former condition (fair wear and tear excepted) unless the changes made are carried out:
  - (i) with the prior written consent of the Owners (such consent not to be unreasonably withheld); or
  - (ii) to improve the performance, operation or marketability of the Vessel; or
  - (iii) as a result of mandatory law or a regulatory compliance.
- (c) Any improvement, structural changes or new equipment becoming necessary for the continued operation of the Vessel by reason of new class requirements or by compulsory legislation shall be undertaken by the Charterers and be for the Charterers' account and the Charterers shall not have any right to recover from the Owners any part of the cost for such improvements, changes or new equipment either during the Charter Period or at redelivery of the Vessel. The Charterers shall give written notice to the Owners of any such improvement, structural changes or new equipment.
- (d) Subject to Clause 10(f), the Charterers shall, at their own expenses, replace, renew or substitute such machinery and equipment as shall be so damaged or worn so as to be fit for use and the title to any such replaced, renewed or substituted machinery and equipment shall remain with the Owners.

#### 40 Hire

- (a) In consideration of the Owners' agreement to charter the Vessel to the Charterers pursuant to the terms hereof, the Charterers agree to pay to the Owners each of the following sums on the relevant dates as follows:
  - (i) on the Actual Delivery Date, an amount equal to the difference between the Purchase Price and the Owners' Cost by way of advance hire (the "**Advance Hire**"), which shall neither bear any interest nor be refundable and which shall be set-off against the Owners'

obligation (as buyers under the MOA) to pay the Purchase Price to the Charterers (as sellers under the MOA);

- (ii) on each and every Hire Payment Date, pay to the Owners the Fixed Hire;
  - (iii) on each and every Hire Payment Date, pay to the Owners by way of variable hire (each a "**Variable Hire**") then payable, calculated by multiplying (A) (in relation to the first Hire Payment Date) the Owners' Cost or (in relation to any other Hire Payment Date) the Cost Balance immediately prior to the relevant Hire Payment Date by (B) the aggregate of the applicable Margin and the Applicable Rate and (C) a fraction whose denominator is three hundred and sixty (360) and numerator is the number of days which will elapse from that Hire Payment Date (including that day) until, in respect of the Hire Payment Date of the final Hire Period during the Charter Period, the last day of such Hire Period (including that day), and, in respect of all other Hire Payment Dates, the next Hire Payment Date (not including that date); and
  - (iv) for the purpose of determining any Hire payment, Variable Hire shall accrue from and including the first day of a Hire Period to the last day of such Hire Period.
- (b) The Hire shall be paid in arrears on each Hire Payment Date (Shanghai time) (in respect of which time is of the essence) with the first (1<sup>st</sup>) Hire Payment Date falling on the date three (3) months after the Actual Delivery Date.
  - (c) Any payment provided herein due on any day which is not a Business Day shall be payable on the immediately preceding Business Day.
  - (d) All payments under this Charter shall be made to the account opened in the name of the Owners with such bank as the Owners may choose, the details of which shall be notified by the Owners to the Charterers prior to the first Hire Payment Date (or such other account as the Owners may notify the Charterers from time to time) for credit to the account of the Owners.
  - (e) Following delivery of the Vessel to, and acceptance by, the Charterers under this Charter, the Charterers' obligation to pay Hire and any other amounts in accordance with this Clause 40 shall be absolute irrespective of any contingency whatsoever including but not limited to:
    - (i) any set-off, counterclaim, recoupment, defence or other right which either party to this Charter may have against the other;
    - (ii) any unavailability of the Vessel, for any reason, including but not limited to any action or inaction by any Obligor or any Sub-Charterers, seaworthiness, condition, design, operation, merchantability or fitness for use or purpose of the Vessel or any apparent or latent defects in the Vessel or its machinery and equipment or the ineligibility of the Vessel for any particular use or trade or for registration of documentation under the laws of any

relevant jurisdiction or lack of registration or the absence or withdrawal of any consent required under the applicable law of any relevant jurisdiction for the ownership, chartering, use or operation of the Vessel or any damage to the Vessel;

- (iii) any lack or invalidity of title or any other defect in title, provided such lack or invalidity of title or defect does not affect the quiet and peaceful use, possession and enjoyment of the Vessel;
- (iv) any failure or delay on the part of either party to this Charter or any Obligor or any Sub-Charterer, whether with or without fault on its part, in performing or complying with any of the terms, conditions or other provisions of this Charter or any other Transaction Document;
- (v) any insolvency, bankruptcy, reorganisation, arrangement, readjustment of debt, dissolution, administration, liquidation or similar proceedings by or against the Owners, the Charterers, any Obligor, any Sub-Charterers, or any change in the constitution of the Owners, the Charterers, any Obligor or any Sub-Charterers;
- (vi) any invalidity or unenforceability or lack of due authorisation of or any defect in this Charter, any Sub-Charter or any other Transaction Document; or
- (vii) any other cause which would but for this provision have the effect of terminating or in any way affecting the obligations of the Charterers hereunder,

it being the intention of the parties that the provisions of this Clause 40, and the obligation of the Charterers to pay Hire and make any payments under this Charter, shall (save as expressly provided in this Clause 40) survive any frustration and that, save as expressly provided in this Charter, no moneys paid under this Charter by the Charterers to the Owners shall in any event or circumstance be repayable to the Charterers.

- (f) All payments of Hire and all other Unpaid Sums to the Owners pursuant to this Charter and the other relevant Transaction Documents shall be made in immediately available funds in US Dollars, free and clear of, and without deduction for or on account of, any taxes, unless the Charterers are required by law or regulation to make any such payment of Hire subject to such taxes.
- (g) In the event that the Charterers are required by any law or regulation to make any deduction or withholding on account of any taxes which arise as a consequence of any payment due under this Charter, then:
  - (i) the Charterers shall notify the Owners promptly after they become aware of such requirement;
  - (ii) the Charterers shall remit the amount of such taxes to the appropriate taxation authority within five (5) Business Days or any other shorter time period as required under any applicable law or

regulation and in any event prior to the date on which penalties attach thereto; and

- (iii) such payment shall be increased by such amount as may be necessary to ensure that the Owners receive a net amount which, after deducting or withholding such taxes, is equal to the full amount which the Owners would have received had such payment not been subject to such taxes.
- (h) The Charterers shall promptly deliver to the Owners any receipts, certificates or other proof evidencing the amounts, if any, paid or payable in respect of any such withholding or deduction and that any such taxes have been remitted to the appropriate taxation authority within thirty (30) days after the expiry of any time limit within which such taxes must be so remitted or, if earlier, the date on which such taxes are so remitted.
- (i) If the Charterers fail to pay any amount payable by them to the Owners under a Transaction Document on its due date, interest shall accrue on the Unpaid Sum from the due date up to the date of actual payment (both before and after judgment) at a rate which is one per cent. (1%) per annum higher than the aggregate of the Margin and the Applicable Rate which would have been payable if the Unpaid Sum had, during the period of non-payment, constituted the Cost Balance for successive Hire Periods. Any interest accruing under this paragraph (i) shall be immediately payable by the Charterers on demand by the Owners. Default interest (if unpaid) arising on an Unpaid Sum will be compounded with the Unpaid Sum at the end of each Hire Period applicable to that Unpaid Sum but will remain immediately due and payable.
- (j) In the event that this Charter is terminated for whatever reason, the Charterers' obligation to pay Hire and such other Unpaid Sum which (in each case) has accrued due before, and which remains unpaid, at the date of such termination shall continue notwithstanding such termination.
- (k) In the event that it becomes unlawful or it is prohibited for the Owners to charter the Vessel pursuant to this Charter, then the Owners shall notify the Charterers of the relevant event and negotiate in good faith with the Charterers for a period of thirty (30) days from the date of the receipt of the relevant notice by the Charterers to agree an alternative arrangement. If such agreement is not reached within such thirty (30)-day period, the Charterers agree that, in such circumstances, the Owners shall have the right to terminate this Charter by delivering to the Charterers a Termination Notice specifying a Termination Payment Date, whereupon the Charterers shall be obliged to pay to the Owners the Termination Sum relative to the Termination Payment Date and comply with such other terms and conditions as may be specified in such Termination Notice.
- (l) The Charterers shall, within ten (10) Business Days of demand by the Owners, pay to the Owners any Break Costs and any Swap Losses (where applicable).

(m)

- (i) If a Screen Rate Replacement Event has occurred, any amendment or waiver which relates to:
- (A) providing for the use of a Replacement Benchmark in place of (or in addition to) the affected Screen Rate; and
  - (B) any or all of the following:
    - (1) aligning any provision of any Transaction Document to the use of that Replacement Benchmark;
    - (2) enabling that Replacement Benchmark to be used for the calculation of Variable Hire under this Charter (including, without limitation, any consequential changes required to enable that Replacement Benchmark to be used for the purposes of this Charter);
    - (3) implementing market conventions applicable to that Replacement Benchmark;
    - (4) providing for appropriate fallback (and market disruption) provisions for that Replacement Benchmark; or
    - (5) 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 Owners and the Charterers.
- (ii) If, as at 30 September 2022 this Charter provides that the Variable Hire is to be determined by reference to the Screen Rate for LIBOR:
- (A) a Screen Rate Replacement Event shall be deemed to have occurred on that date in relation to the Screen Rate; and
  - (B) the Owners and the Charterers 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 December 2022.

(n)

- (i) Subject to paragraph (iv) below, the Charterers shall promptly pay to the Owners, the amount of any Increased Costs incurred by the Owners or any of its Affiliates as a result of:
  - (A) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation after the date of this Charter;
  - (B) compliance with any law or regulation made after the date of this Charter; or
  - (C) the implementation or application of, or compliance with Basel III or CRD IV or any law or regulation that implements or applies Basel III or CRD IV made after the date of this Charter (whether such implementation, application or compliance is by a government, regulator, the Owners or any of the Owners' Affiliates).
- (ii) If the Owners intend to make a claim pursuant to paragraph (i) above, the Owners shall promptly notify the Charterers of the event giving rise to the claim.
- (iii) The Owners shall, as soon as practicable after a demand by the Charterers, provide a certificate confirming the amount of the Increased Costs.
- (iv) Paragraph (i) above does not apply to the extent any Increased Cost is:
  - (A) attributable to a FATCA Deduction required to be made by a Party;
  - (B) attributable to a wilful breach by the Owners or its Affiliates of any law or regulation.
- (v) In this Clause 40(n):
  - "Basel III"** means:
    - (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, supplemental or restated; and
    - (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

"**CRD IV**" means EU CRD IV and UK CRD IV.

"**EU CRD IV**" means:

- (A) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 548/2012; and
- (B) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

"**UK CRD IV**" means:

- (A) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 548/2012 as it forms part of domestic law of the United Kingdom by virtue of the 2018 Withdrawal Act;
- (B) the law of the United Kingdom or any part of it, which immediately before IP Completion Day (as defined in the 2020 Withdrawal Act) implemented Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC and its implementing measures; and
- (C) direct EU legislation (as defined in the 2018 Withdrawal Act), which immediately before IP Completion Day (as defined in the 2020 Withdrawal Act) implemented EU CRD IV as it forms part of domestic law of the United Kingdom by virtue of the 2018 Withdrawal Act.

#### **41 Insurance**

- (a) During the Agreement Term, the Charterers shall at their expense keep the Vessel insured against fire and usual marine risks (including hull and machinery and excess risks), oil pollution liability risks, war and protection and indemnity risks and any other risks against which it is compulsory to

insure for the operation for the Vessel or in the Owners' reasonable opinion common market practice to insure for the operation, trading, management and/or for safety purposes for the Vessel in such market (but excludes loss of hire insurance) and on such terms as the Owners and the Finance Parties (if any) shall approve in writing.

- (b) Such insurances shall be arranged by the Charterers to protect the interests of the Owners, the Charterers and (if any) the Finance Parties, and the Charterers shall be at liberty to protect under such insurances the interests of any managers (including the Approved Managers) they may appoint provided that any manager shall be an Approved Manager and shall, on or prior to its appointment, execute a Manager's Undertaking (i) in such form as the Owners may require and (ii) which shall include an assignment of the Approved Managers' interest under such insurances, in favour of the Owners or the relevant Finance Party (if any).
- (c) Insurance policies shall cover the Owners, the Charterers and (if any) the Finance Parties according to their respective interests. Subject to the approval of the Owners, the Finance Parties (if any) and the insurers, the Charterers shall effect all insured repairs and shall undertake settlement and reimbursement from the insurers of all costs in connection with such repairs as well as insured charges, expenses and liabilities to the extent of coverage under the insurances herein provided for. All time used for repairs under this Clause 41 and for repairs of latent defects, including any deviation, shall be for the Charterers' account.
- (d) The Charterers shall also remain responsible for and to effect repairs and settlement of costs and expenses incurred thereby in respect of all other repairs not covered by the insurances and/or not exceeding any possible franchise(s) or deductibles provided for in the insurances.
- (e) The Charterers shall arrange that, at any time during the Agreement Term, the hull and machinery and war risks insurance shall be in an amount not less than the higher of:
  - (i) 100% of the latest Market Value as determined under the terms of this Charter; and
  - (ii) 120% of the Cost Balance then applicable,(the "**Minimum Insured Value**").
- (f) The terms of the hull and machinery insurance and the identity of the insurers shall be acceptable to the Owners (such acceptance not to be unreasonably withheld). The Vessel shall be entered in a P&I Club which is a member of the International Group Association on customary terms and shall be covered against liability for pollution claims in an amount not less than USD1,000,000,000. The P&I cover shall be placed with a P&I Club which is a member of the International Group Association. All insurances shall include

customary protection in favour of the Owners and (if any) the Finance Parties as notice of cancellation and exclusion from liability for premiums or calls.

- (g) The Charterers:
- (i) undertake to place the Insurances in such markets, in such currency, on such terms and conditions, and with such first class and reputable brokers, underwriters and associations as the Owners shall have previously approved in writing. The Charterers shall name the Owners, the Charterers, the Approved Managers and if applicable, the Finance Parties as the only named assureds;
  - (ii) shall not alter the terms of any of the Insurances nor allow any person to be co-assured under any of the Insurances without the prior written consent of the Owners, and will supply the Owners and if applicable, any of the Finance Parties from time to time on request with such information as the Owners and if applicable, any of the Finance Parties may in their discretion require with regard to the Insurances and the brokers, underwriters or associations through or with which the Insurances are placed; and
  - (iii) shall reimburse the Owners with ten (10) Business Days of demand but, subject to the proviso below, not more than once per calendar year during the Agreement Term, for all documented costs and expenses reasonably incurred by the Owners in obtaining a report on the adequacy of the Insurances from an insurance adviser instructed by the Owners provided however the Charterers shall reimburse the Owners for all documented costs and expenses reasonably incurred by the Owners in obtaining any number of such additional report if any such additional report is obtained by the Owners after the occurrence of (i) a Termination Event which is continuing, or (ii) any material changes in the Insurances and/or the market practices relating to the Insurances.
- (h) The Charterers undertake duly and punctually to pay all premiums, calls and contributions, and all other sums at any time payable in connection with the Insurances, and, at their own expense, to arrange and provide any guarantees from time to time required by any protection and indemnity or war risks association. From time to time at the Owners' and/or the Finance Parties' request, the Charterers will provide the Owners and/or such Finance Party with evidence satisfactory to the Owners and the Finance Party (in each case, acting reasonably) that such premiums, calls, contributions and other sums have been duly and punctually paid; that any such guarantees have been duly given; and that all declarations and notices required by the terms of any of the Insurances to be made or given by or on behalf of the Charterers to brokers, underwriters or associations have been duly and punctually made or given.
- (i) The Charterers will comply in all respects with all terms and conditions of the Insurances and will make all such declarations to brokers, underwriters and associations as may be required to enable the Vessel to operate in accordance

with the terms and conditions of the Insurances. The Charterers will not do, nor permit to be done, any act, nor make, nor permit to be made, any omission, as a result of which any of the Insurances may become liable to be suspended, cancelled or avoided, or may become unenforceable, or as a result of which any sums payable under or in connection with any of the Insurances may be reduced or become liable to be repaid or rescinded in whole or in part. In particular, but without limitation, the Charterers will not permit the Vessel to be employed other than in conformity with the Insurances without first taking out additional insurance cover in respect of that employment in all respects to the satisfaction of the Owners and if applicable, any of the Finance Parties, and the Charterers will promptly notify the Owners of any new requirement imposed by any broker, underwriter or association in relation to any of the Insurances.

- (j) The Charterers will ensure that any of the Insurances is renewed no later than five (5) days before its expiry and shall immediately give the Owners and if applicable, any of the Finance Parties such details of those renewals as the Owners and if applicable, any of the Finance Parties may require.
- (k) The Charterers shall , upon relevant renewals, deliver to the Owners and if applicable, any of the Finance Parties certified copies of all policies, certificates of entry and other documents relating to the Insurances (including, without limitation, receipts for premiums, calls or contributions) and shall procure that letters of undertaking in such industry-standard form as the Owners or if applicable, any of the Finance Parties may approve (acting reasonably) shall be issued to the Owners and, if applicable, the Finance Parties by the brokers through which the Insurances are placed (or, in the case of protection and indemnity or war risks associations, by their managers). If the Vessel is at any time during the Agreement Term insured under any form of fleet cover, the Charterers shall procure that those letters of undertaking contain confirmation that the brokers, underwriters or association (as the case may be) will not set off claims relating to the Vessel against premiums, calls or contributions in respect of any other vessel or other insurance, and that the insurance cover of the Vessel will not be cancelled by reason of non-payment of premiums, calls or contributions relating to any other vessel or other insurance. Failing receipt of those confirmations, the Charterers will instruct the brokers, underwriters or association concerned to issue a separate policy or certificate for the Vessel in the sole name of the Charterers or of the Charterers' brokers as agents for the Charterers.
- (l) The Charterers shall promptly provide the Owners and if applicable, any of the Finance Parties with full information regarding any casualty or other accident or damage to the Vessel which exceed the Threshold Amount which claims in aggregate is or reasonably like to exceed the Threshold Amount and promptly upon the request of the Owners, provide information and promptly execute such documents as may be required to enable the Owners to comply with the insurance provisions of the Finance Documents.
- (m) The Charterers agree that, at any time after the occurrence of a Termination Event which is continuing, the Owners or if applicable, any of the Finance Parties shall be entitled to collect, sue for, recover and give a good discharge

for all claims in respect of any of the Insurances; to pay collecting brokers the customary commission on all sums collected in respect of those claims; to compromise all such claims or refer them to arbitration or any other form of judicial or non-judicial determination; and otherwise to deal with such claims in such manner as the Owners and if applicable, any of the Finance Parties shall in their discretion think fit.

- (n) Whether or not a Termination Event shall have occurred, the proceeds of any claim under any of the Insurances in respect of a Total Loss shall be paid and applied in accordance with Clause 53 (*Total Loss*).
- (o) In the event of any claim in respect of any of the Insurances (other than in respect of a Total Loss), if the Charterers shall fail to reach agreement with any of the brokers, underwriters or associations for the immediate restoration of the Vessel, or for payment to third parties, within such time as the Owners may in good faith stipulate, the Owners shall be entitled to require payment to itself and if applicable, any of the Finance Parties. In the event of any dispute arising between the Charterers and any broker, underwriter or association with respect to any obligation to make any payment to the Charterers or to the Owners and/or if applicable, any of the Finance Parties under or in connection with any of the Insurances, or with respect to the amount of any such payment, the Owners and/or if applicable, any of the Finance Parties shall be entitled to settle that dispute directly with the broker, underwriter or association concerned. Any such settlement shall be binding on the Charterers.
- (p)
  - (i) The Owners agree that any amounts which may become due under any protection and indemnity entry or insurance shall be paid to the Charterers to reimburse the Charterers for, and in discharge of, the loss, damage or expense in respect of which they shall have become due, unless, at the time the amount in question becomes due, a Termination Event shall have occurred and is continuing, in which event the Owners shall be entitled to receive the amounts in question and to apply them either in reduction of any amount owed by the Charterers pursuant to paragraph (d) of Clause 49 (*Termination Events*) or, at the option of the Owners, to the discharge of the liability in respect of which they were paid.
  - (ii) Without prejudice to the forgoing and subject to the terms of the Finance Documents (if any), all other claims in relation to the Insurances (other than in respect of a Total Loss), shall, unless and until the occurrence of a Termination Event which is continuing, in which event all claims under the relevant policy shall be payable directly to the Owners, be payable as follows:
    - (A) a claim in respect of any one casualty where the aggregate claim against all insurers does not exceed the Threshold Amount, prior to adjustment for any franchise or deductible under the terms of the relevant policy, shall be paid directly

to the Charterers (as agent for the Owners) for the repair, salvage or other charges involved or as a reimbursement if the Charterers fully repaired the damage to the satisfaction of the Owners (acting reasonably) and paid all of the salvage or other charges;

- (B) a claim in respect of any one casualty where the aggregate claim against all insurers exceeds the Threshold Amount prior to adjustment for any franchise or deductible under the terms of the relevant policy, shall, subject to the prior written consent of the Owners (such consent not to be unreasonably withheld), be paid to the Charterers as and when the Vessel is restored to her former state and condition and the liability in respect of which the insurance loss is payable is discharged, and provided that the insurers may with such consent make payment on account of repairs in the course of being effected, but, in the absence of such prior written consent shall be payable directly to the Owners.
- (q) The Charterers shall not settle, compromise or abandon any claim under or in connection with any of the Insurances (other than a claim of less than the Threshold Amount arising other than from a Total Loss in the absence of any Termination Event that is continuing) without the prior written consent of the Owners (such consent not to be unreasonably withheld).
- (r) If the Charterers fail to effect or keep in force the Insurances, the Owners may (but shall not be obliged to) effect and/or keep in force such insurances on the Vessel and such entries in protection and indemnity or war risks associations as the Owners in their discretion consider desirable, and the Owners may (but shall not be obliged to) pay any unpaid premiums, calls or contributions. The Charterers will reimburse the Owners from time to time within ten (10) Business Days of a demand for all such premiums, calls or contributions paid by the Owners.
- (s) The Charterers shall comply strictly with the requirements of any legislation relating to pollution or protection of the environment which may from time to time be applicable to the Vessel in any jurisdiction in which the Vessel shall trade and in particular the Charterers shall comply strictly with the requirements of the United States Oil Pollution Act 1990 (the "**Act**") if the Vessel is to trade in the United States of America and Exclusive Economic Zone (as defined in the Act). Before any such trade is commenced and during the entire period during which such trade is carried on, the Charterers shall:
  - (i) pay any additional premiums required to maintain protection and indemnity cover for oil pollution up to the limit available to the Charterers for the Vessel in the market; and
  - (ii) make all such quarterly or other voyage declarations as may from time to time be required by the Vessel's protection and indemnity

association in order to maintain such cover, and promptly deliver to the Owners copies of such declarations; and

- (iii) submit the Vessel to such additional periodic, classification, structural or other surveys which may be required by the Vessel's protection and indemnity insurers to maintain cover for such trade and promptly deliver to the Owners copies of reports made in respect of such surveys; and
- (iv) implement any recommendations contained in the reports issued following the surveys referred to in paragraph (iii) above within the relevant time limits contained in such reports, and provide evidence satisfactory to the Owners that the protection and indemnity insurers are satisfied that this has been done; and
- (v) in addition to the foregoing (if such trade is in the United States of America and Exclusive Economic Zone):
  - (A) obtain and retain a certificate of financial responsibility under the Act in form and substance satisfactory to the United States Coast Guard and provide the Owners with evidence of the same; and
  - (B) procure that the protection and indemnity insurances do not contain a US Trading Exclusion Clause or any other analogous provision and provide the Owners with evidence that this is so; and
  - (C) comply strictly with any operational or structural regulations issued from time to time by any relevant authorities under the Act so that at all times the Vessel falls within the provisions which limit strict liability under the Act for oil pollution.
- (vi) The Owners shall at any date be at liberty to take out an Innocent Owners' Interest Insurance in relation to the Vessel in any amount and on such terms and conditions as the Owners may from time to time decide, and the Charterers shall from time to time upon the Owners' demand (A) pay the relevant insurers directly for all costs, premiums and expenses payable or (B) reimburse the Owners for all costs, premiums and expenses paid or incurred by the Owners, in connection with any Innocent Owners' Interest Insurance.

#### **42 Redelivery**

- (a) Upon:
  - (i) the occurrence of any overdue Termination Event which is continuing and if the Owners decide to withdraw the Vessel from the service of the Charterers pursuant to paragraph (c) of Clause 49 (*Termination Events*); or

- (ii) the occurrence of a Termination pursuant to Clause 40(k) (*Hire*) and if the Termination Sum has not been paid in full in accordance with Clause 40(k) (*Hire*); or
- (iii) the expiry of the Charter Period (and subject to no Total Loss having occurred, the Purchase Option, Call Option or the Early Termination Event having not been exercised (or fulfilled)),

unless the Owners are obliged to transfer title to the Vessel to the Charterers in accordance with this Charter, the Charterers shall, at their own cost and expense, redeliver or cause to be redelivered the Vessel to the Owners at a safe, ice free port where the Vessel would be afloat at all times in a ready safe berth or anchorage as selected by the Owners, in accordance with Clauses 43 (*Redelivery conditions*) and 44 (*Diver's inspection at redelivery*).

- (b) The Charterers warrant that they will not permit the Vessel to commence a voyage (including any preceding ballast voyage) which cannot reasonably be expected to be completed in time to allow redelivery of the Vessel within the Charter Period.

#### **43 Redelivery conditions**

- (a) In addition to what has been agreed in Clauses 15 (*Redelivery*) (Part II) and 42 (*Redelivery*) in the circumstances described in Clause 42 (*Redelivery*), the condition of the Vessel shall at redelivery be as follows:
  - (i) the Vessel shall be free of any overdue class and statutory recommendations affecting its trading certificates;
  - (ii) the Vessel must be redelivered with all equipment and spares or replacement items listed in the delivery inventory carried out pursuant to Clause 9 (*Inventories, Oil and Stores*) (Part II) and any spare parts on board or on order for any equipment installed on the Vessel following delivery and paid in full; all records, logs, plans, operating manuals and drawings, spare parts onboard shall be included at the time of redelivery in connection with a transfer of the Vessel or such other items as are then in the possession of the Charterers shall be delivered to the Owners;
  - (iii) the Vessel must be redelivered with all national and international trading certificates and hull/machinery survey positions for both class and statutory surveys free of any overdue recommendation and qualifications valid and un-extended for a period of at least three (3) months beyond the redelivery date;
  - (iv) all of the Vessel's ballast tank coatings to be maintained in "Fair" (as such term (or its equivalent) may be defined and/or interpreted in the relevant survey report) condition as appropriate for the Vessel's age at the time of redelivery, fair wear and tear excepted;

- (v) the Vessel shall have passed any flag or class surveys or inspections due within three (3) months after the date of redelivery and have its continuous survey system up to date;
  - (vi) the Vessel must be re-delivered with accommodation and common spaces for crew and officers substantially in the same condition as at the Actual Delivery Date, free of damage over and above fair wear and tear; with cargo spaces generally fit to carry the cargoes originally designed and intended for the Vessel; with main propulsion equipment, auxiliary equipment, cargo handling equipment, navigational equipment, etc., in such operating condition as provided for in this Charter, fair wear and tear excepted;
  - (vii) the Vessel shall be free and clear of all liens other than those created by or on the instructions of the Owners;
  - (viii) the condition of the cargo holds to be in accordance with the maintenance regime undertaken by the Charterers during the Charter Period since delivery with allowance for legitimate cargoes carried since the last major maintenance programme;
  - (ix) a final joint report from the surveyors appointed by the Owners and the Charterers respectively shall be carried out as to the condition of the Vessel and a list of agreed deficiencies if any shall be drawn up;
  - (x) the anti-fouling coating system applied at the last scheduled dry-docking shall be in accordance with prevailing regulations at the time of application;
  - (xi) the funnel markings and name (unless being maintained by the Owner following redelivery) shall be painted out by the Charterers; and
  - (xii) in addition and without prejudice to Clause 43(a)(ii), all remaining bunkers on the Vessel shall be in compliance with all applicable laws, including without limitation, the global sulphur limit imposed by the International Maritime Organization (IMO); and such remaining bunkers shall be sufficient to at least cover a voyage to the next bunkering port.
- (b) At redelivery, the Charterers shall ensure that the Vessel shall meet the following performance levels (which where relevant shall be determined by reference to the Vessel's log books):
- (i) all equipment controlling the habitability of the accommodation and service areas to be in proper working order, fair wear and tear excepted; and
  - (ii) available deadweight to be within one per cent (1%) of that achieved at delivery (as the same may be adjusted as a result of any upgrading of the Vessel carried out in accordance with this Charter

(such adjustment to be agreed between the Owners and Charterers at the time such upgrading work is to be undertaken)).

- (c) The Owners and Charterers shall each appoint (at their own expense) surveyors for the purpose of determining and agreeing in writing the condition of the Vessel at redelivery.
- (d) If the Vessel is not in the condition or does not meet the performance criteria required by this Clause 43, a list of deficiencies together with the costs of repairing/remedying such deficiencies shall be agreed by the respective surveyors.
- (e) The Charterers shall be obliged to repair any class items restricting the operation or trading of the Vessel prior to redelivery.
- (f) The Charterers shall be obliged to repair/remedy all such other deficiencies as are necessary to put the Vessel into the return condition required by this Clause 43.
- (g) The cost of making any repairs/remedial work referred to in paragraph (f) above shall be for the Charterers' account.
- (h) Provided that a Purchase Option, Call Option or Early Termination Event has not then been exercised by the Charterers by the Call Option Expiry Date or fulfilled (as the case may be), the Owners shall be entitled to remarket the Vessel and in connection therewith:
  - (i) the Owners shall be entitled at their cost, to place representatives on board the Vessel, subject to signing of a standard P&I indemnity letter; and
  - (ii) the Charterers shall provide all reasonable co-operation to the Owners.

**44 Diver's inspection at redelivery**

- (a) Unless the Vessel is returned in dry-dock, a diver's inspection is required to be performed at the time of redelivery.
- (b) The Charterers shall, at the written request of the Owners, arrange at the Charterers' expense for an underwater inspection by a diver approved by the Classification Society immediately prior to the redelivery.
- (c) A video film of the inspection shall be made. The extent of the inspection and the conditions under which it is performed shall be to the satisfaction of the Classification Society.
- (d) If damage to the underwater parts is found, the Charterers shall arrange, at their time and costs, for the Vessel to be dry-docked and repairs carried out to the satisfaction of the Classification Society.
- (e) If the conditions at the port of redelivery are unsuitable for such diver's inspection, the Charterers shall take the Vessel (in Owners' time but at

Charterers' expense) to a suitable alternative place nearest to the redelivery port unless an alternative solution is agreed.

- (f) Without limiting the generality of paragraph (b)(iv) of Clause 55 (*Fees and expenses*), all costs relating to any diver's inspection shall be borne by the Charterers.

45

**Owners' mortgage; Owners transfers**

- (a) The Charterers:
- (i) acknowledge that the Owners are entitled without the prior written consent of the Charterers, and do intend to enter or have entered into certain funding arrangements with the Finance Parties in order to finance part of the Owners' Cost (the "**Financing Arrangements**"), which Financing Arrangements may be secured, inter alia, by ship mortgages over the Vessel and (along with other related matters) the relevant Finance Documents;
  - (ii) irrevocably consent to any assignment in favour of the Finance Parties of any Transaction Documents pursuant to the relevant Finance Documents; and
  - (iii) without limiting the generality of Clause 48(bb) (*Charterers' undertakings*), undertake to execute, provide or procure the execution or provision (as the case may be) of such further information or document as in the opinion of the Owners and/or the Finance Parties, acting in good faith, are necessary to effect the assignment referred to in paragraph (ii) above and any assignment (by way of security) by the Owners of their rights in the Transaction Documents in favour of any Finance Party.
- (b) Without limiting the Charterers' obligations under this Clause and without prejudice to any other provisions in this Charter, provided that the Charterers at all times perform their obligations under this Charter and in the absence of any Termination Event that is continuing:
- (i) the Owners will not disturb or interfere with the Charterers' quiet possession and enjoyment of the Vessel; and
  - (ii) if required by the Charterers, the Owners will procure that the Finance Parties provide a quiet enjoyment agreement (in a form reasonably acceptable to the Charterers) to the Charterers prior to the creation of any mortgages over the Vessel pursuant to any Financing Arrangements.
- (c) Provided that the Owners will not disturb or interfere with the Charterers' quiet possession and enjoyment of the Vessel (subject to the Charterers performing their obligations under this Charter at all times and the absence of any Termination Event that is continuing), the Owners are entitled with the prior written consent of the Charterers (such consent not to be unreasonably withheld or delayed):

- (i) by delivering a notice (the "**Novation Notice**") to the Charterers, to notify the Charterers that the Owners sell the Vessel to a Financial Institution, and at the same time novate this Charter, to that Financial Institution. Following receipt by the Charterers of the Novation Notice, the rights and obligations of the Owners under the Transaction Documents shall be transferred by way of novation to that Financial Institution;
- (ii) without prejudice to the foregoing, the Owners may assign, transfer or novate their rights under any Transaction Document, provided that the assignment, transfer or novation is to a Financial Institution in accordance with Clause 45(c) above; and
- (iii) the Charterers shall provide all necessary assistance and use reasonable endeavours to obtain all necessary consents from any Sub-Charterer (if applicable) to facilitate the Owners' entry into such documents, assignment, novation and/or title transfer in accordance with this Clause,

and, for the avoidance of doubt, if no Termination Event has occurred and is then continuing, without any costs to the Charterers.

- (d) For the avoidance of doubt, the Owners shall retain the right not to proceed with any assignment, transfer or novation as contemplated in this Clause if any such assignment, transfer or novation would or is reasonably likely to result in the Owners (or any of their Affiliates) being in breach of any applicable Sanctions.

#### **46 Transport documents**

The Charterers shall use their standard documents, waybills and conditions of carriage in the carriage of goods. Such documents, waybills and standard conditions shall comply with compulsory applicable legislation.

#### **47 Charterers' representations and warranties**

- (a) The Charterers make the representations and warranties set out in this Clause 47 to the Owners on the date of this Charter, the Pre-positioning Date and on the Actual Delivery Date:
  - (i) each Obligor is a corporation or (as the case may be) limited liability company, duly incorporated or formed in good standing and validly existing under the laws of its jurisdiction of incorporation or formation (as the case may be), and has the power to own its assets and carry on its business as it is being conducted;
  - (ii) subject to the Legal Reservations, all of the following:
    - (A) the obligations expressed to be assumed by each Obligor in the Transaction Documents to which it is a party are legal, valid, binding and enforceable obligations; and

- (B) (without limiting the generality of Clause 47(a)(v)(A)) each Security Document to which it is a party creates the Security Interests which that Security Document purports to create and those Security Interests are valid and effective;
- (iii) the entry into and performance by each Obligor of, and the transactions contemplated by each Transaction Document to which it is a party do not conflict with:
- (A) any law or regulation applicable to it;
  - (B) its constitutional documents; or
  - (C) any document binding on it or any of its assets or constitute a default or termination event (howsoever described) under any such agreement or instrument;
- (iv) all of the following:
- (A) each Obligor has the power to enter into, perform and deliver, and have taken all necessary action to authorise its entry into, performance and delivery of the Transaction Documents to which it is a party and the transactions contemplated thereunder; and
  - (B) in respect of each Obligor, no limit on the powers of such Obligor will be exceeded as a result of the proposed transaction, grant of security or giving of guarantees or indemnities contemplated by the Transaction Documents to which it is a party;
- (v) all consents, licences, approvals, authorisations, filings and registrations required:
- (A) to enable each Obligor to lawfully enter into, exercise its rights and comply with its obligations in each Transaction Document to which it is a party or to enable the Owners to enforce and exercise all its rights under the Transaction Documents; and
  - (B) to make each Transaction Document to which any Obligor is a party admissible in evidence in its Relevant Jurisdiction, have been obtained or effected and are in full force and effect;
- (vi) subject to Legal Reservations, all of the following:
- (A) the choice of governing law of any Transaction Document will be recognised and enforced in the Relevant Jurisdictions of each relevant Obligor; and
  - (B) any judgment obtained in relation to any Transaction Document in the jurisdiction of the governing law of that

Transaction Document will be recognised and enforced in the Relevant Jurisdictions of each relevant Obligor.

- (vii) no corporate action, legal proceeding or other procedure or step described in Clause 49(a)(vii) or creditors' process described in Clause 49(a)(viii) has been taken or, to the knowledge of the Charterers, threatened in relation to an Obligor; and none of the circumstances described in Clause 49(a)(vi) applies to an Obligor;

under the laws of the Relevant Jurisdictions of each Obligor, it is not necessary that any Transaction Document to which such Obligor is a 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 Transaction Document or the transactions contemplated thereby;

- (viii) no Obligor is required to make any deduction for or on account of Tax from any payment it may make under each Transaction Document to which it is a party;

- (ix) all of the following:

- (A) no Termination Event is continuing or might reasonably be expected to result from any Obligor's entry into and performance of each Transaction Document to which such Obligor is a party; and

- (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 (howsoever described) under any other agreement or instrument which is binding on any of the Obligor or to which its assets are subject;

- (x) save as disclosed in writing to the Owners prior to the date of this Charter:

- (A) all material information provided to the Owners by or on behalf of any of the Obligors on or before the date of this Charter and not superseded before that date is accurate and not misleading in any material respect and all projections provided to the Owners on or before the date of this Charter have been prepared in good faith on the basis of assumptions which were reasonable at the time at which they were prepared and supplied;

- (B) all other written information provided by any of the Obligors (including its advisers) to the Owners was true, complete and accurate in all material respects as at the date it was provided and is not misleading in any respect;

- (C) the copy of the Initial Sub-Charter provided to the Owners is a true and complete copy;
  - (D) no amendments or additions to the Initial Sub-Charter provided to the Owners have been agreed nor have any rights thereunder been waived; and
  - (E) there has been no material breach of any Sub-Charter nor has there been any Sub-Charter Termination Event;
- (xi) all of the following:
- (A) the Original Financial Statements were prepared in accordance with GAAP consistently applied;
  - (B) the audited Original Financial Statements fairly present the Group's financial condition and results of operations during the relevant financial year;
  - (C) there has been no material adverse change in any Obligor's assets, business or financial condition (or the assets, business or consolidated financial condition of the Group, in the case of the Charter Guarantor) since the date of the Original Financial Statements;
  - (D) the Charter Guarantor's most recent financial statements delivered pursuant to Clause 48(x):
    - (1) have been prepared in accordance with GAAP as applied to the Original Financial Statements; and
    - (2) fairly present its consolidated financial condition as at the end of, and its consolidated results of operations for, the period to which they relate; and
  - (E) since the date of the most recent financial statements delivered pursuant to Clause 48(y) there has been no material adverse change in the assets, business or financial condition of any of the Obligors.
- (xii) all of the following:
- (A) no litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which has or have (to the best of its knowledge and belief) been started or threatened against any Obligor and in respect of the Charter Guarantor, which will or may reasonably be expected to have a Material Adverse Effect; and
  - (B) no judgment or order of a court, arbitral body or agency which might reasonably be expected to have a Material Adverse Effect has been made against any Obligor;

- (xiii) none of the Obligors has breached any law or regulation which (in respect of the Charter Guarantor) such breach has or is reasonably likely to have a Material Adverse Effect;
- (xiv) all of the following:
  - (A) each of the Obligors is in compliance with Clause 48(c) and to the best of its knowledge and belief (having made due and careful enquiry) no circumstances have occurred which would prevent such compliance; and
  - (B) no Environmental Claim has been commenced or (to the best of its knowledge and belief (having made due and careful enquiry)) is threatened against any of the Obligors and in respect of the Charter Guarantor, which will or may reasonably be expected to have a Material Adverse Effect;
- (xv) all of the following:
  - (A) none of the Obligors is overdue in the filing of any Tax returns or is overdue in the payment of any amount in respect of Tax, save in the case of Taxes which are being contested in good faith; and
  - (B) no claims or investigations are being, or are reasonably likely to be, made or conducted against any of the Obligors with respect to Taxes.
- (xvi) all of the following:
  - (A) no Security Interest exists over all or any of the present or future assets of the Charterers other than Permitted Security Interests; and
  - (B) the Charterers do not have any Financial Indebtedness outstanding other than (i) as permitted by this Charter; (ii) the aggregate amount of which is not more than one million Dollars (US\$1,000,000), and (iii) any such Financial Indebtedness is subordinated to all Financial Indebtedness incurred under the Transaction Documents pursuant to a subordination agreement in favour of the Owners or such other arrangement acceptable to the Owners;
- (xvii) subject to Legal Reservations, the payment obligations of each Obligor under each Transaction Document to which it is a party rank at least *pari passu* with the claims of all other unsecured and unsubordinated creditors of such Obligor, except for obligations mandatorily preferred by law applying to companies generally;
- (xviii) subject to Legal Reservations, all of the following:
  - (A) it is not necessary under the Relevant Jurisdictions of any of the Obligors:

(1) in order to enable the Owners to enforce its rights under any Transaction Document; or

(2) by reason of the execution of any Transaction Document or the performance by it of its obligations under any Transaction Document,

that the Owners should be licensed, qualified or otherwise entitled to carry on business in any of the Relevant Jurisdictions of any of the Obligors; and

(B) the Owners are not or will not be deemed to be resident, domiciled or carrying on business in any of the Relevant Jurisdictions of any of the Obligors by reason only of the execution, performance and/or enforcement of any Transaction Document;

(xix) the Charterers are not aware of any material facts or circumstances which have not been disclosed to the Owners and which might, if disclosed, have changed the decision of a person willing to enter into a lease financing transaction of the nature contemplated by the MOA and this Charter with the Charterers.

(xx) all of the following:

(A) the copies of any Transaction Documents or Management Agreements (together the "**Relevant Documents**") provided or to be provided by the Charterers to the Owners in accordance with Clause 36 (*Conditions precedent and conditions subsequent*) are, or will be, true and accurate copies of the originals and represent, or will represent, the full agreement between the parties to those Relevant Documents in relation to the subject matter of those Relevant Documents;

(B) there are no commissions, rebates, premiums or other payments due or to become due in connection with the subject matter of the Relevant Documents other than in the ordinary course of business or as disclosed to, and approved in writing by, the Owners; and

(C) there is no dispute under any of the Relevant Documents as between the parties to any such document;

(xxi) none of the Obligors nor any of its assets has any right to immunity from set-off, legal proceedings, attachment prior to judgment, other attachment or execution of judgment on the grounds of sovereign immunity or otherwise;

(xxii) all of the following:

(A) all information supplied by an Obligor or (with an Obligor's knowledge) on its behalf to an Approved Broker for the

purposes of a valuation in evidence of a Market Value in accordance with this Charter was true and accurate as at the date it was supplied or (if appropriate) as at the date (if any) at which it is stated to be given;

- (B) no Obligor has omitted to supply any information to an Approved Broker in its possession or knowledge which, if disclosed, would adversely affect any such valuation; and
  - (C) to the best of each Obligor's knowledge, there has been no change to the factual information supplied in relation to any such valuation between the date such information was supplied and the date of that valuation which renders that information untrue or misleading in any material respect;
- (xxiii) each of the Obligors is resident for Tax purposes only in its jurisdiction of incorporation or formation (as the case may be);
- (xxiv) each Obligor, or any Affiliate of any of them and their respective directors, officers, employees and agents are not in breach of AML Laws, Anti-Terrorism Financing Laws and/or Business Ethics Laws and each of the Obligors have instituted and maintained systems, controls, policies and procedures designed to:
- (A) prevent and detect incidences of bribery and corruption, money laundering and terrorism financing; and
  - (B) promote and achieve compliance with AML Laws, Anti-Terrorism Financing Laws and Business Ethics Laws;
- (xxv)
- (A) each Obligor, any Affiliate of any of them and their respective directors, officers and employees;
  - (B) to the best knowledge of the Charterers, as at the date of this Charter, the Initial Sub-Charterer and the respective directors of the Initial Sub-Charterer; and
  - (C) to the best knowledge of the Charterers, as at the date any other Sub-Charter is entered into, any Sub-Charterer and the respective directors of such Sub-Charterer,

are in compliance with all Sanctions laws, and none of them have been or are currently being investigated on compliance with Sanctions, they have not received notice or are aware of any claim, action, suit or proceeding against any of them with respect to Sanctions and they have not taken any action to evade the application of Sanctions, provided that if after the date of this Charter the Charterers become aware of any non-compliance or breach by the Initial Sub-Charterers or any Sub-Charterer or their respective directors of any Sanctions laws, or of the Initial Sub-Charterers or any Sub-Charterer or their respective directors becoming subject of

any claim, action, suit or proceeding against them with respect to Sanctions, the Charterers shall immediately provide written notice to the Owners to inform the Owners of such breach, non-compliance or event (as the case may be);

(xxvi)

- (A) no Obligor or any Affiliate of any of them nor any of their respective directors, officers or employees; and
- (B) to the best knowledge of the Charterers, as at the date of this Charter, no Initial Sub-Charterer nor the respective directors of the Initial Sub-Charterer; and
- (C) to the best knowledge of the Charterers, as at the date any other Sub-Charter is entered into, no Sub-Charterer nor the respective directors of such Sub-Charterer,

are a Restricted Party; and

- (D) each Obligor or any Affiliate of any of them and their respective directors, officers and employees;
- (E) to the best knowledge of the Charterers, as at the date of this Charter, the Initial Sub-Charterer and the respective directors of the Initial Sub-Charterer; and
- (F) to the best knowledge of the Charterers, as at the date any other Sub-Charter is entered into, any Sub-Charterer and the respective directors of such Sub-Charterer,

are in compliance with all Sanctions laws, and none of them have been or are currently being investigated on compliance with Sanctions, they have not received notice or are aware of any claim, action, suit or proceeding against any of them with respect to Sanctions and they have not taken any action to evade the application of Sanctions, provided that if after the date of this Charter the Charterers become aware that the Initial Sub-Charterers or any Sub-Charterer or any of their respective directors become a Restricted Party or of any non-compliance or breach of any of them of any Sanctions laws, or of the Initial Sub-Charterers or any Sub-Charterer or their respective directors becoming subject of any claim, action, suit or proceeding against them with respect to Sanctions, the Charterers shall immediately provide written notice to the Owners to inform the Owners of such breach, non-compliance or event (as the case may be); and

(xxvii) none of the Obligors is a US Tax Obligor, nor has it established a place of business or is otherwise conducting business in the United States of America.

(b) Each representation and warranty in sub-paragraphs (a)(i) to (a)(vi), (a)(ix)(B), (a)(x)(B) to (a)(xvii), (a)(xxi), (a)(xxii), (a)(xxiv), (a)(xxv),

(a)(xxvi) and (a)(xxvii) above is deemed to be repeated by the Charterers by reference to the facts and circumstances then existing on the each day on which Hire is payable under this Charter.

#### 48 Charterers' undertakings

The Charterers hereby undertake to the Owners that they will comply in full and procure compliance (where applicable) with the following undertakings throughout the Agreement Term:

(a) the Charterers shall (and shall procure that each other Obligor) promptly:

- (i) obtain, comply with and do all that is necessary to maintain in full force and effect; and
- (ii) supply certified copies to the Charterers of,

any authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration required under any law or regulation of a Relevant Jurisdiction to:

- (A) enable any Obligor to perform its obligations under any Sub-Charter, the Management Agreements and the Transaction Documents to which it is a party;
- (B) ensure the legality, validity, enforceability or admissibility in evidence of any Transaction Document; and
- (C) enable any Obligor to carry on its business where failure to do so has or is reasonably likely to have a Material Adverse Effect;

(b) all of the following:

(i)

- (A) the Charterers shall comply;
- (B) the Charterers shall procure that each other Obligor and each Affiliate of any of them will comply; and
- (C) the Charterers shall use best endeavours to procure that each Sub-Charterer and Sub-Charter Guarantor and their respective directors shall comply,

in all respects with all laws to which it may be subject;

(ii) the Charterers shall and shall procure that each other Obligor and each Affiliate of any of them (in each case above, including procuring or as the case may be, using best endeavours to procure the respective officers, directors and employees of the relevant entity to do the same) will:

- (A) comply with all AML Laws, Anti-Terrorism Financing Laws and Business Ethics Laws;
  - (B) maintain systems, controls, policies and procedures designed to promote and achieve ongoing compliance with AML Laws, Anti-Terrorism Financing Laws and Business Ethics Laws;
  - (C) not use, or permit or authorize any person to directly or indirectly use, the Purchase Price for any purpose that would breach any AML Laws, Anti-Terrorism Financing Laws or Business Ethics Laws; and
  - (D) in respect of the Charterers, not lend, invest, contribute or otherwise make available the Purchase Price to or for any other person in a manner which would result in a violation of AML Laws, Anti-Terrorism Financing Laws or Business Ethics Laws;
- (iii) The Charterers shall:
- (A) comply and shall procure that each other Obligor comply; and
  - (B) in respect of any Sub-Charter, they shall use best endeavours to procure that as at the date of that Sub-Charter, the Sub-Charterers party to such Sub-Charter,
- comply with all laws and regulations in respect of Sanctions, and in particular, they shall effect and maintain a sanctions compliance policy to ensure compliance with all such laws and regulations implemented from time to time;
- (iv) the Charterers shall not permit or authorise, and shall prevent the Vessel from being employed, operated or managed in any manner which (i) is contrary to any Sanctions and in particular, the Vessel shall not be used by or to benefit any party which is a target of Sanctions and/or is a Restricted Party or call any port in North Korea, Iran or Syria or trade to any area or country where trading the Vessel to such area or country would constitute or reasonably be expected to constitute a breach of any Sanctions or published boycotts imposed by any of the United Nations, the European Union, the United States of America, the United Kingdom or the People's Republic of China, (ii) would result or reasonably be expected to result in any Obligor or the Owners becoming a Restricted Party or (iii) would trigger the operation of any sanctions limitation or exclusion clause in any insurance documentation;
- (v)
- (A) they shall, and shall use best endeavours to procure that any other Obligor, Sub-Charterers or Sub-Charter

Guarantor shall, promptly notify the Owners of any non-compliance, by:

(1) any Obligor or each Affiliate of any of them or their respective officers, directors and employees;

(2) the Initial Sub-Charterers, any Sub-Charterer or Sub-Charter Guarantor or any of their respective directors.

with all laws and regulations relating to Sanctions (including but not limited to notifying the Owners in writing immediately upon being aware that:

(I) any Obligor or each Affiliate of any of them or its shareholders, directors, officers or employees; or

(II) the Initial Sub-Charterers, any Sub-Charterer or Sub-Charter Guarantor or any of their respective directors,

is a Restricted Party or has otherwise become a target of Sanctions) as well as provide all information (once available) in relation to its business and operations which may be relevant for the purposes of ascertaining whether any of the aforesaid parties are in compliance with such laws; and

(B) they shall, and shall use best endeavours to procure that any other Obligor shall, promptly notify the Owners of any non-compliance, by any Obligor or, each Affiliate of any of them or their respective officers, directors, employees, consultants, agents or intermediaries, with all laws and regulations relating to Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and/or Business Ethics Laws as well as provide all information (once available) in relation to its business and operations which may be relevant for the purposes of ascertaining whether any of the aforesaid parties are in compliance with such laws.

(c) the Charterers shall and shall procure that the Obligors shall:

(i) comply with all Environmental Laws;

(ii) obtain, maintain and ensure compliance with all requisite Environmental Approvals; and

(iii) implement procedures to monitor compliance with and to prevent liability under any Environmental Law;

where failure to do so has or is likely to have a Material Adverse Effect;

- (d) the Charterers shall promptly upon becoming aware of the same, inform the Owners in writing of:
- (i) any Environmental Claim against any of the Obligor or the Vessel which is current, pending or threatened and which has or is likely to have a Material Adverse Effect; and
  - (ii) any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against any of the Obligor or the Vessel which has or is likely to have a Material Adverse Effect;
- (e) all of the following:
- (i) the Charterers shall (and shall procure that each other Obligor will) pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that:
    - (A) such payment is being contested in good faith;
    - (B) 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 Owners under Clause 48(x); and
    - (C) such payment can be lawfully withheld.
  - (ii) the Charterers may not (and no other Obligor may) change its residence for Tax purposes.
  - (iii) the Charterers will ensure that no Obligor shall become a US Tax Obligor;
- (f) the Charterers shall and shall procure that each Obligor shall maintain its jurisdiction of incorporation or formation (as the case may be) as at the date of this Charter (or in respect of an Obligor that becomes an Obligor after the date of this Charter, as at the date on which it becomes an Obligor under this Charter), and the Charterers shall from time to time (but, provided no Termination Event has occurred and is continuing, not more than once every calendar year), if applicable and if requested by the Owners (acting reasonably), provide the Owners with evidence in form and substance satisfactory to the Owners that each Obligor remains in good standing;
- (g) the Charterers shall ensure that at all times any unsecured and unsubordinated claims of the Owners against it under the Transaction Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies;
- (h) the Charterers will procure that any Approved Manager shall enter into a Manager's Undertaking prior to its appointment as a manager for the Vessel;

- (i) except for any Permitted Security Interests, the Charterers will not create or permit to subsist any Security Interest or other third party rights over any of their present or future rights and interests in or towards the Vessel;
- (j) the Charterers shall not enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset;
- (k) the Charterers shall not enter into any transaction with any person except on arm's length terms and for full market value save for any fees, costs and expenses payable under the Transaction Documents in the amounts set out in the Transaction Documents or agreed by the Owners;
- (l) the Charterers shall not (and shall procure that no other Obligor will) enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction, **provided that** in the case of the Charter Guarantor, such amalgamation, demerger, merger, consolidation or corporate reconstruction is permitted without restrictions so long as:
  - (i) the Charter Guarantor remains the surviving entity of any such process;
  - (ii) no Termination Event has occurred at the relevant time or would be triggered as a result of such process; and
  - (iii) the process of any such further amalgamation, demerger, merger, consolidation or corporate reconstruction does not have a Material Adverse Effect;
- (m) the Charterers shall not (and shall procure that no other Obligor will) materially change the nature and scope of its business from that carried on at the date of this Charter;
- (n) the Charterers shall not cease or threaten to cease to carry on all or, in the reasonable opinion of the Owners, any material part of the Charterers' business;
- (o) the Charterers shall not acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them) or incorporate a company;
- (p) the Charterers shall not:
  - (i) enter into, invest in or acquire (or agree to acquire) any shares, stocks, securities or other interest in any Joint Venture; or
  - (ii) transfer any assets or lend to or guarantee or give an indemnity for or give security for the obligations of a Joint Venture or maintain the solvency of or provide working capital to any Joint Venture (or agree to do any of the foregoing);
- (q) the Charterers shall not incur or allow to remain outstanding any Financial Indebtedness (other than (i) as permitted by this Charter; (ii) the aggregate

amount of which is not more than one million Dollars (US\$1,000,000) (iii) any such Financial Indebtedness is subordinated to all Financial Indebtedness incurred under the Transaction Documents pursuant to a subordination agreement in favour of the Owners or such other arrangement acceptable to the Owners; and (iv) without prejudice to the foregoing provisions of this Clause, incur any liability to any third party which is in the Owners' opinion of a substantial nature);

- (r) the Charterers shall and shall procure that the Charter Guarantor shall undertake that all loans made to the Charterers (including but not limited to any Shareholder Loan), all claims of the Charter Guarantor or any member of the Group against the Charterers and all sums owed by the Charterers to any other member of the Group are specifically and absolutely subordinated to the interests of the Owners under the Transaction Documents pursuant to a subordination agreement in favour of the Owners or such other arrangement acceptable to the Owners and no principal or interest is to be paid by the Charterers in relation to such loans or other indebtedness during the Charter Period;
- (s) the Charterers shall not be a creditor in respect of any Financial Indebtedness;
- (t) the Charterers shall not incur or allow to remain outstanding any guarantee in respect of any obligation of any person save in accordance with the provisions of this Charter;
- (u) the Charterers shall not, and shall procure that the Charter Guarantor shall not, at such time when a Termination Event is continuing or would occur immediately after the making of the payment:
  - (i) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital);
  - (ii) repay or distribute any dividend or share premium reserve;
  - (iii) pay any management, advisory or other fee to or to the order of any of the shareholders of the Holding Company;
  - (iv) in relation to the Charterers only, make any payment of any kind under any Financial Indebtedness owed to any member of the Group which is subordinated to all Financial Indebtedness incurred under the Transaction Documents pursuant to a subordination agreement in favour of the Owners or such other arrangement acceptable to the Owners;
  - (v) redeem, repurchase, defease, retire or repay any of its share capital or resolve to do so; or
  - (vi) issue any new shares in its share capital or resolve to do so;
- (v) at such time when a Potential Termination Event or Termination Event has occurred and is continuing, the Charterers will permit the inspection of its

financial records and accounts from time to time by the Owners or its nominee;

- (w) the Charterers will, when directed by the Owners to do so upon the occurrence of a Termination Event which is continuing, procure that any Sub-Charterer or Sub-Charter Guarantor shall credit all payments of charterhire of each Sub-Charter and Sub-Charter Guarantee and all other amounts payable thereunder directly to the Owners' Account;
- (x) in respect of the Charter Guarantor, the Charterers will supply or cause to be supplied to the Owners as soon as the same become available, but in any event within:
  - (i) one hundred and twenty (120) days after the end of each of the Charter Guarantor's financial years, the audited financial report of the Charter Guarantor for that financial year and management annual financial report extracts from the Charter Guarantor's audited financial report for that financial year; and
  - (ii) sixty (60) days after the end of each of the Charter Guarantor's financial half-years, the unaudited consolidated financial statements of the Charter Guarantor of that financial half-year and management annual financial report extracts from the Charter Guarantor's unaudited consolidated financial statements of that financial half-year,
- (y) each set of financial statements delivered by the Charterers under paragraph (y) above:
  - (i) shall be in the English language;
  - (ii) shall be certified by a director or the Chief Financial Officer of the relevant company as fairly presenting its financial condition as at the date as at which those financial statements were drawn up; and
  - (iii) shall be prepared using GAAP, 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, it notifies the Owners that there has been a change in GAAP, the accounting practices or reference periods and its auditors deliver to the Owners:
    - (A) a description of any change necessary for those financial statements to reflect the GAAP, accounting practices and reference periods upon which the Original Financial Statements were prepared; and
    - (B) sufficient information, in form and substance as may be reasonably required by the Owners, to enable the Owners to determine whether Clause 75 (*Financial Covenants*) has been complied with and make an accurate comparison

between the financial position indicated in those financial statements and the Original Financial Statements,

any reference in this Charter to those 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.

(z) The Charterers shall supply to the Owners:

(i)

(A)

(1) at the same time as they are dispatched, copies of all documents dispatched by the Charterers or any other Obligor (save for the Charter Guarantor) to its shareholders generally (or any class of them) or dispatched by the Charterers or any other Obligor to its creditors generally (or any class of them); and

(2) at the same time as they are dispatched, copies of all documents dispatched by the Charter Guarantor to its shareholders generally or dispatched by the Charterers or any other Obligor to its creditors generally;

(B) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending:

(1) against any Obligor;

(2) against any other member of the Group where the aggregate amount claimed by any party (ignoring any counterclaim or defence of set-off) exceeds or which has or is likely to have a Material Adverse Effect; or

(3) involving the Vessel where the aggregate amount claimed by any party (ignoring any counterclaim or defence of set-off) exceeds or may reasonably be expected to exceed the Threshold Amount;

(C) promptly upon becoming aware of them, the details of any judgment or order of a court, arbitral body, arbitral tribunal or agency or any order or sanction of any governmental or other regulatory body which is made against:

(1) any Obligor; or

(2) any other member of the Group where the amount claimed by any party (ignoring any counterclaim or

defence of set-off) exceeds or may reasonably be expected to exceed the Threshold Amount;

- (D) promptly, such information and documents as the Owners may reasonably require about the Security Assets and compliance of the Obligors with the terms of any Security Documents (including without limitation cash flow analyses and details of the operating costs of the Vessel); and
- (E) promptly on request, such further information regarding the financial condition, assets and operations of any Obligor or any other member of the Group as the Owners or any Finance Party may reasonably request.

(ii)

- (A) upon the request of the Owners and at the cost of the Charterers, on or before 31 July in each calendar year, supply or procure the supply to the Owners of all information necessary in order for the Owners, any of their Affiliates or a Finance Party to comply with its obligations under the Poseidon Principles in respect of the preceding calendar 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, each relating to the Vessel for the preceding calendar year, provided that the Owners shall not publicly disclose such information with the identity of the relevant Vessel without the prior written consent of the Charterers and, for the avoidance of doubt, such information shall be subject to Clause 78 (*Confidentiality*) but the Charterers acknowledge that, in accordance with the Poseidon Principles, such information will form part of the information published regarding the Owners', any of their Affiliates' or a Finance Party's portfolio climate alignment.
- (B) For the purposes of this Clause 48(z)(ii):

**"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 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.

- (aa) the Charterers will disclose all information in relation to each Sub-Charter and each Sub-Charterers to the Owners upon the Owners' reasonable request

(including any information in relation to any Sub-Charterers' fulfilment of their obligations pursuant to the relevant Sub-Charter);

- (bb) the Charterers will (and will procure that each Obligor will):
- (i) from time to time and at their own costs and expenses, do and perform such other and further acts and execute and deliver any and all such other agreements, instruments and documents as may be required by law or requested by the Owners or the Finance Parties (as the case may be, in either case, acting reasonably) to establish, maintain and protect the rights and remedies of the Owners and/or the Finance Parties (as the case may be) and to carry out and effect the intent and purpose of this Charter, the other Transaction Documents and, to the extent consistent with the terms of this Charter, the Finance Documents (as applicable); and
  - (ii) if applicable:
    - (A) acknowledge and consent to the creation of any Finance Document required by any Finance Party; and
    - (B) to the extent consistent with the terms of this Charter, enter into any document, notice or acknowledgement reasonably required by any Finance Party for the purposes of ensuring any relevant Security Interest remains valid and in full force and effect;
- (cc) the Charterers will, forthwith execute and deliver any and all such other agreements, instruments and documents as may be required by law or deemed necessary by the Owners to ensure that each Sub-Charter remains in effect, so that all obligations previously owed by each Sub-Charterers to the Charterers (then as registered owners) under the relevant Sub-Charter shall continue to be owed to the Charterers throughout the duration thereof;
- (dd) the Charterers will deliver or procure the delivery to the Owners of such Valuation Reports each from an Approved Broker for purposes of determining Market Value from time to time in accordance with Clause 74 (*Value Maintenance Covenants*);
- (ee) the Charterers will notify the Owners as soon as they become aware of:
- (i) a Potential Termination Event or a Termination Event and will keep the Owners fully up-to-date with all developments and will, if so requested by the Owners, provide any such certificate signed by a director on behalf of the Charterers, confirming that there exists no Potential Termination Event or Termination Event;
  - (ii) any Sub-Charter Termination Event and any event or circumstance which may entitle any party to a Sub-Charter to exercise its right to terminate, cancel or suspend such Sub-Charter, or otherwise results or is capable of resulting in such Sub-Charter ceasing to be in full

force and effect, and provide to the Owners all documents and information in respect of such event or circumstance;

- (iii) any cancellation, termination, rescission, expiration, cessation of remaining in full force and effect or otherwise coming to an end of any Sub-Charter;
  - (iv) any detention or arrest of the Vessel;
  - (v) any damage or alteration of the Vessel where the costs to repair such damage or to make such alteration will exceed or is reasonably likely to exceed the Threshold Amount; and
  - (vi) any negotiations between an Obligor with one or more of its creditors with a view to rescheduling any of its indebtedness, by reason of actual or anticipated financial difficulties.
- (ff) the Charterers will not, without the prior written consent of the Owners, (x) novate or terminate the Sub-Charter, or (y) materially amend, vary, supplement, supersede or waive any term of, any Sub-Charter (for the purposes of this clause, any amendment, variation, supplement, supercession or waiver in connection with hire, payment terms, off-hire provisions, charter duration or termination shall be deemed as material);
- (gg) the Charterers shall ensure that there shall be no change in the legal or beneficial ownership, shareholding or management control of the Charterers (including any material change in the composition of the board of directors of the Charterers) from that advised to the Owners by the Charterers at the date of this Charter (and, in particular, reflected in the officer's certificate of the Charterers provided to the Owners pursuant to the MOA or this Charter); and
- (hh) the Charterers will keep the Vessel registered in the name of the Owners as legal owner of the Vessel under the laws and flag of an Approved Flag, and shall not do or permit to be done anything, or omit to do anything which would result in:
- (i) such registration being forfeited or imperilled; or
  - (ii) the Vessel being required to be registered under any other law or flag (other than the Approved Flag),

and save with the prior written consent of the Owners, the Charterers shall not register the Vessel or permit her registration under any other law or flag (other than the Approved Flag), provided always that if at any time the laws or regulations of any Approved Flag require the Owners to re-domicile or change their residency to another jurisdiction before the Vessel may be registered under that flag then the prior written consent of the Owners (not to be unreasonably withheld) for any proposed change in flag to that Approved Flag shall be obtained. Any change of flag to an Approved Flag after the date of this Charter may only be undertaken (A) subject to any prevailing laws and regulations; (B) at no cost to the Owners and (C) at such time when no Termination Event has occurred and is continuing. The Charterers shall

pay or reimburse (as the case may be) the Owners in respect of all documented costs, fees, expenses and/or taxes which are payable to effect any such change of flag).

- (ii) 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 Charter;
  - (ii) any change in the status of an Obligor (or of a Holding Company of an Obligor) after the date of this Charter;
  - (iii) any change in (A) the composition of the shareholders of an Obligor or its Holding Company, in each case not being a listed company in any stock exchange or (B) the shareholders which individually holds more than twenty-five per cent (25%) of an Obligor being a company listed in any stock exchange, after the date of this Charter;
  - (iv) a proposed assignment or transfer by the Owners of any of its rights and obligations under this Charter to any other party; or
  - (v) the Owners' internal compliance policies related to "know your customer" checks,

obliges the Owners to comply with "know your customer" or similar checks under all applicable laws, regulations and internal policies in circumstances where the necessary information is not already available to it, the Charterers shall promptly upon the request of the Owners supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Owners in order for the Owners to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations and internal policies pursuant to the transactions contemplated in the Transaction Documents (such documentation and evidence may include, without limitation, evidence of incorporation from the relevant registry of companies (or equivalent), a certificate of goodstanding (if relevant), a director's certificate (or equivalent) setting out the names of directors (or equivalent officials), copies of passports of directors (or equivalent officials) and articles of association or other equivalent constitutional documents);

- (jj) the Charterers shall (and shall procure that each other Obligor will) promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Owners may reasonably specify (and in such form as the Owners may reasonably require in favour of the Owners or its nominee(s)):
- (i) to perfect any Security Interest created or intended to be created under or evidenced by the Security Documents (which may include the execution of a mortgage, charge, assignment or other Security Interest 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 Owners provided by or pursuant to the Transaction Documents or by law;

(ii) in respect of the Charterers, to confer on the Owners a Security Interest over any property and assets of the Charterers located in any jurisdiction equivalent or similar to the Security Interest intended to be conferred by or pursuant to the Security Documents; and/or

(iii) to facilitate the realisation of the assets which are, or are intended to be, the subject of the Security Documents,

the Charterers shall (and shall procure that each other Obligor will) 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 Owners by or pursuant to the Transaction Documents;

(kk) the Charterers shall ensure that, at all times during the Agreement Term, the credit balance of the Operating Account is not less than the aggregate Minimum Cash Balance and that no amounts may be withdrawn or transferred from the Operating Account without the Owners' prior written consent following the occurrence of any Termination Event;

(ll) the Charterers shall supply to the Owners during the Agreement Term on a half-yearly basis from the Actual Delivery Date, with reports in form and substance satisfactory to the Owners (acting reasonably) in respect of the Vessel's employment status, management and pooling arrangements at that time;

(mm) the Charterers shall procure that the Account Bank provides to the Owners and that the Owners are provided access to any information on the Operating Account, including but not limited to written statements of accounts showing all entries made to the credit and debit of the Operating Account and any other information required by the Owners showing that any Earning has been paid into the Operating Account in full and on time; and

(nn)

(i) the Charterers shall permit the Owners to access class records and inspection records of the Vessel during the Agreement Term and the Charterers shall provide copies of any vessel certificates of the Vessel upon the Owners' request; and

(ii) the Charterers shall permit the Owners (by surveyors or other persons appointed by them for that purpose):

(A) in the absence of a Potential Termination Event or Termination Event, to board the Vessel once a year without interference to the operation of the Vessel; and

(B) upon the occurrence of a Potential Termination Event or Termination Event, to board the Vessel at any time,

to inspect the Vessel's condition or to satisfy themselves about proposed or executed repairs and the Charterers shall afford all proper facilities for such inspections. All documented costs and expenses arising from such inspection shall be for the Charterer's account.

#### 49 Termination Events

- (a) Each of the following events shall constitute a Termination Event:
- (i)
    - (A) an Obligor fails to pay on the due date (or, in the case of sums expressed to be payable on demand, within three (3) Business Days of the Owners' demand) any sum payable pursuant to the Transaction Document to which it is a party;
    - (B) no Termination Event shall occur under Clause 49(a)(i)(A) in relation to a failure to pay any Hire on the relevant due date if such Obligor can demonstrate to the reasonable satisfaction of the Owners that all necessary instructions were given to effect such payment and the non-receipt thereof is attributable solely to an administrative or technical error or an error in the banking system and payment of such Hire is made within three (3) Business Days of its original due date;
  - (ii) any Obligor fails duly to perform or comply with any of the obligations in a Transaction Document expressed or to be assumed by or procured by the Charterers under or relating to:
    - (A) Clause 41 (*Insurance*), Clause 74 (*Financial Covenants*) or Clause 48(b) (*AML Laws etc. and Sanctions*); or
    - (B) Clause 38(a)(i) (*Further maintenance and operation*) which is not remedied within ten (10) days after the earlier of written notice from the Owners requesting action to remedy the same or the relevant Obligor becoming aware of the same;
  - (iii) any Obligor defaults under, or in the due and punctual observance and performance of, any other provision of a Transaction Document to which it is a party and where, in the opinion of the Owners, such default is capable of remedy (and for these purposes a breach by the Charterers of their obligations under Clause 36(b) (*Conditions precedent and conditions subsequent*), Clause 41 (*Insurance*) or Clause 48(b) (*AML Laws etc. and Sanctions*), shall be a default not capable of remedy), such default is not remedied to the Owners' satisfaction within fourteen (14) days after written notice from the Owners requesting action to remedy the same;
  - (iv) any representation or statement made by any Obligor in or pursuant to a Transaction Document to which it is a party or in any notice,

certificate, instrument or statement contemplated thereby or made or delivered pursuant hereto or thereto is, or proves to be, incorrect or misleading in any material respect when made or deemed to be repeated;

(v) all of the following:

- (A) any Financial Indebtedness of an Obligor is not paid when due nor within any originally applicable grace period;
- (B) any Financial Indebtedness of an Obligor 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 an Obligor is cancelled or suspended by a creditor of an Obligor as a result of an event of default (however described); and
- (D) any creditor of an Obligor becomes entitled to declare any Financial Indebtedness of an Obligor due and payable prior to its specified maturity as a result of an event of default (however described),

**provided that** no Termination Event will occur under this Clause 49(a)(v) if, the aggregate amount of such Financial Indebtedness referred to in this Clause 49(a)(v) (i) in respect of the Charter Guarantor, is less than ten million Dollars (US\$10,000,000) and (ii) in respect of the Charterers, is less than five hundred thousand Dollars (US\$500,000);

(vi) any of the following:

- (A) an Obligor:
  - (1) is unable or admits inability to pay its debts as they fall due;
  - (2) is deemed to, or is declared to, be unable to pay its debts under applicable law;
  - (3) suspends or threatens to suspend making payments on any of its debts; or
  - (4) other than the Charter Guarantor, 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 Charter Guarantor, any of its Subsidiaries or any of their respective directors or authorised representatives by reason of actual or anticipated financial difficulties take any

steps (whether by submitting or presenting a document setting out a proposal or proposed terms or otherwise) with more than 35% (by value) of creditors of the Group (taken as a whole) with a view to obtaining any form of moratorium, suspension or deferral of payments or reorganisation of debt (or certain debt), provided that this Clause 49(a)(vi)(B) shall not apply where the relevant steps are being taken solely with the Owners or any of the Owners' Subsidiaries;

- (C) the value of the assets of an Obligor is less than its liabilities (taking into account contingent and prospective liabilities); or
  - (D) a moratorium is declared in respect of any indebtedness of an Obligor. If a moratorium occurs, the ending of the moratorium will not remedy any Termination Event caused by that moratorium;
- (vii) any corporate action, legal proceedings or other procedure or step is taken in relation to:
- (A) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration, bankruptcy or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of an Obligor;
  - (B) a composition, compromise, assignment or arrangement with any creditor of an Obligor;
  - (C) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager, trustee or other similar officer in respect of an Obligor or any of its assets; or
  - (D) enforcement of any Security Interest over any assets of an Obligor,

or any analogous procedure or step is taken in any jurisdiction. This Clause 49(a)(vii) shall not apply to (i) any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within twenty one (21) days of commencement or (ii) any arrest or detention of the Vessel from which the Vessel is released within twenty one (21) days from the date of that arrest or detention;

- (viii) any expropriation, attachment, sequestration, distress or execution (or any analogous process in any jurisdiction) affects any asset or assets of an Obligor and is not discharged within twenty one (21) days.

- (ix) any Obligor ceases or threatens to cease, to carry on all or, any material part of such Obligor's business;
- (x) any of the following:
  - (A) it is or becomes unlawful for an Obligor to perform any of its obligations under the Transaction Documents or any Security Interest under a Security Document ceases to be effective;
  - (B) any obligation or obligations of any Obligor under any Transaction Documents are not or cease to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Owners under the Transaction Documents; or
  - (C) any Transaction Document ceases to be in full force and effect or any Security Interest under a Security Document ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it (other than the Owners) to be ineffective,

and no agreement is reached between the Owners and the Charterers to agree an alternative arrangement within thirty (30)-day period from the date of such occurrence;

- (xi) the authority or ability of an 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 an Obligor or any of its assets **provided that** rescission or repudiation of a Sub-Charter by a Sub-Charterer with the prior written consent of the Owners, would not constitute a Termination Event;
- (xii) an Obligor rescinds or purports to rescind or repudiates or purports to repudiate a Transaction Document (in relation to a Sub-Charter, without the Owner's prior written consent) or any of the Security Interests under a Security Document or evinces an intention to rescind or repudiate a Transaction Document or any of the Security Interests under a Security Document;
- (xiii) any of the conditions in Clause 36(b) is not satisfied within the specified time;
- (xiv) any authorisation, approval, consent, licence, exemption, filing or registration or other requirement of any governmental, judicial or other public body or authority which is now, or which at any time during the Agreement Term becomes, necessary to enable any Obligor to comply with any of its obligations or undertakings contained in a Transaction Document to which it is a party is not obtained or is modified, revoked, suspended, withdrawn or withheld

or does not remain in full force and effect and in any such case the same is not remedied within such reasonable time and by such measures as the Owners may approve;

- (xv) the Charter Guarantor gives notice to the Owners to determine any obligations under the Charter Guarantee;
- (xvi) any litigation, arbitration or administrative proceedings or investigations of, or before, any court, arbitral body, arbitral tribunal or agency are started or threatened, or any judgment or order of a court, arbitral body, arbitral tribunal, agency or other tribunal or any order or sanction of any governmental or other regulatory body is made, in relation to the Transaction Documents or the transactions contemplated in the Transaction Documents or against an Obligor or its assets which have, or has, or are, or is, reasonably likely to have a Material Adverse Effect;
- (xvii) for any reason whatsoever, the Vessel ceases to:
  - (A) comply with the ISM Code or the ISPS Code; or
  - (B) be managed by the Approved Manager in accordance with the Management Agreement or otherwise on terms in all respects approved by the Owners,in each case, which is not remedied within three (3) Business Days after the earlier of written notice from the Owners requesting action to remedy the same or the Charterers becoming aware of the same;
- (xviii) any event or circumstance occurs which the Owners reasonably believe has or is reasonably likely to have a Material Adverse Effect;
- (xix)
  - (A) any of the Obligors or any Affiliate of any of them or any of their respective directors, officers or employees becomes a Restricted Party or becomes owned or controlled by, or acts directly or indirectly on behalf of, a Restricted Party or any of such persons becomes the owner or controller of a Restricted Party;
  - (B) any proceeds of the Purchase Price are made available, directly or indirectly, to or for the benefit of a Restricted Party or otherwise is, directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions; or
  - (C) any of the Obligors or any Affiliate of any of them or any of their respective directors, officers or employees is not in compliance with all Sanctions; or
  - (D) the Vessel is employed, operated or managed in any manner which (i) requires it to call at any port in North Korea, Iran or Syria, or any area or country where trading

the Vessel to such port or area or country would constitute or reasonably be expected to constitute a breach of any Sanctions, (ii) is contrary to any Sanctions and in particular, the Vessel is used by or to benefit any party which is a target of Sanctions and/or is a Restricted Party, (iii) would result or reasonably be expected to result in any Obligors, Sub-Charterer, Sub-Charter Guarantor or the Owners becoming a Restricted Party, or (iv) would trigger the operation of any Sanctions limitation or exclusion clause in any insurance documentation; or

- (xx) at such time when there is a change in the legal or beneficial ownership, shareholding or management control of the Charterers (including any material change in the composition of the board of directors of the Charterers) from that advised to the Owners by the Charterers at the date of this Charter (and, in particular, reflected in the officer's certificate of the Charterers provided to the Owners pursuant to the MOA or this Charter); or
- (b) A Termination Event shall constitute (as the case may be) either a repudiatory breach of, or breach of condition by the Charterers under, this Charter or an agreed terminating event the occurrence of which will (in any such case) entitle the Owners to exercise all or any of the remedies set out below in this Clause 49.
- (c) At any time after a Termination Event shall have occurred and be continuing following the lapse of any applicable grace period as specified in paragraph (a) above, the Owners may:
  - (i) at their option and by delivering to the Charterers a Termination Notice, terminate this Charter with immediate effect or on the date specified in such Termination Notice, and withdraw the Vessel from the service of the Charterers without noting any protest and without interference by any court or any other formality whatsoever, whereupon the Vessel shall no longer be in the possession of the Charterers with the consent of the Owners, and the Charterers shall redeliver the Vessel to the Owners in accordance with Clauses 42 (*Redelivery*) and 43 (*Redelivery conditions*); and
  - (ii) enforce any Security Interest created pursuant to the relevant Transaction Documents.
- (d) On the date falling no later than fifteen (15) days after the Termination Payment Date in respect of any termination of the chartering of the Vessel under this Charter in accordance with paragraph (c) above, the Charterers shall pay to the Owners an amount equal to the Termination Sum. For the avoidance of doubt, interest shall continue to accrue on the Termination Sum pursuant to paragraph (i) of Clause 40 (*Hire*) from the Termination Payment Date to the date of actual payment.
- (e) Following any termination to which this Clause 49 applies, all sums payable in accordance with paragraph (d) above shall be paid to such account or

accounts as the Owners may direct and shall be applied in the Owners' sole discretion.

- (f) If the chartering of the Vessel or, as the case may be, the obligation of the Owners to deliver and charter the Vessel to the Charterers is terminated in accordance with the terms of this Charter, the obligation of the Charterers to pay Hire shall cease once the Charterers have made the payment pursuant to paragraph (d) above or Clause 40(k) (*Hire*) to the satisfaction of the Owners, whereupon the Owners shall arrange for title of the Vessel to be transferred to the Charterers in accordance with paragraphs (e) to (h) of Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*).
- (g) Without prejudice to the forgoing or to any other rights of the Owners under this Charter, at any time after a Termination Notice is served under Clause 49(c) (*Termination Events*), the Owners may, acting in their sole discretion without prejudice to the Charterers' obligations under Clause 43 (*Redelivery conditions*), retake possession of the Vessel and, the Charterers agree that the Owners, for such purpose, may put into force and exercise all their rights and entitlements at law and may enter upon any premises belonging to or in the occupation or under the control of the Charterers where the Vessel may be located as well as giving instructions to the Charterers' servants or agents for this purpose, provided that the Owners shall not be entitled to exercise their rights under this Clause if the Charterers have made the payment pursuant to Clause 49(d) (*Termination Events*) to the satisfaction of the Owners and the Owners have transferred title to the Vessel to the Charterers (or its nominee) in accordance with Clauses 52(e) (*Purchase Obligation, Call Option, Early Termination Event and Transfer of title*).
- (h) Following any termination to which this Clause 49 applies, if the Charterers have not paid to the Owners the Termination Sum on the date falling no later than fifteen (15) days after the applicable Termination Payment Date (and consequently the Owners have not transferred title to the Vessel to the Charterers (or its nominee) in accordance with Clause 52(e) (*Purchase Obligation, Call Option, Early Termination Event and Transfer of title*), the Owners shall be entitled (but not obliged) to sell the Vessel and apply the proceeds of a sale of the Vessel received or receivable, net of any fees, commissions, documented costs, disbursements or other expenses incurred by the Owners as a result of the Owners arranging the proposed sale (the "**Net Proceeds**"), against the Termination Sum and:
  - (i) if the Net Proceeds do not exceed the Termination Sum, claim from the Charterers for any shortfall together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof to the date of actual payment; or
  - (ii) if the Net Proceeds exceed the Termination Sum, any surplus shall be returned to the Charterers,

**provided that** in the event:

- (a) the Owners have not yet entered into any agreement for the sale, charter or employment of the Vessel;

- (b) the Charterers furnish the Owners with an Offer no later than the date falling thirty (30) days after the Termination Payment Date (or such later date as may be agreed by the Owners, the "**Latest MOA Date**"); and
- (c) the potential buyer which has made the Offer (the "**Potential Buyer**") is acceptable to the Owners (acting reasonably, such acceptance not to be unreasonably withheld or delayed),

the Owners shall, subject to the entry into of a memorandum of agreement for the Vessel between the Potential Buyer and the Owners which shall be on terms acceptable to the Owners (the "**Potential Buyer MOA**") by the Latest MOA Date, sell the Vessel to the Potential Buyer in accordance with the terms of the Potential Buyer MOA. For the avoidance of doubt, the Owners may at its sole discretion (acting reasonably) proceed to complete any sale, charter or employment of the Vessel arranged by the Owners notwithstanding the Offer furnished by the Charterers. The proceeds of such sale shall, for the avoidance of any doubt, be applied in accordance with this Clause 49(h)(i) and (ii) as above.

For the purposes of this Clause 49(h):

"**Offer**" means a firm offer for the purchase of the Vessel:

- i. for a purchase price in cash (payable on delivery and acceptance of the Vessel) not less than the Relevant Amount; and
- ii. on customary terms for sale and purchase of commercial vessels of similar type.

"**Relevant Amount**" means the aggregate of the Termination Sum to be determined by the Owners payable on the delivery date of the Vessel under any Potential Buyer MOA and to the extent not already included within such Termination Sum, any actual or estimated costs associated with the entry into the Potential Buyer MOA by the Potential Buyer and the conclusion of the transaction and the delivery of the Vessel thereunder, including any brokers' fees or commission.

- (i) For the avoidance of doubt, the Charterers' obligation to pay the Termination Sum (and any of their other obligations under the Transaction Documents) shall not be affected irrespective of the Owners' ability to complete the sale of the Vessel referred to in Clause 49(h) above.
- (j) Save as otherwise expressly provided in this Charter, the Charterers shall not have the right to terminate this Charter any time prior to the expiration of the Agreement Term. The rights conferred upon the Owners by the provisions of this Clause 49 are cumulative and in addition to any rights which they may otherwise have in law or in equity or by virtue of the provisions of this Charter.

**Sub-chartering and assignment**

- (a) The Charterers shall not without the prior written consent of the Owners (such consent not to be unreasonably withheld):
- (i) let the Vessel on demise charter for any period;
  - (ii) enter into any time or consecutive voyage charter in respect of the Vessel which exceeds 12 months in duration (with or without optional extensions);
  - (iii) except as may be permitted under any Sub-Charter, de-activate or lay up the Vessel; or
  - (iv) assign their rights under this Charter.
- (b) The Charterers acknowledge that any sub-chartering permitted in accordance with Clause 50(a) above shall additionally be subject (amongst other things) to the following conditions:
- (i) the Owners being satisfied that the Charterers shall retain operational control of the Vessel (either directly or through any Approved Managers; and
  - (ii) all charterhire and any other sums to be received by the Charterers in connection with the Sub-Charter or any such sub-chartering shall be paid into the Operating Account.
- (c) Without prejudice to anything contained in this Clause 50, the Charterers shall only enter into any sub-charter for the Vessel which is for a purpose for which the Vessel is suited and with a sub-charterer who is not a Restricted Party and in each case, the Charterers shall assign to the Owners all their earnings arising out of and in connection with such sub-charter and all their rights and interest of any such sub-charter upon such terms and conditions as the Owners may require and the Charterers shall serve a notice on any sub-charterer and shall use reasonable endeavours to obtain a written acknowledgement of such earnings assignment from such sub-charterer in such form as is required by the Owners or any Finance Party (as the case may be).
- (d) The Charterers shall, without prejudice to the Owners' rights under any Transaction Document, procure that all Earnings (including any Earnings pursuant to the Sub-Charters) are remitted to the Operating Account.
- (e) Without prejudice to anything contained in this Clause 50, the Vessel shall not be employed, operated or managed in any manner which:
- (i) is contrary to any Sanctions and in particular, the Vessel shall not be used by or to benefit any party which is a target of Sanctions and/or is a Restricted Party or reach any port in North Korea, Iran, Syria or any area or country where trading the Vessel to such area or country would constitute or reasonably be expected to constitute a breach of any Sanctions or published boycotts imposed by any of the United

Nations, the European Union, the United States of America, the United Kingdom or the People's Republic of China;

- (ii) would result or reasonably be expected to result in any Obligor, any Sub-Charter or the Owners becoming a Restricted Party; or
  - (iii) would trigger the operation of any Sanctions limitation or exclusion clause in any insurance documentation.
- (f) In the event that the Initial Sub-Charter or any other subsequently approved Sub-Charter is cancelled, repudiated, rescinded, terminated or expires prior to the expiry of its charter period (taking into account any option extensions thereto, if so exercised by that Sub-Charterer), the Charterers:
- (i) shall provide the Owners with immediate written notice of such cancellation, repudiation, rescission or termination; and
  - (ii) undertake to, if so required and requested by the Owners, immediately pay such cash collateral without accrual of any interest (in addition to the Minimum Cash Balance) to the Owners in an amount equivalent to the Hire payable as at the immediately preceding Hire Payment Date. Subsequently, if the Vessel is delivered into a new Sub-Charter with terms and conditions satisfactory to and approved by the Owners (such approval not to be unreasonably withheld), such cash collateral may be applied against to reduce the amount of the Hire payable in the immediately following Hire Payment Date.
- (g) At the fifth (5<sup>th</sup>) anniversary of the Actual Delivery Date, the Charterers shall provide evidence satisfactory to the Owners that an Approved Charter has been entered into. If such evidence is not provided by the Charterers, the Owners may by written notice to the Charterers adjust the Balloon Amount to any amount (to be determined at the Owner's sole discretion) between thirty-seven per cent. (37%) of the Owners' Cost (the "**Minimum Balloon Amount**") and forty-five per cent. (45%) of the Owners' Cost and such adjustment shall be binding on the Charterers.

## 51 Name of Vessel

Provided that the Charterers have obtained the prior written consent of the Owners (such consent not to be unreasonably withheld) but always subject to the provisions of any Sub-Charter:

- (i) the name of the Vessel may be chosen by the Charterers provided that the name chosen must be commercially sensible (not to be politically or commercially inappropriate); and
- (ii) the Vessel may be painted in the colours, display the funnel insignia and fly the house flag as required by the Charterers.

Purchase Option

- (a) Subject to:
- (i) no Total Loss under Clause 53 (*Total loss*) having occurred;
  - (ii) no Termination Event under Clause 49 (*Termination Events*) having occurred and being continuing; and
  - (iii) the Charterers' delivery of the Purchase Option Notice to the Owners at least sixty (60) days prior to the proposed Purchase Option Date,

the Charterers may purchase the Vessel on any Purchase Option Date for the Purchase Option Price.

Call Option

- (b) Subject to:
- (i) no Total Loss under Clause 53 (*Total loss*) having occurred;
  - (ii) no Termination Event under Clause 49 (*Termination Events*) having occurred and being continuing; and
  - (iii) the Charterers' delivery of the Call Option Notice to the Owners prior to the Call Option Expiry Date,

the Charterers may exercise the Call Option to purchase the Vessel on the Call Option Date for the Call Option Price.

- (c)
- (i) If:
    - (A) neither the Purchase Option nor the Call Option has been exercised by the Call Option Expiry Date; or
    - (B) the Call Option has been exercised but the Call Option Price has not been paid in accordance with the terms of this Charter,

the Charterers shall, no later than the seventh (7<sup>th</sup>) anniversary of the Charter Period or the Call Option Date (as applicable), pay to the Owners the Option Premium in full.
  - (ii) In the event that Clause 52(c) is applicable and the Option Premium is not paid by the seventh (7<sup>th</sup>) anniversary of the Charter Period or the Call Option Date (as applicable), the Owners shall be entitled (but not obliged) at the Charterers' cost to:
    - (A) withdraw the Vessel from the service of the Charterers without noting any protest and without interference by any court or any other formality whatsoever, whereupon the

Vessel shall no longer be in the possession of the Charterers with the consent of the Owners, and the Charterers shall redeliver the Vessel to the Owners in accordance with Clauses 42 (*Redelivery*) and 43 (*Redelivery conditions*); and

- (B) remarket the Vessel for sale or deliver the Vessel into any sub-charter and any proceeds from such sale or earnings from any sub-charterer shall not be used to apply against the Option Premium due and payable.

Early Termination Event

(d) If, at any time during the Agreement Term, any of the following events occur:

- (A) a Charter Guarantor Change of Control Event occurs (save for a Delisting Event prior to which the Charterers have provided additional security as may be required by the Owners and which is in form and substance acceptable to the Owners);

(B)

- (1) the Initial Sub-Charterer, any Sub-Charterer or Sub-Charter Guarantor or any of their respective directors, officers or employees becomes a Restricted Party or becomes owned or controlled by or acts directly or indirectly on behalf of, a Restricted Party or any of such persons becomes the owner or controller of a Restricted Party; or
- (2) the Initial Sub-Charterer, any Sub-Charterer or Sub-Charter Guarantor or any of their respective directors, officers or employees is not in compliance with all Sanctions,

unless within sixty (60) days of the occurrence of any event set out in Clause 52(d)(B)(1) and 52(d)(B)(2) (each, a "**Sub-Charter Event**") (or such shorter period as permitted by any applicable authority), the relevant Sub-Charter and any Sub-Charter Guarantee relative to the applicable Sub-Charter Event are terminated and the Charterers enter into a replacement Sub-Charter (and if applicable any replacement Sub-Charter Guarantee) in form and substance and with counterparties acceptable to the Owners (acting reasonably);

then:

- (i) the Charterers shall immediately notify the Owners;
- (ii) subject to no Total Loss under Clause 53 (*Total loss*) having occurred and no Termination Event under Clause 49 (*Termination Events*) having occurred and being continuing, and regardless of whether the notice referred to in Clause 52(d)(i) above has been received by the Charterers, the Owners may (but shall not be obliged to) provide the Charterers with its intention to terminate the Charter and require the transfer of title to the Vessel from the Owners to the Charterers in

exchange for payment by the Charterers to the Owners of the Termination Sum on such date specified by the Owners; and

- (iii) the Charterers shall pay to the Owners the Termination Sum on the Termination Payment Date as specified by the Owners pursuant to Clause 52(d)(ii).

For the avoidance of doubt, Hire shall in any event continue to be payable for the full period and this Charter shall otherwise continue to be in full force and effect until the Termination Sum has been received in full by the Owners.

Transfer of Title

- (e) Upon (1) in respect of a Purchase Option, the Call Option or an Early Termination, the full payment of the Purchase Option Price, the Call Option Price or the Termination Sum (as the case may be), (2) the full payment of the Termination Sum in accordance with Clause 40(k) (*Hire*), or (3) the full payment of the Termination Sum in accordance with Clause 49(d) (*Termination Events*) and any other sums payable by the Charterers to the Owners under this Charter and in each case, without any double counting, subject to compliance with the other conditions set out in this Clause 52, the Owners shall:

- (i) transfer title to and ownership of the Vessel to the Charterers (or their nominee) by delivering to the Charterers (in each case at the Charterers' costs):

- (A) a duly executed and notarised, legalised and/or apostilled (as applicable) bill of sale in such form as is required by an Approved Flag or such other flag the Charterers select; and
- (B) the Title Transfer PDA; and
- (C) any additional document as may be required by the Vessel's flag to register title in the ownership of the Charterers, provided that any requirements for any additional documents are being notified to the Owners reasonably in advance to allow the Owners sufficient time to review, sign, notarise and/or legalise (where required) and deliver such additional documents;

- (ii) procure the deletion of any mortgage or prior Security Interest in relation to the Vessel at the Charterers' costs,

**provided always** that prior to such transfer or deletion (as the case may be), the Owners shall have received the letter of indemnity as referred to in paragraph (h) below from the Charterers, and the Charterers shall have performed all their obligations in connection herewith and with the Vessel, including without limitation the full payment of all Unpaid Sums and any sums pursuant to Clause 58 (*Further Indemnities*).

- (f) The transfer in accordance with paragraph (e) above shall be made in all respects at the Charterers' expense on an "as is, where is" basis and the

Owners shall give the Charterers (or their nominee) no representations, warranties, agreements or guarantees whatsoever concerning or in connection with the Vessel, the Insurances, the Vessel's condition, state or class or anything related to the Vessel, expressed or implied, statutory or otherwise.

- (g) The Owners shall have no responsibility for the registrability of a bill of sale referred to in paragraph (e) above executed by the Owners, as far as such bill of sale is prescribed in forms generally acceptable to the Vessel's registry at the date of execution of such bill of sale.
- (h) The Charterers shall, immediately prior to the receipt of the bill of sale referred to in paragraph (e) above, furnish the Owners with a letter of indemnity (in a form satisfactory to the Owners) whereby the Charterers shall state that, among other things, the Owners have and will have no interest, concern or connection with the Vessel after the date of such letter and that the Charterers shall indemnify the Owners and keep the Owners indemnified forever against any claims made by any person arising in connection with the Vessel prior to the date the title of the Vessel is transferred to the Charterers.
- (i) If the chartering of the Vessel is terminated in accordance with this Clause 52, the obligation of the Charterers to pay the Hire shall cease only once the Charterers have paid the relevant Purchase Option Price, Call Option Price, or the Termination Sum (as applicable) and any other sums payable by the Charterers to the Owners as required hereunder to the satisfaction of the Owners.

### **53 Total Loss**

- (a) If circumstances exist giving rise to a Total Loss, the Charterers shall promptly notify the Owners of the facts of such Total Loss. If the Charterers wish to proceed on the basis of a Total Loss and advise the Owners thereof, the Owners shall agree to the Vessel being treated as a Total Loss for all purposes of this Charter. The Owners shall thereupon abandon the Vessel to the Charterers and/or execute such documents as may be required to enable the Charterers to abandon the Vessel to insurers and claim a Total Loss. Without prejudice to the obligations of the Charterers to pay to the Owners all monies then due or thereafter to become due under this Charter including but not limited to the Charterers' obligation to pay the Termination Sum on the Settlement Date in accordance with Clause 53(b) and 53(c) below, if the Vessel shall become a Total Loss during the Charter Period, the Charter Period shall end on the Settlement Date.
- (b) If the Vessel becomes a Total Loss during the Charter Period, the Charterers shall, on the Settlement Date, pay to the Owners the amount calculated in accordance with paragraph (c) below.
- (c) On the Settlement Date, the Charterers shall pay to the Owners an amount equal to the Termination Sum as at the Settlement Date. The foregoing obligations of the Charterers under this paragraph (c) shall apply regardless of whether or not any moneys are payable under any Insurances in respect of the Vessel, regardless of the amount payable thereunder, regardless of the

cause of the Total Loss and regardless of whether or not any of the said compensation shall become payable.

- (d) All Total Loss Proceeds shall be paid to such account or accounts as the Owners may direct and shall be applied towards satisfaction of the Termination Sum and any other sums due and payable under the Transaction Documents. To the extent that there is any surplus after such application, such surplus shall be promptly returned to the Charterers.
- (e) The Charterers shall, at the Owners' request, provide satisfactory evidence, in the reasonable opinion of the Owners, as to the date on which the constructive total loss of the Vessel occurred pursuant to the definition of Total Loss.
- (f) The Charterers shall continue to pay Hire on the days and in the amounts required under this Charter notwithstanding that the Vessel shall become a Total Loss **provided always** that no further instalments of Hire shall become due and payable after the Charterers have made the payment pursuant to paragraph (c) above.

#### **54 Appointment of Approved Manager**

- (a) The Charterers covenant not to appoint anyone other than the Approved Manager as managers or sub-managers of the Vessel without the prior written consent of the Owners (such consent not to be unreasonably withheld).
- (b) Without prejudice to the foregoing, the Owners shall be entitled, but without obligation, to replace the Approved Managers with such other ship management company at the Charterers' costs upon the occurrence of a Termination Event which is continuing.

#### **55 Fees and expenses**

- (a) The Charterers shall, on or prior to the date falling three (3) Business Days prior to the Owners' remittance of funds in accordance with the MOA, pay to the Owners the Arrangement Fee. The Arrangement Fee shall not be refundable in any circumstance whatsoever.
- (b) In addition to the Arrangement Fee, the Charterers shall bear all documented costs, fees (including documented legal fees) and disbursements reasonably incurred by the Owners and the Charterers in connection with:
  - (i) the negotiation, preparation, finalisation and execution of this Charter and the other Transaction Documents;
  - (ii) the delivery or redelivery of the Vessel under the MOA and this Charter;
  - (iii) all Registration Costs;
  - (iv) preparation or procurement of any survey, inspection, Valuation Report (subject to paragraph (dd) of Clause 48 (*Charterers' undertakings*)), tax or insurance advice; and

- (v) such other activities relevant to the transaction contemplated herein.

## 56 Stamp duties and taxes

- (a) The Charterers shall pay promptly but in any event within ten (10) Business Days (or other period as may be agreed by both parties) of demand by the Owners:
  - (i) an amount equal to the loss, liability or documented cost which the Owners determine will be or has been (directly or indirectly) suffered for or on account of Tax by the Owners in respect of a Transaction Document, together with any interest, penalties, costs and expenses payable or incurred; and
  - (ii) all stamp, documentary or other like duties and taxes to which this Charter and the other Transaction Documents may be subject or give rise, whether before or after the delivery of the Vessel by the Charterers to the Owners pursuant to the MOA as well as any duties imposed in any relevant jurisdiction upon running stores, provisions and supplies furnished by the Owners from abroad to be stocked on board the Vessel and also from the payment of export duties, if any, to be imposed upon the Vessel as a whole or upon any of its parts or equipment, and shall indemnify the Owners on demand against any and all liabilities with respect to or resulting from any delay on the part of the Charterers to pay such duties or taxes.
- (b) All amounts set out or expressed in a Transaction Document to be payable to the Owners which constitute the consideration for any supply for Indirect Tax purposes shall be deemed to be exclusive of any Indirect Tax. If any Indirect Tax is chargeable on any supply made by the Owners to the Charterers in connection with a Transaction Document, the Charterers shall pay to the Owners an amount equal to the amount of the Indirect Tax (in addition to and at the same time as paying any other consideration for such supply).
- (c) Where a Transaction Document requires Charterers to reimburse or indemnify the Owners for any documented costs or expenses, the Charterers shall also at the same time reimburse or indemnify (as the case may be) the Owners against all Indirect Tax incurred by the Owners in respect of the documented costs or expenses save to the extent the Owners reasonably determines that they are entitled to credit or repayment in respect of the Indirect Tax from the relevant tax authority.
- (d) For the avoidance of doubt, the Charterers shall and shall procure that the Charter Guarantor shall, indemnify, protect, defend and hold harmless any Tax incurred by the Owners relating to, resulting from or arising out of or in connection with, directly or indirectly from the acts listed in Clause 58(a)(ii)(A)(*Further Indemnities*).

## 57 Operational notifiable events

The Charterers shall immediately notify the Owners of the occurrence of any of the following events:

- (a) any requirement or recommendation imposed by the Classification Society or any competent authority which is not promptly complied with within any applicable grace period agreed by the Classification Society or such competent authority (as the case may be);
- (b) whenever the Vessel is:
  - (i) arrested or detained, for a period of at least one (1) day; or
  - (ii) confiscated, seized, requisitioned, impounded or forfeited,by any government or other competent authorities or any other persons and the release of the Vessel following such arrest, confiscation, seizure, requisition, impoundment, forfeiture or detention;
- (c) in the event of a fire requiring the use of fixed fire systems or collision / grounding and the costs of such damage will or is reasonably likely to exceed the Threshold Amount;
- (d) (by email) whenever the Vessel is planned for dry-docking, whether in accordance with Clause 10(g) (Part II) or any Sub-Charter and whether routine or emergency;
- (e) the Vessel is taken under tow, save for any routine towage (including when leaving or entering a port);
- (f) whenever a Classification Society or flag authority refuses to issue or withdraw trading certification, and any actual or threatened withdrawal, suspension, cancellation or modification of:
  - (i) the Safety Management Certificate (as such term is defined pursuant to the ISM Code);
  - (ii) the Approved Technical Manager's current Document of Compliance (as such term is defined pursuant to the ISM Code);
  - (iii) the ISSC of the Vessel; or
  - (iv) the IAPPC of the Vessel;
- (g) any claim for breach of the ISM Code or the ISPS Code being made against the Charterers, the ISM Company, an Approved Manager or otherwise in connection with the Vessel, save that in respect of the Sub-Charterers, unless such breach does not affect the operation of the Vessel in all respects;
- (h) any exercise of any lien on the Vessel or her Earnings; or
- (i) any incident of, repair of, damage to or alteration of the Vessel the costs of which exceeds or may reasonably likely to exceed the Threshold Amount.

## **58 Further indemnities**

- (a) Whether or not any of the transactions contemplated hereby are consummated, the Charterers shall and shall procure that the Charter

Guarantor shall, in addition to the provisions under Clause 17 (*Indemnity*) (Part II) of this Charter, indemnify, protect, defend and hold harmless the Owners, their Affiliates and the Finance Parties and their respective officers, directors, agents and employees (collectively, the "**Indemnitees**") throughout the Agreement Term from, against and in respect of, any and all liabilities, obligations, losses, damages, penalties, fines, documented fees, claims, tax, actions, proceedings, judgement, order or other sanction, lien, salvage, general average, suits, documented costs, expenses and disbursements, including reasonable legal fees and expenses, of whatsoever kind and nature (collectively, the "**Expenses**"), imposed on, suffered or incurred by any Indemnitee, in any way relating to, resulting from or arising out of or in connection with, in each case, directly or indirectly, any one or more of the following:

- (i) this Charter and any other Transaction Documents and any amendment, supplement or modification thereof or thereto requested by the Charterers;
- (ii) the Vessel or any part thereof, including with respect to:
  - (A) the ownership of, manufacture, design, possession, use or non-use, operation, maintenance, sub-chartering, testing, repair, overhaul, condition, alteration, modification, addition, improvement, storage, seaworthiness, replacement, repair of the Vessel or any part (including, in each case, latent or other defects, whether or not discoverable and any claim for patent, trademark, or copyright infringement and all liabilities, obligations, losses, damages and claims in any way relating to or arising out of spillage of cargo or fuel, out of injury to persons, properties or the environment or strict liability in tort);
  - (B) any claim or penalty arising out of Sanctions or violations of applicable law by any of the Obligors or Sub-Charterers;
  - (C) death or property damage of shippers or others;
  - (D) any liens in respect of the Vessel or any part thereof;
  - (E) any registration and/or tonnage fees (whether periodic or not) in respect of the Vessel payable to any registry of ships and any service fees payable to any service provider in relation to maintaining such registration at any registry of ships; or
  - (F) any Environmental Claim which may arise in connection with the Vessel,

unless directly and solely caused by the gross negligence or wilful misconduct of an Indemnitee provided that at that time no Potential Termination Event or Termination Event has occurred and there is no breach or contributory negligence of an Obligor;

- (iii) any breach of or failure to perform or observe, or any other non-compliance with, any covenant or agreement or other obligation to be performed by the Obligors under any Transaction Document to which it is a party or the falsity of any representation or warranty of the Obligors in any Transaction Document to which it is a party or the occurrence of any Potential Termination Event or Termination Event;
  - (iv) in preventing or attempting to prevent the arrest, confiscation, seizure, taking and execution, requisition, impounding, forfeiture or detention of the Vessel, or in securing or attempting to secure the release of the Vessel in connection with the exercise of the rights of a holder of a lien created by any of the Obligors;
  - (v) incurred or suffered by the Owners in:
    - (A) procuring the delivery of the Vessel to the Charterers under Clause 35 (*Delivery*), including the determining of Market Value prior to the delivery of the Vessel under the MOA;
    - (B) recovering possession of the Vessel following termination of this Charter under Clause 49 (*Termination Events*) or earlier termination of this Charter and arranging for transfer of title of the Vessel under this Charter;
    - (C) in connection with any Sub-Charter Termination Event; or
    - (D) effecting the transfer of title from the Owners to the Charterers under any provision of this Charter;
  - (vi) arising from the Master or officers of the Vessel or the Charterers' or their respective agents signing bills of lading or other documents;
  - (vii) in connection with:
    - (A) the arrest, seizure, taking into custody or other detention by any court or other tribunal or by any governmental entity; or
    - (B) subjection to distress by reason of any process, claim, exercise of any rights conferred by a lien or by any other action whatsoever, of the Vessel which are expended, suffered or incurred as a result of or in connection with any claim or against, or liability of, the Charterers or any other member of the Charterers' group or any Approved Managers, together with any documented costs and expenses or other outgoings which may be paid or incurred by the Owners in releasing the Vessel from any such arrest, seizure, custody, detention or distress.
- (b) The Charterers shall and shall procure that the Charter Guarantor shall pay to the Owners promptly on the Owners' written demand within ten (10) Business Days the amount of all documented costs and expenses (including

legal fees) incurred by the Owners in connection with the enforcement of, or the preservation of any rights under, any Transaction Document including (without limitation) (i) any documented losses, costs and expenses which the Owners may from time to time sustain, incur or become liable for by reason of the Owners being deemed by any court or authority to be an operator, or in any way concerned in the operation, of the Vessel and (ii) collecting and recovering the proceeds of any claim under any of the Insurances.

**59 Further assurances and undertakings**

Each party shall make all applications and execute all other documents and do all other acts and things as may be necessary to implement and to carry out their obligations under, and the intent of, this Charter.

**60 Cumulative rights**

The rights, powers and remedies provided in this Charter are cumulative and not exclusive of any rights, powers or remedies at law or in equity unless specifically otherwise stated.

**61 No waiver**

No delay, failure or forbearance by a party to exercise (in whole or in part) any right, power or remedy under, or in connection with, this Charter will operate as a waiver. No waiver of any breach of any provision of this Charter will be effective unless that waiver is in writing and signed by the party against whom that waiver is claimed. No waiver of any breach will be, or be deemed to be, a waiver of any other or subsequent breach.

**62 Entire Agreement**

- (a) This Charter may not be amended, altered or modified except by a written instrument executed by each of the Parties.
- (b) This Charter contains all the understandings and agreements of whatsoever kind and nature existing between the parties in respect of this Charter, the rights, interests, undertakings agreements and obligations of the parties to this Charter and shall supersede all previous and contemporaneous negotiations and agreements but shall be read in conjunction with the MOA.

**63 Invalidity**

If any term or provision of this Charter or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable the remainder of this Charter or application of such term or provision to persons or circumstances (other than those as to which it is already invalid or unenforceable) shall (to the extent that such invalidity or unenforceability does not materially affect the operation of this Charter) not be affected thereby and each term and provision of this Charter shall be valid and be enforceable to the fullest extent permitted by law.

**64 English language**

All notices, communications and financial statements and reports under or in connection with this Charter and the other Transaction Documents shall be in English language or, if in any other language, shall be accompanied by a translation into English. In the event of any conflict between the English text and the text in any other language, the English text shall prevail.

**65 No partnership**

Nothing in this Charter creates, constitutes or evidences any partnership, joint venture, agency, trust or employer/employee relationship between the parties, and neither party may make, or allow to be made any representation that any such relationship exists between the parties. Neither party shall have the authority to act for, or incur any obligation on behalf of, the other party, except as expressly provided in this Charter.

**66 Notices**

(a) Any notices to be given to the Owners under this Charter shall be sent in writing by registered letter, facsimile or email and addressed to:

**Sea 156 Leasing Co. Limited**

c/o CMB Financial Leasing Co., Ltd.

Address: 21F, China Merchants Bank Building, No. 1088, Lujiazui Ring Road, Shanghai, China 200120

Email: yangyi0825@cmbchina.com / zylsceb@cmbchina.com

Tel No.: +86 21 6106 1739

Attention: Yi YANG, Shipping Leasing Department

or to such other address, facsimile number or email address as the Owners may notify to the Charterers in accordance with this Clause 66.

(b) Any notices to be given to the Charterers under this Charter shall be sent in writing by registered letter, facsimile or email and addressed to:

**Telemachus Marine LLC**

c/o Technomar Shipping Inc.

Address: 3-5 Menandrou Street, Kifissia, 14561, Athens, Greece

Email: [finance@technomar.gr](mailto:finance@technomar.gr) with copy to (i) [legalconfidential@technomar.gr](mailto:legalconfidential@technomar.gr) and (ii) [tpsaropoulos@technomar.gr](mailto:tpsaropoulos@technomar.gr)

Attention: Legal Department / Mr. Tassos Psaropoulos

or to such other address, facsimile number or email address as the Charterers may notify to the Owners in accordance with this Clause 66.

(c)

- (i) Any such notice shall be deemed to have reached the party to whom it was addressed, when dispatched and acknowledged received (in case of a facsimile or an email) or when delivered (in case of a registered letter). A notice or other such communication received on a non-working day or after business hours in the place of receipt shall be deemed to be served on the next following working day in such place.
- (ii) Any communication or document to be made or delivered by one party to another under or in connection with the Transaction 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:
  - (A) 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
  - (B) 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.
- (iii) Any such electronic communication or delivery as specified in paragraph (ii) above to be made between an Obligor and the Owners 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.
- (iv) Any such electronic communication or delivery as specified in paragraph (ii) 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 Owners only if it is addressed in such a manner as the Owners shall specify for this purpose.
- (v) Any electronic communication or document which becomes effective, in accordance with paragraph (iv) 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 Charter shall be deemed only to become effective on the following day.
- (vi) Any reference in a Transaction 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 paragraph (c).

**67 Conflicts**

Unless stated otherwise, in the event of there being any conflict between the provisions of Clauses 1 (*Definitions*) (Part II) to 31 (*Notices*) (Part II) and the provisions of Clauses 32 (*Definitions*) to 76 (*FATCA*), the provisions of Clauses 32 (*Definitions*) to 76 (*FATCA*) shall prevail.

**68 Survival of Charterers' obligations**

The termination of this Charter for any cause whatsoever shall not affect the right of the Owners to recover from the Charterers any money due to the Owners in consequence thereof and all other rights of the Owners (including but not limited to any rights, benefits or indemnities which are provided to continue after the termination of this Charter) are reserved hereunder.

**69 Counterparts**

This Charter may be executed in any number of counterparts and any single counterpart or set of counterparts signed, in either case, by all the Parties shall be deemed to constitute a full and original agreement for all purposes.

**70 Third Parties Act**

- (a) Any person which is an Indemnitee or a Finance Party from time to time and is not a party to this Charter shall be entitled to enforce such terms of this Charter as provided for in this Charter in relation to the obligations of the Charterers to such Indemnitee or (as the case may be) Finance Party, subject to the provisions of Clause 71 (*Law and dispute resolution*) and the Third Parties Act. The Third Parties Act applies to this Charter as set out in this Clause 70.
- (b) Save as provided above, a person who is not a party to this Charter has no right under the Third Parties Act to enforce or to enjoy the benefit of any term of this Charter.

**71 Law and dispute resolution**

- (a) This Charter and any non-contractual obligations arising from or in connection with it are in all respects governed by and shall be interpreted in accordance with English law and any dispute arising out of or in connection with this Agreement shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.
- (b) The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.
- (c) The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its

own arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the fourteen (14) days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both the Owners and the Charterers as if the sole arbitrator had been appointed by agreement.

- (d) Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.
- (e) In cases where neither the claim nor any counterclaim exceeds the sum of US\$100,000 the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

## 72 Waiver of immunity

- (a) To the extent that the Charterers may in any jurisdiction claim for themselves or their assets or revenues immunity from any proceedings, suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Charterers or their assets or revenues, the Charterers agree not to claim and irrevocably waive such immunity to the full extent permitted by the laws of such jurisdiction.
- (b) The Charterers consent generally in respect of any proceedings to the giving of any relief and the issue of any process in connection with such proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such proceedings. The Charterers agree that in any proceedings in England this waiver shall have the fullest scope permitted by the English State Immunity Act 1978 and that this waiver is intended to be irrevocable for the purposes of such Act.

## 73 Set-off

Following the occurrence of a Termination Event which is continuing, the Owners may set off any matured and/or contingent obligation due from the Charterers under the Transaction Documents against any obligation (whether matured or not) owed by the Owners to the Charterers, regardless of the place of payment or currency of either obligation. If the obligations are in different currencies, the Owners may convert either obligation at a market rate of exchange in their usual course of business for the purpose of the set-off.

## 74 Value Maintenance Covenants

- (a) In this Clause 74:
  - "**Value Maintenance Ratio**" means the ratio (expressed as a percentage) of:
    - (i) the Market Value of the Vessel; to

(ii) the aggregate of the Cost Balance then applicable as at the next applicable Hire Payment Date.

"Value Maintenance Threshold" means the ratio (expressed as a percentage) of one hundred and thirty-five per cent. (135%).

(b)

(i) For the purposes of testing the Value Maintenance Ratio on a Valuation Date, the Market Value shall be determined by the Owners based on the most recent Valuation Report provided to the Owners in accordance with the requirements under this Clause 74 **provided that**:

(A) in the absence of a Termination Event which is continuing, the Charterers shall arrange, deliver to the Owners and bear the cost of the issuance of each such Valuation Report once every six (6) months during the Charter Period, and any additional Valuation Report shall be at the Owners' cost; and

(B) upon the occurrence of a Termination Event that is continuing, the Charterers shall arrange, deliver to the Owners and bear the cost of the issuance of all Valuation Reports as may be required by the Owners (acting in their sole discretion),

**provided further that** if the Charterers fail to deliver any Valuation Report in accordance with the requirements under this Clause 74, the Owners shall be entitled to arrange a Valuation Report at the Charterers' cost.

(ii) Each Valuation Report to be provided by the Charterers to the Owners for the purpose of sub-paragraph (b)(i) above shall:

(A) be issued by an Approved Broker on the relevant Valuation Date;

(B) be made without physical inspection of the Vessel and on a desktop, charter-free basis;

(C) on the basis of a sale for prompt delivery for cash at arm's length on normal commercial terms as between a willing seller and a willing buyer; and

(D) upon occurrence of a Termination Event which is continuing, be delivered to the Owners within thirty (30) days from the day requested by the Owners to the Charterers in writing.

(iii) If an Approved Broker determines that the Market Value shall fall within a range, the valuation as determined by such Approved Broker should be the lower value of such range.

(iv) Each valuation shall be provided by an Approved Broker in US Dollars.

- (v) The Owners may test the Value Maintenance Ratio on any Valuation Date in accordance with the methodology described in subparagraph (b) above.
- (vi) If, after conducting testing the Value Maintenance Ratio on the relevant Valuation Date, the Owners determine that the Value Maintenance Ratio is less than the Value Maintenance Threshold, then the Charterers shall, within thirty (30) days of the Owners' notice to the Charterers of the same, provide cash collateral in the amount of the shortfall and deposit the same in the Operating Account or any other account nominated by the Owners, for the purpose of and in order to restore the Value Maintenance Ratio to the Value Maintenance Threshold. For the avoidance of doubt, the Minimum Cash Balance shall not at any time be included in the determination of any satisfaction of the Value Maintenance Threshold. The Market Value of the Vessel shall be determined one (1) month following the provision of such cash collateral at the Charterers' cost and, if the Value Maintenance Threshold is evidenced to be met, the Owners shall immediately release such cash collateral to the Charterers and, if the Value Maintenance Threshold is not met as at such time, the Market Value of the Vessel shall be determined each month thereafter at the Charterers' cost.

## 75 Financial covenants

- (a) The Charterers shall procure that the Charter Guarantor will ensure that at all times during the Agreement Term, maintain the Free Liquidity in an amount of twenty million US Dollars (US\$20,000,000).

For the purpose of this Clause 74(a), the following term has the meanings ascribed to them below:

**"Free Liquidity"** means, on a date of calculation, on a consolidated basis, the aggregate of the unencumbered cash balances held by the Charter Guarantor as evidenced by the Charter Guarantor's latest financial statements delivered pursuant to Clause 48(y).

- (b) Each of the financial covenants as set out in this Clause 75 shall be calculated in accordance with GAAP and tested by reference to each of the financial statements in respect of the Charter Guarantor delivered pursuant to Clause 48(x).
- (c) The Charterers shall supply and shall procure that the Charter Guarantor shall supply to the Owners a Compliance Certificate with each set of financial statements delivered pursuant to paragraph (b) above setting out (in reasonable detail) computations as to compliance with Clause 75 (*Financial Covenants*) as at the date as at which those financial statements were drawn up.
- (d) Each Compliance Certificate shall be signed by a director or the Chief Financial Officer of the Charter Guarantor.

- (e) If at any time any other Financial Indebtedness of the Charter Guarantor and/or any of its Subsidiaries shall include any financial covenant in respect of the Charter Guarantor (whether set forth as a covenant, undertaking, event of default, restriction or other such provision) (a "**Financial Covenant**") that would be more beneficial to the Owners than any analogous provision contained in this Charter (an "**Additional Financial Covenant**"), then such Additional Financial Covenant shall be deemed automatically incorporated into the terms of this Charter (an "**MFN Amendment**"). Such MFN Amendment shall be reversed and the financial covenants restored to those that were in effect immediately prior to an MFN Amendment when (i) such other financial indebtedness containing the Additional Financial Covenant is repaid in full other than as a result of or in connection with an actual event of default (howsoever defined); or (ii) the original terms of an Additional Financial Covenant provided that it has ceased to apply. The Charterers shall promptly notify the Owners of any change or event that requires the incorporation or reverse of an MFN Amendment. The Charterers agree that it will, and will procure that the Charter Guarantor will, promptly enter into such necessary documentation as may be required to amend and supplement the Charter Guarantee and this Charter so as to reflect and incorporate such new or amended financial covenants that are more favourable to the Owners in accordance with this clause.

## 76 FATCA

- (a) Subject to Clause 76(c) below, the Charterers shall (and shall procure that each Obligor will) and the Owners shall, within ten (10) Business Days of a reasonable request by a Party:
- (i) confirm to such Party whether it is:
    - (A) a FATCA Exempt Party; or
    - (B) not a FATCA Exempt Party; and
  - (ii) supply to such Party such forms, documentation and other information relating to its status under FATCA as such party reasonably requests for the purposes of its compliance with FATCA; and
  - (iii) supply to such Party such forms, documentation and other information relating to its status as such Party request for the purposes of its compliance with any other law, regulation, or exchange of information regime.
- (b) If a Party confirms to the other Party pursuant to Clause 76(a)(i) 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 the other Party promptly.
- (c) Clause 76(a) shall not oblige the Owners to do anything, and Clause 76(a)(iii) 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 fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with Clause 76(a)(i) or Clause 76(a)(ii) (including, for the avoidance of doubt, where Clause 76(c) applies), then such Party shall be treated for the purposes of the Transaction 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.
- (e) 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.
- (f) 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 Charterer and the Owners and the Owners shall notify the Owners.

## **77 Day Count Convention**

Any interest, commission or fee accruing under a Transaction 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.

## **78 Confidentiality**

- (a) The Parties shall maintain the information provided in connection with the Transaction Documents strictly confidential and agree to disclose to no person other than:
- (i) its board of directors, employees (only on a need to know basis), and shareholders, professional advisors (including the legal and accounting advisors and auditors) and rating agencies;
  - (ii) as may be required to be disclosed under applicable law or regulations or for the purpose of legal proceedings;
  - (iii) in the case of the Owners, (1) to any of its Affiliate (more than one of them, collectively, the "**Permitted Parties**"), any Finance Party or other actual or potential financier providing funding for the acquisition or refinancing of the Vessel (provided the same have entered into similar confidentiality arrangements), (2) to professional advisers, auditors, insurers or insurance brokers and service providers of the Permitted Parties who are under a duty of confidentiality to the Permitted Parties and (3) as required by any

law or any government, quasi-government, administrative, regulatory or supervisory body or authority, court or tribunal with jurisdiction over any of the Permitted Parties;

- (iv) in the case of the Charterers, to any Sub-Charterers (but subject always to paragraph (b) below) in respect of obtaining any consent required under the terms of any relevant Sub-Charter;
  - (v) any Approved Managers, the classification society and flag authorities, in each case as may be necessary in connection with the transactions contemplated hereunder; and
  - (vi) any person which is a classification society or other entity which the Owners, any of their Affiliates or a Finance Party has engaged to make the calculations necessary to enable the Owners, any of their Affiliates or a Finance Party to comply with their reporting obligations under the Poseidon Principles (as defined under Clause 48(z)(ii)(B)).
- (b) Any other disclosure by each Party shall be subject to the prior written consent of the other Party, provided that the Charterers may disclose any information provided in connection with the Transaction Documents to their sub-contractors and any Sub-Charterers, in each case subject to the procurement of a confidentiality undertaking (in form and substance satisfactory to the Owners) from such sub-contractor or Sub-Charterers.

**Schedule**  
**FORM OF PROTOCOL OF DELIVERY AND ACCEPTANCE**

**PROTOCOL OF DELIVERY AND ACCEPTANCE**

It is hereby certified that pursuant to a bareboat charter dated \_\_\_\_\_ 2021 and made between **SEA 156 LEASING CO. LIMITED**, a company incorporated in Hong Kong with its registered address at 46/F., Champion Tower, 3 Garden Road Central, Hong Kong (the "**Owner**") as owner and **TELEMACHUS MARINE LLC**, a company incorporated in the Marshall Islands with its registered address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 (the "**Bareboat Charterer**") as bareboat charterer (as may be amended and supplemented from time to time, the "**Bareboat Charter**") in respect of one (1) container ship named m.v. "**ANTHEA Y**") and registered in Liberia under the laws and flag of Liberia with IMO number 9710244 (the "**Vessel**"), the Vessel is delivered for charter by the Owner to the Bareboat Charterer, and accepted by the Bareboat Charterer from the Owner at \_\_\_\_\_ hours (time) on the date hereof in accordance with the terms and conditions of the Bareboat Charter.

This protocol of delivery and acceptance may be executed in any number of counterparts each of which shall be original but which shall together constitute the same instrument.

IN WITNESS WHEREOF, the Owner and the Bareboat Charterer have caused this PROTOCOL OF DELIVERY AND ACCEPTANCE to be executed by their duly authorised representative on this day of \_\_\_\_\_ 2021 in \_\_\_\_\_.

THE OWNER

**SEA 156 LEASING CO. LIMITED**

by:

THE BAREBOAT CHARTERER

**TELEMACHUS MARINE LLC**

by:

\_\_\_\_\_  
Name:

Title:

Date:

\_\_\_\_\_  
Name:

Title:

Date:

Schedule 2  
FORM OF TITLE TRANSFER PROTOCOL OF DELIVERY AND ACCEPTANCE

PROTOCOL OF DELIVERY AND ACCEPTANCE

m.v. "ANTHEA Y"

**SEA 156 LEASING CO. LIMITED**, a company incorporated in Hong Kong with its registered address at 46/F., Champion Tower, 3 Garden Road Central, Hong Kong (the "Owners") deliver to **TELEMACHUS MARINE LLC**, a company incorporated in the Marshall Islands with its registered address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 (the "**Bareboat Charterers**") the Vessel described below and the Bareboat Charterers accept delivery of, title and risk to the Vessel pursuant to the terms and conditions of the bareboat charter dated 2021 (as may be amended and supplemented from time to time) and made between (1) the Owners and (2) the Bareboat Charterers.

Name of Vessel: m.v. "ANTHEA Y"

Flag: [ ]

Place of Registration: [ ]

IMO Number: 9710244

Gross Registered Tonnage: [ ]

Net Registered Tonnage: [ ]

Dated:

At:        hours ([ ] time)

Place of delivery:

THE OWNERS

**SEA 156 LEASING CO. LIMITED**

by:

THE BAREBOAT CHARTERERS

**TELEMACHUS MARINE LLC**

by:

\_\_\_\_\_  
Name:

Title:

Date:

\_\_\_\_\_  
Name:

Title:

Date:

**SIGNATURE PAGE**

**ADDITIONAL CLAUSES**  
**TO BAREBOAT CHARTER FOR THE VESSEL "ANTHEA Y"**

**THE OWNERS**

**SEA 156 LEASING CO. LIMITED**

by:

/s/ Tan Li Xin, Joan

Name: Tan Li Xin, Joan

Title: Attorney-in-fact

Date: 20 May 2021

**THE CHARTERERS**

**TELEMACHUS MARINE LLC**

by:

/s/ Aglaia Lida Papadi

Name: Aglaia Lida Papadi

Title: Attorney-in-fact

Date: 20 May 2021

# SALEFORM 2012

Norwegian Shipbrokers' Association's  
Memorandum of Agreement for sale and purchase of ships

1 Dated: 20 May 2021

2 **TELEMACHUS MARINE LLC**, a company incorporated in the Marshall Islands with its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH96960 (Name of sellers), hereinafter called the "Sellers", have agreed to sell, and

3 **SEA 156 LEASING CO. LIMITED**, a company incorporated in Hong Kong with its registered office at 46/F., Champion Tower, 3 Garden Road, Central, Hong Kong (Name of buyers), hereinafter called the "Buyers", have agreed to buy:

4 Name of vessel: **ANTHEA Y**

5 IMO Number: **9710244**

6 Classification Society: **DNV GL**

7 Class Notation: ~~⊠~~ **100 A5 Container ship BWM (D2) DG HLP IW LC RSCS RSD(F25) ⊠ MC AUT CM-PS EP-D**

8 Year of Build: **2015** Builder/Yard: **HHIC-PHIL INC.**

9 Flag: **Liberia** Place of Registration: **Monrovia** GT/NT: **94416 / 54249**

10 hereinafter called the "Vessel", on the following terms and conditions:

## 11 Definitions

12 "Banking Days" are days on which banks are open both in the country of the currency stipulated for  
13 the Purchase Price in Clause 1 (Purchase Price) and in the place of closing stipulated in Clause 8  
14 (Documentation) and **Shanghai, Singapore, New York, Athens, Frankfurt-Main and London** (add additional jurisdictions as appropriate).

15 "Buyers' Nominated Flag State" means **Liberia** (state flag state).

16 "Class" means the class notation referred to above.

17 "Classification Society" means the Society referred to above.

18 ~~"Deposit" shall have the meaning given in Clause 2 (Deposit)~~

19 ~~"Deposit Holder" means (state name and location of Deposit Holder) or, if left blank, the~~  
20 ~~Sellers' Bank, which shall hold and release the Deposit in accordance with this Agreement.~~

21 "In writing" or "written" means a letter handed over from the Sellers to the Buyers or vice versa, a  
22 registered letter, e-mail or telefax.

23 "Parties" means the Sellers and the Buyers.

24 "Purchase Price" means the price for the Vessel as stated in Clause 1 (Purchase Price).

25 ~~"Sellers' Account" means (state details of bank account) at the Sellers' Bank.~~

26 ~~"Sellers' Bank" means (state name of bank, branch and details) or, if left blank, the bank~~



27 notified by the Sellers to the Buyers for receipt of the balance of the Purchase Price.

## 28 **1. Purchase Price**

29 The Purchase Price is **the lower of (a) the Market Value and (b) USD75,000,000 (seventy five million United States Dollars)**. (state  
30 currency and amount both in words and figures):

## 30 **2. Deposit**

### **No deposit for the Purchase Price is payable.**

31 As security for the correct fulfilment of this Agreement the Buyers shall lodge a deposit of  
32 % (per cent) or, if left blank, 10% (ten per cent), of the Purchase Price (the  
33 "Deposit") in an interest bearing account for the Parties with the Deposit Holder within three (3)  
34 Banking Days after the date that:

35 (i) this Agreement has been signed by the Parties and exchanged in original or by  
36 e-mail or telefax; and

37 (ii) the Deposit Holder has confirmed in writing to the Parties that the account has been  
38 opened.

39 The Deposit shall be released in accordance with joint written instructions of the Parties.  
40 Interest, if any, shall be credited to the Buyers. Any fee charged for holding and releasing the  
41 Deposit shall be borne equally by the Parties. The Parties shall provide to the Deposit Holder  
42 all necessary documentation to open and maintain the account without delay.

## 43 **3. Payment**

### **See Additional Clause 22 (Payment).**

44 On delivery of the Vessel, but not later than three (3) Banking Days after the date that Notice of  
45 Readiness has been given in accordance with Clause 5 (Time and place of delivery and  
46 notices):

47 (i) the Deposit shall be released to the Sellers; and

48 (ii) the balance of the Purchase Price and all other sums payable on delivery by the Buyers  
49 to the Sellers under this Agreement shall be paid in full free of bank charges to the  
50 Sellers' Account.

## 51 **4. Inspection**

52 (a)\* The Buyers have inspected and accepted the Vessel's classification records. The Buyers  
53 have also inspected the Vessel at/in (state place) on (state date) and have  
54 accepted the Vessel following this inspection and the sale is outright and definite, subject only  
55 to the terms and conditions of this Agreement.

56 (b)\* The Buyers shall have the right to inspect the Vessel's classification records and declare  
57 whether same are accepted or not within (state date/period).

58 The Sellers shall make the Vessel available for inspection at/in (state place/range) within  
59 (state date/period).

60 The Buyers shall undertake the inspection without undue delay to the Vessel. Should the  
61 Buyers cause undue delay they shall compensate the Sellers for the losses thereby incurred.

62 The Buyers shall inspect the Vessel without opening up and without cost to the Sellers.

63 During the inspection, the Vessel's deck and engine log books shall be made available for  
64 examination by the Buyers.

65 The sale shall become outright and definite, subject only to the terms and conditions of this  
66 Agreement, provided that the Sellers receive written notice of acceptance of the Vessel from  
67 the Buyers within seventy two (72) hours after completion of such inspection or after the  
68 date/last day of the period stated in Line 59, whichever is earlier.

69 Should the Buyers fail to undertake the inspection as scheduled and/or notice of acceptance of  
70 the Vessel's classification records and/or of the Vessel not be received by the Sellers as  
71 aforesaid, the Deposit together with interest earned, if any, shall be released immediately to the  
72 Buyers, whereafter this Agreement shall be null and void.

73 \*4(a) and 4(b) are alternatives; delete whichever is not applicable. In the absence of deletions,  
74 alternative 4(a) shall apply.

## 75 5. Time and place of delivery and notices

76 (a) The Vessel shall be delivered and taken over safely afloat at sea or a safe and accessible berth or  
77 anchorage ~~at/in~~ (subject to the trading limits as permitted under the Bareboat Charter) (state place/range) in the Sellers' option and as  
agreed by the Parties, provided that the Vessel shall not be delivered in a place that causes the Buyers to incur tax liabilities that the Buyers  
would not have incurred had the sale been completed in international waters.

78 Notice of Readiness shall not be tendered before: (date)

79 Cancelling Date (see Clauses 5(c), 6 (a)(i), 6 (a) (iii) and 14): **15 June 2021 or such later date as the Buyers may agree.**

80 (b) The Sellers shall keep the Buyers well informed of the Vessel's itinerary and shall  
81 provide the Buyers with twenty (20), ten (10), five (5) and three (3) **Banking d**Days' notice prior to the proposed Pre-positioning Date  
and of the ~~date the~~

82 ~~Sellers intend to tender Notice of Readiness and of the intended~~ date and place of delivery.

83 ~~When the Vessel is at the place of delivery and physically ready for delivery in accordance with~~  
84 ~~this Agreement, the Sellers shall give the Buyers a written Notice of Readiness for delivery.~~

85 (c) If the Sellers anticipate that, notwithstanding the exercise of due diligence by them, the  
86 Vessel will not be ready for delivery by the Cancelling Date they may notify the Buyers in writing  
87 stating the date when they anticipate that the Vessel will be ready for delivery and proposing a  
88 new Cancelling Date. Upon receipt of such notification the Buyers shall have the option of  
89 either cancelling this Agreement in accordance with Clause 14 (Sellers' Default) within three (3)  
90 Banking Days of receipt of the notice or of accepting the new date as the new Cancelling Date.  
91 If the Buyers have not declared their option within three (3) Banking Days of receipt of the  
92 Sellers' notification or if the Buyers accept the new date, the date proposed in the Sellers'  
93 notification shall be deemed to be the new Cancelling Date and shall be substituted for the  
94 Cancelling Date stipulated in line 79.

95 If this Agreement is maintained with the new Cancelling Date all other terms and conditions  
96 hereof including those contained in Clauses 5(b) and 5(d) shall remain unaltered and in full  
97 force and effect.

98 (d) Cancellation, failure to cancel or acceptance of the new Cancelling Date shall be entirely  
99 without prejudice to any claim for damages the Buyers may have under Clause 14 (Sellers'  
100 Default) for the Vessel not being ready by the original Cancelling Date.

101 (e) Should the Vessel become an actual, constructive or compromised total loss before delivery  
102 ~~the Deposit together with interest earned, if any, shall be released immediately to the Buyers~~  
103 ~~whereafter this~~ the Agreement shall be null and void **provided that the Sellers shall indemnify the Buyers in accordance with the terms**  
**set out in Clause 21, notwithstanding that this Agreement becomes null and void as a result of the Vessel being a total loss.**

## 104 6. Divers Inspection / Drydocking

The Vessel will be delivered without drydocking.

105 ~~(a)\*~~  
106 ~~(i) The Buyers shall have the option at their cost and expense to arrange for an underwater~~  
107 ~~inspection by a diver approved by the Classification Society prior to the delivery of the~~  
108 ~~Vessel. Such option shall be declared latest nine (9) days prior to the Vessel's intended~~  
109 ~~date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this~~  
110 ~~Agreement. The Sellers shall at their cost and expense make the Vessel available for~~  
111 ~~such inspection. This inspection shall be carried out without undue delay and in the~~  
112 ~~presence of a Classification Society surveyor arranged for by the Sellers and paid for by~~  
113 ~~the Buyers. The Buyers' representative(s) shall have the right to be present at the diver's~~  
114 ~~inspection as observer(s) only without interfering with the work or decisions of the~~  
115 ~~Classification Society surveyor. The extent of the inspection and the conditions under~~  
116 ~~which it is performed shall be to the satisfaction of the Classification Society. If the~~  
117 ~~conditions at the place of delivery are unsuitable for such inspection, the Sellers shall at~~  
118 ~~their cost and expense make the Vessel available at a suitable alternative place near to~~  
119 ~~the delivery port, in which event the Cancelling Date shall be extended by the additional~~  
120 ~~time required for such positioning and the subsequent re-positioning. The Sellers may~~  
121 ~~not tender Notice of Readiness prior to completion of the underwater inspection.~~

122 ~~(ii) If the rudder, propeller, bottom or other underwater parts below the deepest load line are~~  
123 ~~found broken, damaged or defective so as to affect the Vessel's class, then (1) unless~~  
124 ~~repairs can be carried out afloat to the satisfaction of the Classification Society, the~~  
125 ~~Sellers shall arrange for the Vessel to be drydocked at their expense for inspection by~~  
126 ~~the Classification Society of the Vessel's underwater parts below the deepest load line,~~  
127 ~~the extent of the inspection being in accordance with the Classification Society's rules (2)~~  
128 ~~such defects shall be made good by the Sellers at their cost and expense to the~~  
129 ~~satisfaction of the Classification Society without condition/recommendation\*\* and (3) the~~  
130 ~~Sellers shall pay for the underwater inspection and the Classification Society's~~  
131 ~~attendance.~~

132 ~~Notwithstanding anything to the contrary in this Agreement, if the Classification Society~~  
133 ~~do not require the aforementioned defects to be rectified before the next class~~  
134 ~~drydocking survey, the Sellers shall be entitled to deliver the Vessel with these defects~~  
135 ~~against a deduction from the Purchase Price of the estimated direct cost (of labour and~~  
136 ~~materials) of carrying out the repairs to the satisfaction of the Classification Society,~~  
137 ~~whereafter the Buyers shall have no further rights whatsoever in respect of the defects~~

138 and/or repairs. The estimated direct cost of the repairs shall be the average of quotes  
139 for the repair work obtained from two reputable independent shipyards at or in the  
140 vicinity of the port of delivery, one to be obtained by each of the Parties within two (2)  
141 Banking Days from the date of the imposition of the condition/recommendation, unless  
142 the Parties agree otherwise. Should either of the Parties fail to obtain such a quote within  
143 the stipulated time then the quote duly obtained by the other Party shall be the sole basis  
144 for the estimate of the direct repair costs. The Sellers may not tender Notice of  
145 Readiness prior to such estimate having been established.

146 (iii) If the Vessel is to be drydocked pursuant to Clause 6(a)(ii) and no suitable dry docking  
147 facilities are available at the port of delivery, the Sellers shall take the Vessel to a port  
148 where suitable drydocking facilities are available, whether within or outside the delivery  
149 range as per Clause 5(a). Once drydocking has taken place the Sellers shall deliver the  
150 Vessel at a port within the delivery range as per Clause 5(a) which shall, for the purpose  
151 of this Clause, become the new port of delivery. In such event the Cancelling Date shall  
152 be extended by the additional time required for the drydocking and extra steaming, but  
153 limited to a maximum of fourteen (14) days.

154 (b)\* The Sellers shall place the Vessel in drydock at the port of delivery for inspection by the  
155 Classification Society of the Vessel's underwater parts below the deepest load line, the extent  
156 of the inspection being in accordance with the Classification Society's rules. If the rudder,  
157 propeller, bottom or other underwater parts below the deepest load line are found broken,  
158 damaged or defective so as to affect the Vessel's class, such defects shall be made good at the  
159 Sellers' cost and expense to the satisfaction of the Classification Society without  
160 condition/recommendation\*\*. In such event the Sellers are also to pay for the costs and  
161 expenses in connection with putting the Vessel in and taking her out of drydock, including the  
162 drydock dues and the Classification Society's fees. The Sellers shall also pay for these costs  
163 and expenses if parts of the tailshaft system are condemned or found defective or broken so as  
164 to affect the Vessel's class. In all other cases, the Buyers shall pay the aforesaid costs and  
165 expenses, dues and fees.

166 (c) If the Vessel is drydocked pursuant to Clause 6 (a)(ii) or 6 (b) above:

167 (i) The Classification Society may require survey of the tailshaft system, the extent of the  
168 survey being to the satisfaction of the Classification surveyor. If such survey is  
169 not required by the Classification Society, the Buyers shall have the option to require the  
170 tailshaft to be drawn and surveyed by the Classification Society, the extent of the survey  
171 being in accordance with the Classification Society's rules for tailshaft survey and  
172 consistent with the current stage of the Vessel's survey cycle. The Buyers shall declare  
173 whether they require the tailshaft to be drawn and surveyed not later than by the  
174 completion of the inspection by the Classification Society. The drawing and refitting of  
175 the tailshaft shall be arranged by the Sellers. Should any parts of the tailshaft system be  
176 condemned or found defective so as to affect the Vessel's class, those parts shall be  
177 renewed or made good at the Sellers' cost and expense to the satisfaction of  
178 Classification Society without condition/recommendation\*\*.

179 (ii) The costs and expenses relating to the survey of the tailshaft system shall be borne by  
180 the Buyers unless the Classification Society requires such survey to be carried out or if  
181 parts of the system are condemned or found defective or broken so as to affect the  
182 Vessel's class, in which case the Sellers shall pay these costs and expenses.

183 (iii) The Buyers' representative(s) shall have the right to be present in the drydock, as  
184 observer(s) only without interfering with the work or decisions of the Classification

185 ~~Society surveyor.~~

186 ~~(iv) The Buyers shall have the right to have the underwater parts of the Vessel cleaned~~  
187 ~~and painted at their risk, cost and expense without interfering with the Sellers' or the~~  
188 ~~Classification Society surveyor's work, if any, and without affecting the Vessel's timely~~  
189 ~~delivery. If, however, the Buyers' work in drydock is still in progress when the~~  
190 ~~Sellers have completed the work which the Sellers are required to do, the additional~~  
191 ~~docking time needed to complete the Buyers' work shall be for the Buyers' risk, cost and~~  
192 ~~expense. In the event that the Buyers' work requires such additional time, the Sellers~~  
193 ~~may upon completion of the Sellers' work tender Notice of Readiness for delivery whilst~~  
194 ~~the Vessel is still in drydock and, notwithstanding Clause 5(a), the Buyers shall be~~  
195 ~~obliged to take delivery in accordance with Clause 3 (Payment), whether the Vessel is in~~  
196 ~~drydock or not.~~

197 ~~\*6 (a) and 6 (b) are alternatives; delete whichever is not applicable. In the absence of deletions,~~  
198 ~~alternative 6 (a) shall apply.~~

199 ~~\*\*Notes or memoranda, if any, in the surveyor's report which are accepted by the Classification~~  
200 ~~Society without condition/recommendation are not to be taken into account.~~

## 201 **7. Spares, bunkers and other items**

202 The Sellers shall deliver the Vessel to the Buyers with everything belonging to her on board  
203 and on shore. All spare parts and spare equipment including spare tail-end shaft(s) and/or  
204 spare propeller(s)/propeller blade(s), if any, belonging to the Vessel at the time of ~~inspection~~**delivery**  
205 used or unused, whether on board or not shall become the Buyers' property., ~~but spares on~~  
206 ~~order are excluded. Forwarding charges, if any, shall be for the Buyers' account.~~ The Sellers  
207 are not required to replace spare parts including spare tail-end shaft(s) and spare  
208 propeller(s)/propeller blade(s) which are taken out of spare and used as replacement prior to  
209 delivery, but the replaced items shall be the property of the Buyers. Unused stores and  
210 provisions shall be included in the sale and be taken over by the Buyers without extra payment.

211 ~~Library and forms exclusively for use in the Sellers' vessel(s) and captain's, officers' and crew's~~  
212 ~~personal belongings including the slop chest are excluded from the sale without compensation,~~  
213 ~~as well as the following additional items: (include list)~~

214 ~~Items on board which are on hire or owned by third parties, listed as follows, are excluded from~~  
215 ~~the sale without compensation: (include list)~~

216 ~~Items on board at the time of inspection which are on hire or owned by third parties, not listed~~  
217 ~~above, shall be replaced or procured by the Sellers prior to delivery at their cost and expense.~~ **Any remaining bunkers and unused**  
**lubricating and hydraulic oils and greases in storage tanks and unopened drums shall remain the property of the Sellers but remain on board**  
**the Vessel on or after delivery and no payment shall be required by the Buyers in respect thereof.**

218 ~~The Buyers shall take over remaining bunkers and unused lubricating and hydraulic oils and~~  
219 ~~greases in storage tanks and unopened drums and pay either:~~

220 ~~(a) \*the actual net price (excluding barging expenses) as evidenced by invoices or vouchers; or~~

221 ~~(b) \*the current net market price (excluding barging expenses) at the port and date of delivery~~  
222 ~~of the Vessel or, if unavailable, at the nearest bunkering port,~~

223 ~~for the quantities taken over.~~

224 Payment under this Clause shall be made at the same time and place and in the same  
225 currency as the Purchase Price.

226 "inspection" in this Clause 7, shall mean the Buyers' inspection according to Clause 4(a) or 4(b)  
227 (Inspection), if applicable. If the Vessel is taken over without inspection, the date of this  
228 Agreement shall be the relevant date.

229 ~~\*(a) and (b) are alternatives, delete whichever is not applicable. In the absence of deletions~~  
230 ~~alternative (a) shall apply.~~

## 231 8. Documentation

**(See Additional Clause 24 (Conditions Precedent))**

232 The place of closing:

233 (a) In exchange for payment of the Purchase Price the Sellers shall provide the Buyers with the  
234 following delivery documents:

235 (i) Legal Bill(s) of Sale in a form recordable in the Buyers' Nominated Flag State,  
236 transferring title of the Vessel and stating that the Vessel is free from all mortgages,  
237 encumbrances and maritime liens or any other debts whatsoever, duly notarially attested  
238 and legalised or apostilled, as required by the Buyers' Nominated Flag State;

239 (ii) Evidence that all necessary corporate, shareholder and other action has been taken by  
240 the Sellers to authorise the execution, delivery and performance of this Agreement;

241 (iii) Power of Attorney of the Sellers appointing one or more representatives to act on behalf  
242 of the Sellers in the performance of this Agreement, duly notarially attested and legalised  
243 or apostilled (as appropriate);

244 (iv) Certificate or Transcript of Registry issued by the competent authorities of the flag state  
245 on the date of delivery evidencing the Sellers' ownership of the Vessel and that the  
246 Vessel is free from registered encumbrances and mortgages, to be faxed or e-mailed by  
247 such authority to the closing meeting with the original to be sent to the Buyers as soon as  
248 possible after delivery of the Vessel;

249 (v) Declaration of Class or (depending on the Classification Society) a Class Maintenance  
250 Certificate issued within three (3) Banking Days prior to delivery confirming that the  
251 Vessel is in Class free of condition/recommendation;

252 (vi) Certificate of Deletion of the Vessel from the Vessel's registry or other official evidence of  
253 deletion appropriate to the Vessel's registry at the time of delivery, or, in the event that  
254 the registry does not as a matter of practice issue such documentation immediately, a  
255 written undertaking by the Sellers to effect deletion from the Vessel's registry forthwith  
256 and provide a certificate or other official evidence of deletion to the Buyers promptly and  
257 latest within four (4) weeks after the Purchase Price has been paid and the Vessel has  
258 been delivered;

259 (vii) A copy of the Vessel's Continuous Synopsis Record certifying the date on which the  
260 Vessel ceased to be registered with the Vessel's registry, or, in the event that the registry  
261 does not as a matter of practice issue such certificate immediately, a written undertaking  
262 from the Sellers to provide the copy of this certificate promptly upon it being issued

263 together with evidence of submission by the Sellers of a duly executed Form 2 stating  
264 the date on which the Vessel shall cease to be registered with the Vessel's registry;

265 ~~(viii) Commercial Invoice for the Vessel;~~

266 ~~(ix) Commercial Invoice(s) for bunkers, lubricating and hydraulic oils and greases;~~

267 ~~(x) A copy of the Sellers' letter to their satellite communication provider cancelling the~~  
268 ~~Vessel's communications contract which is to be sent immediately after delivery of the~~  
269 ~~Vessel;~~

270 ~~(xi) Any additional documents as may reasonably be required by the competent authorities of~~  
271 ~~the Buyers' Nominated Flag State for the purpose of registering the Vessel, provided the~~  
272 ~~Buyers notify the Sellers of any such documents as soon as possible after the date of~~  
273 ~~this Agreement; and~~

274 ~~(xii) The Sellers' letter of confirmation that to the best of their knowledge, the Vessel is not~~  
275 ~~black listed by any nation or international organisation.~~

276 ~~(b) At the time of delivery the Buyers shall provide the Sellers with:~~

277 ~~(i) Evidence that all necessary corporate, shareholder and other action has been taken by~~  
278 ~~the Buyers to authorise the execution, delivery and performance of this Agreement; and~~

279 ~~(ii) Power of Attorney of the Buyers appointing one or more representatives to act on behalf~~  
280 ~~of the Buyers in the performance of this Agreement, duly notarially attested and legalised~~  
281 ~~or apostilled (as appropriate).~~

282 ~~(c) If any of the documents listed in Sub-clauses (a) and (b) above are not in the English~~  
283 ~~language they shall be accompanied by an English translation by an authorised translator or~~  
284 ~~certified by a lawyer qualified to practice in the country of the translated language.~~

285 ~~(d) The Parties shall to the extent possible exchange copies, drafts or samples of the~~  
286 ~~documents listed in Sub-clause (a) and Sub-clause (b) above for review and comment by the~~  
287 ~~other party not later than (state number of days), or if left blank, nine (9) days prior to the~~  
288 ~~Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to~~  
289 ~~Clause 5(b) of this Agreement.~~

290 ~~(e) Concurrent with the exchange of documents in Sub-clause (a) and Sub-clause (b) above,~~  
291 ~~the Sellers shall also hand to the Buyers the classification certificate(s) as well as all plans,~~  
292 ~~drawings and manuals, (excluding ISM/ISPS manuals), which are on board the Vessel. Other~~  
293 ~~certificates which are on board the Vessel shall also be handed over to the Buyers unless~~  
294 ~~the Sellers are required to retain same, in which case the Buyers have the right to take copies.~~

295 ~~(f) Other technical documentation which may be in the Sellers' possession shall promptly after~~  
296 ~~delivery be forwarded to the Buyers at their expense, if they so request. The Sellers may keep~~  
297 ~~the Vessel's log books but the Buyers have the right to take copies of same.~~

298 ~~(g) The Parties shall sign and deliver to each other a Protocol of Delivery and Acceptance~~  
299 ~~confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.~~

300 **9. Encumbrances**

301 The Sellers warrant that the Vessel, at the time of delivery, is free from all charters (**other than the Bareboat Charter and the Initial Sub-Charter (as defined in the Bareboat Charter)**),

302 encumbrances, mortgages and maritime liens or any other debts whatsoever, and is not subject  
303 to Port State or other administrative detentions. The Sellers hereby undertake to indemnify the  
304 Buyers against all consequences of claims made against the Vessel which have been incurred  
305 prior to the time of delivery.

306 **10. Taxes, fees and expenses**

307 Any taxes, fees and **documented** expenses in connection with the purchase and registration in the Buyers'  
308 Nominated Flag State, **any Registration Costs and any** shall be for the Buyers' account, whereas similar charges in connection  
309 with the closing of the Sellers' register shall be for the Sellers' account.

310 **11. Condition on delivery**

**See also Clause 20 (Delivery under this Agreement and the Bareboat Charter)**

311 The Vessel with everything belonging to her shall be at the Sellers' risk and expense until she is  
312 delivered to the Buyers, but subject to the terms and conditions of this Agreement she shall be  
313 delivered and taken over "**as is where is**" she was at the time of **delivery** inspection, fair wear and tear excepted.

314 However, the Vessel shall be delivered free of cargo and free of stowaways with her Class  
315 maintained without **any recommendations, qualifications and conditions that are overdue** condition/recommendation\*,  
free of average damage affecting the Vessel's  
316 class, and with her classification certificates and national certificates, as well as all other  
317 certificates the Vessel had at the time of ~~inspection~~ **delivery**, valid and unextended without **any recommendations, qualifications**  
**and conditions that are overdue**  
318 ~~condition/recommendation\*~~ by the Classification Society or the relevant authorities at the time  
319 of delivery.

320 "inspection" in this Clause 11, shall mean the Buyers' inspection according to Clause 4(a) or  
321 4(b) (Inspections), if applicable. If the Vessel is taken over without inspection, the date of this  
322 Agreement shall be the relevant date.

323 \*Notes and memoranda, if any, in the surveyor's report which are accepted by the Classification  
324 Society without condition/recommendation are not to be taken into account.

325 **12. Name/markings**

**Not applicable**

326 ~~Upon delivery the Buyers undertake to change the name of the Vessel and alter funnel~~  
327 ~~markings.~~

328 **13. Buyers' default**

329 ~~Should the Deposit not be lodged in accordance with Clause 2 (Deposit), the Sellers have the~~  
330 ~~right to cancel this Agreement, and they shall be entitled to claim compensation for their losses~~  
331 ~~and for all expenses incurred together with interest.~~

332 Should the Purchase Price **Relevant Amount** not be paid in accordance with Clause ~~213~~-(Payment) **as the sole and direct result of the**  
333 **Buyers' acts or omissions and such non-payment has not been remedied within three (3) Banking Days of such failure to pay**, the Sellers  
334 have the right to cancel this Agreement, in which case **this Agreement will become void without liability to either the Buyers or the**  
335 **Sellers**, the Deposit together with interest  
336 earned, if any, shall be released to the Sellers. If the Deposit does not cover their loss, the  
337 Sellers shall be entitled to claim further compensation for their losses and for all expenses  
338 incurred together with interest.

#### 337 **14. Sellers' default**

338 Should the Sellers fail to give Notice of Readiness in accordance with Clause 5(b) or fail to be  
339 ready to validly complete a legal transfer by the Cancelling Date the Buyers shall have the  
340 option of cancelling this Agreement. ~~If after Notice of Readiness has been given but before~~  
341 ~~the Buyers have taken delivery, the Vessel ceases to be physically ready for delivery and is not~~  
342 ~~made physically ready again by the Cancelling Date and new Notice of Readiness given, the~~  
343 ~~Buyers shall retain their option to cancel. In the event that the Buyers elect to cancel this~~  
344 ~~Agreement, the Deposit together with interest earned, if any, shall be released to them~~  
345 ~~immediately.~~

346 Should the Sellers fail to give Notice of Readiness by the Cancelling Date or fail to be ready to  
347 validly complete a legal transfer as aforesaid they shall make due compensation to the Buyers  
348 for their loss and for all expenses together with interest if their failure is due to proven  
349 negligence and whether or not the Buyers cancel this Agreement.

#### 350 **15. Buyers' representatives**

**Not applicable.**

351 After this Agreement has been signed by the Parties and the Deposit has been lodged, the  
352 Buyers have the right to place two (2) representatives on board the Vessel at their sole risk and  
353 expense.

354 These representatives are on board for the purpose of familiarisation and in the capacity of  
355 observers only, and they shall not interfere in any respect with the operation of the Vessel. The  
356 Buyers and the Buyers' representatives shall sign the Sellers' P&I Club's standard letter of  
357 indemnity prior to their embarkation.

#### 358 **16. Law and Arbitration**

**See Clause 25 (Law and dispute resolution)**

359 (a) ~~This Agreement shall be governed by and construed in accordance with English law and~~  
360 ~~any dispute arising out of or in connection with this Agreement shall be referred to arbitration in~~  
361 ~~London in accordance with the Arbitration Act 1996 or any statutory modification or re~~  
362 ~~enactment thereof save to the extent necessary to give effect to the provisions of this Clause.~~

363 The arbitration shall be conducted in accordance with the London Maritime Arbitrators  
364 Association (LMAA) Terms current at the time when the arbitration proceedings are  
365 commenced.

366 The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall  
367 appoint its arbitrator and send notice of such appointment in writing to the other party requiring

368 the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and  
369 stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own  
370 arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the  
371 other party does not appoint its own arbitrator and give notice that it has done so within the  
372 fourteen (14) days specified, the party referring a dispute to arbitration may, without the  
373 requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator  
374 and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on  
375 both Parties as if the sole arbitrator had been appointed by agreement.

376 In cases where neither the claim nor any counterclaim exceeds the sum of US\$100,000 the  
377 arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at  
378 the time when the arbitration proceedings are commenced.

379 (b) \*This Agreement shall be governed by and construed in accordance with Title 9 of the  
380 United States Code and the substantive law (not including the choice of law rules) of the State  
381 of New York and any dispute arising out of or in connection with this Agreement shall be  
382 referred to three (3) persons at New York, one to be appointed by each of the parties hereto,  
383 and the third by the two so chosen; their decision or that of any two of them shall be final, and  
384 for the purposes of enforcing any award, judgment may be entered on an award by any court of  
385 competent jurisdiction. The proceedings shall be conducted in accordance with the rules of the  
386 Society of Maritime Arbitrators, Inc.

387 In cases where neither the claim nor any counterclaim exceeds the sum of US\$ 100,000 the  
388 arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the  
389 Society of Maritime Arbitrators, Inc.

390 (c) This Agreement shall be governed by and construed in accordance with the laws of  
391 (state place) and any dispute arising out of or in connection with this Agreement shall be  
392 referred to arbitration at (state place), subject to the procedures applicable there.

393 \*16(a), 16(b) and 16(c) are alternatives; delete whichever is not applicable. In the absence of  
394 deletions, alternative 16(a) shall apply.

## 395 17. Notices

396 All notices to be provided under this Agreement shall be in writing.

397 Contact details for recipients of notices are as follows:

398 For the Buyers:

**SEA 156 LEASING CO. LIMITED**  
c/o CMB Financial Leasing Co., Ltd.

**Address: 21F, China Merchants Bank Building, No.1088, Lujiazui Ring Road, Shanghai, China 200120**

**Email: yangyi0825@cmbchina.com / zyzlsceb@cmbchina.com**

**Tel No.: +86 21 6106 1739**

**Attention: Yi YANG, Shipping Leasing Department**

399 For the Sellers:

**TELEMACHUS MARINE LLC,**  
c/o Technomar Shipping Inc.

**Address: 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece**

Email: [finance@technomar.gr](mailto:finance@technomar.gr)

with a copy to:

(a) [legalconfidential@technomar.gr](mailto:legalconfidential@technomar.gr); and

(b) [tpsaropoulos@technomar.gr](mailto:tpsaropoulos@technomar.gr)

400 **18. Entire Agreement**

401 ~~The written terms of this Agreement comprise the entire agreement between the Buyers and~~  
402 ~~the Sellers in relation to the sale and purchase of the Vessel and supersede all previous~~  
403 ~~agreements whether oral or written between the Parties in relation thereto.~~

404 ~~Each of the Parties acknowledges that in entering into this Agreement it has not relied on and~~  
405 ~~shall have no right or remedy in respect of any statement, representation, assurance or~~  
406 ~~warranty (whether or not made negligently) other than as is expressly set out in this Agreement.~~

407 Any terms implied into this Agreement by any applicable statute or law are hereby excluded to  
408 the extent that such exclusion can legally be made. Nothing in this Clause shall limit or exclude  
409 any liability for fraud.

**Additional Clauses 19 to 26 (both inclusive) form an integral part of this Agreement. In the event of any inconsistency between (i) any terms set out in Clauses 1 to 18 of this Agreement and (ii) any terms set out in Additional Clauses (i.e., Clauses 19 to 26) of this Agreement, the terms of the Additional Clauses shall prevail.**

For and on behalf of the Sellers

**TELEMACHUS MARINE LLC**

/s/ Aglaia Lida Papadi

Name: Aglaia Lida Papadi

Title: Attorney-in-fact

For and on behalf of the Buyers

**SEA 156 LEASING CO. LIMITED**

/s/ Tan Li Xin, Joan

Name: Tan Li Xin, Joan

Title: Attorney-in-fact

**ADDITIONAL CLAUSES**  
**TO MEMORANDUM OF AGREEMENT FOR**  
**THE VESSEL "ANTHEA Y"**

**19. Sellers' representations**

The Sellers represent and warrant as at the date hereof and on the Delivery Date that:

(a) they are the legal and beneficial owners of the Vessel; and

(b)

(i) none of the:

i. Sellers, any of its Affiliate (as defined in the Bareboat Charter), nor any of their respective directors, officers and employees are a Restricted Party; and

ii. to the best knowledge of the Sellers, as at the date of this Agreement, the Initial Sub-Charterer (as defined in the Bareboat Charter) nor any of its directors,

is a Restricted Party; and

iii. the Sellers, any of its Affiliate (as defined in the Bareboat Charter) and their respective directors, officers and employees; and

iv. to the best knowledge of the Sellers, as at the date of this Agreement, the Initial Sub-Charterer and the respective directors of the Initial Sub-Charterer,

are in compliance with all Sanctions laws, and none of them have been or are currently being investigated on compliance with Sanctions, they have not received notice or are aware of any claim, action, suit or proceeding against any of them with respect to Sanctions and they have not taken any action to evade the application of Sanctions; and

(ii) no part of the Purchase Price nor the Vessel shall be made available, directly or indirectly, to or for the benefit of a Restricted Party nor shall they be otherwise directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions laws.

**20. Delivery under this Agreement and the Bareboat Charter**

(a) The Vessel will, subject to the terms and conditions of this Agreement, be delivered by the Sellers to the Buyers under this Agreement.

- (b) Upon the delivery of the Vessel under this Agreement, the Vessel shall simultaneously be delivered to the Sellers as charterers pursuant to a bareboat charterparty dated on or about the date of this Agreement (the "**Bareboat Charter**") made or to be made (as the case may be) between the Buyers (as owners) and the Sellers (as charterers).
- (c) The Sellers shall be fully responsible for the Buyers' fulfilment of physical delivery as new owner of the Vessel to the Sellers (as charterers) under the Bareboat Charter. The Buyers' obligation to take delivery of the Vessel under this Agreement is subject to the Sellers (as charterers) taking delivery of the Vessel simultaneously under the Bareboat Charter.
- (d) If the Bareboat Charter is cancelled or the delivery of the Vessel does not take place under the Bareboat Charter by the Cancelling Date, this Agreement shall be null and void, **provided however** that Clause 14 (Sellers' default) and Clause 21 (Indemnities) below shall survive.

## 21. Indemnities

- (a) The Sellers shall pay such amounts to the Buyers in respect of all claims, documented expenses, liabilities, losses, fees (including but not limited to legal fees (which have been pre-approved by the Sellers provided no Termination Event has occurred), any Registration Costs, any vessel registration and any tonnage fees) suffered or incurred by or imposed on the Buyers arising from this Agreement, or resulting from the occurrence of a Termination Event which is continuing (as defined in the Bareboat Charter), or in connection with the delivery, registration and purchase of the Vessel by the Buyers whether prior to, during or after termination of this Agreement (including but not limited to the Delivery Date not occurring on the proposed delivery date set out in the Payment Notice) and whether or not the Vessel is in the possession or the control of the Sellers or otherwise in relation to any non-delivery to or acceptance by the Sellers (as charterers) of the Vessel under the Bareboat Charter.
- (b) Notwithstanding anything to the contrary herein, any breach of the terms of this Agreement or termination of this Agreement pursuant to the terms hereof, the indemnities provided by the Sellers in favour of the Buyers shall continue in full force and effect.

## 22. Payment

- (a) The Sellers and the Buyers agree that the Relevant Amount shall, subject to Clause 23 (*Partial set-off of Purchase Price*) below (if applicable), be paid in full by the Buyers by depositing with the Escrow Agent in accordance with the Payment Notice and the Escrow Agreement, the Relevant Amount which shall be subsequently released to the Sellers or to such person(s) as may be nominated by the Sellers in accordance with the Escrow Agreement. The Payment Notice shall be issued by the Sellers to the Buyers on or before the date falling five (5) Banking Days prior to the proposed Pre-positioning Date.

- (b) On or before the Pre-positioning Date the Buyers shall deposit with the Escrow Agent the Relevant Amount to be so held and so released in accordance with the Escrow Agreement, **provided that** the Buyers' obligation to deposit with the Escrow Agent the Relevant Amount is always subject to the Buyers being satisfied that all of the conditions precedent required under Clause 24 (*Conditions precedent*) other than the Delivery Date CPs and Clause 36(a) (*Conditions precedent and conditions subsequent*) of the Bareboat Charter have been satisfied.
- (c) A transfer of funds by the Buyers to the Escrow Agent in accordance with paragraph (b) above shall constitute payment of the Purchase Price for the purposes of this Agreement in accordance with and in the manner contemplated by this Agreement. The Sellers agree to release, discharge, defend, indemnify, waive and hold harmless the Buyers from and against any liability, obligation or claim which may be asserted, claimed or recovered against the Buyers for any reason directly arising out of the release or the failure to release (as the case may be) of any part of the Purchase Price by the Escrow Agent except if the same results from or is a direct consequence of the Buyers' failure to perform their obligations under or in breach of any provisions under this Agreement or the Bareboat Charter.
- (d) Without prejudice to any other provisions under this Agreement, the Sellers shall pay to the Buyers:
  - (i) within five (5) Banking Days after the date on which any part of the Purchase Price is released in accordance with paragraph (b) above, and in accordance with the invoice to be issued by the Buyers to the Sellers for the same; and
  - (ii) if applicable, on demand by the Buyers on and after the Return Due Date in relation to any part of the Purchase Price which is or should be returned to the Buyers in accordance with the Escrow Agreement (whether or not it is actually returned on the Return Due Date);

each as applicable, an amount equal to the interest accrued over the relevant Pre-positioning Period and calculated at the rate of Overnight LIBOR Rate plus 325 basis points over such part of the Purchase Price.

### **23. Partial set-off of Purchase Price**

The Sellers hereby consent, acknowledge and confirm that:

- (a) notwithstanding Clause 1 (Purchase Price), the amount due and payable from the Buyers to the Sellers in accordance with Clause 22 (Payment) shall be set off against the amount of Advance Hire (as defined in the Bareboat Charter) due from the Sellers (as charterers) to the Buyers (as owners) payable pursuant to the Bareboat Charter; and
- (b) for the avoidance of doubt, on the date of payment of the Relevant Amount, (A) the Buyers shall not be obliged to pay the Sellers and the Sellers shall not be

entitled to receive from the Buyers an amount which is more than the difference between (i) the Purchase Price and (ii) the Advance Hire set off in accordance with paragraph (a) above and (B) the Sellers shall not be obliged to pay the Buyers and the Buyers shall not be entitled to receive from the Sellers payments towards the Advance Hire as a result of this Clause 23 (Partial set-off of Purchase Price).

**24. Conditions precedent**

- (a) Release of the Relevant Amount is conditional upon the Sellers providing the Buyers with the following delivery documents and evidence:
- (i) Two (2) original Legal Bill(s) of Sale in a form recordable in the Buyers' Nominated Flag State, transferring title of the Vessel from the Sellers to the Buyers and stating that the Vessel is free from all registered mortgages, encumbrances and maritime liens or any other debts whatsoever, duly notarially attested or acknowledged and (if required by the Buyers' Nominated Flag State) legalised or apostilled, as required by the Buyers' Nominated Flag State;
  - (ii) Evidence that all necessary corporate, shareholder and other action has been taken by the Sellers to authorise the execution, delivery and performance of this Agreement;
  - (iii) An original Power of Attorney of the Sellers appointing one or more representatives to act on behalf of the Sellers in the performance of this Agreement, duly notarially attested or acknowledged and (if required by the Buyers' Nominated Flag State) legalised or apostilled, as required by the Buyers' Nominated Flag State;
  - (iv) A PDF of the Certificate or Transcript of Registry issued by the competent authorities of the Flag State (as defined in Additional Clause 27 (*Further definitions*)) on the Delivery Date evidencing the Buyers' ownership of the Vessel and confirming that the Vessel is free from registered encumbrances and mortgages;
  - (v) A copy of Declaration of Class or (depending on the Classification Society) a Class Certificate issued within three (3) Banking Days prior to the Delivery Date confirming that the Vessel is in Class free of overdue condition/recommendation together with the Vessel's "Ship's Particulars" and copies of "General Arrangement" and "Maker's List";
  - (vi) All of the following:
    - (A) Evidence that on the Delivery Date the Vessel will be registered in the ownership of the Buyers as owners of all of the shares in the Vessel with the Buyers' Nominated Flag State; and
    - (B) A copy of the bill of sale to the Buyers referred to in Sub-clause (i) above marked "not released/non-negotiable".
  - (vii) An original Commercial Invoice for the Vessel;

- (viii) Copies of the valuations to determine Market Value;
- (ix) Any additional documents as may reasonably be required by the competent authorities of the Buyers' Nominated Flag State for the purpose of registering the Vessel, provided the Buyers notify the Sellers of any such documents as soon as possible after the date of this Agreement;
- (x) An original of the Sellers' letter of confirmation that to the best of their knowledge, the Vessel is not sanctioned, avoided, prohibited or proscribed by any nation or international organisation and the Vessel is eligible to trade lawfully worldwide;
- (xi) An original certificate from a director / officer of the Sellers confirming that all copies of documents provided under this Agreement are true copies of such documents (or a pdf copy of the certificate together with confirmation from the Sellers that the original certificate will be despatched to the Buyers as soon as practicable);
- (xii) Evidence that the Arrangement Fee (as defined in the Bareboat Charter) has been paid in accordance with the terms of the Bareboat Charter;
- (xiii) An inventory of the Vessel's major spare parts for the Main Engine, Diesel Generators and E.R. Auxiliary Machinery on board the Vessel;
- (xiv) The duly signed and dated copy of the Escrow Agreement;
- (xv) The Buyers being satisfied that, in their opinion,
  - (A) the conditions precedent set out in (i) Clause 36(a) (*Conditions precedent and conditions subsequent*) of the Bareboat Charter have been satisfied on the Pre-positioning Date and (ii) Clause 36(b) (*Conditions precedent and conditions subsequent*) of the Bareboat Charter have been satisfied on the Delivery Date or, in each case, such other date as the Sellers and Buyers may mutually agree;
  - (B) no Termination Event (as defined in the Bareboat Charter) or Potential Termination Event (as defined in the Bareboat Charter) is, in each case, continuing or would result from:
    - (1) the pre-positioning of the Relevant Amount; or
    - (2) the release of the Relevant Amount to the Sellers or its nominee; and
  - (C) the representations and warranties referred to in Clause 19 (*Sellers' representations*) hereof and clause 47 (*Charterers' representations and warranties*) of the Bareboat Charter are true and correct on the Delivery Date.

The conditions set out in this Clause 24 are for the sole benefit of the Buyers and may be waived or deferred by the Buyers in whole or in part and with or without conditions. The foregoing is without prejudice to the Buyers' rights to require fulfilment of any such

conditions by the Sellers in whole or in part at any time after the date of release of the Relevant Amount.

If the Buyers in their sole discretion agree to accept the delivery of the Vessel from the Sellers before all of the documents and evidence required under Clause 24(a) have been delivered to or to the order the Buyers, the Sellers undertake to deliver all outstanding documents and evidence to or to the order of the Buyers no later than ten (10) Business Days after the date of delivery of the Vessel or such other later date as specified by the Buyers, acting in their sole discretion. The Buyers' acceptance of the delivery of the Vessel from the Sellers under this Agreement shall not, unless otherwise notified by the Buyers (acting in their sole discretion) to the Sellers in writing, be taken as a waiver of the Buyers' rights to require production of all the documents and evidence required under this Clause 24(a).

- (b) At the time of delivery the Buyers shall provide the Sellers with:
- (i) the certified copy of the resolutions passed by the board of directors of the Buyers to authorise the execution, delivery and performance of this Agreement; and
  - (ii) (if applicable) the original Power of Attorney of the Buyers appointing one or more representatives to act on behalf of the Buyers in the performance of this Agreement (or a pdf copy of the Power of Attorney together with confirmation from the Buyers that the original will be despatched to the Sellers as soon as practicable).
- (c) If any of the documents listed in Sub-clauses (a) and (b) above are not in the English language they shall be accompanied by an English translation by an authorised translator or certified by a lawyer qualified to practice in the country of the translated language.
- (d) The Parties shall to the extent possible exchange copies, drafts or samples of the documents listed in Sub-clause (a) and Sub-clause (b) above for review and comment by the other party not later than nine (9) days prior to the Vessel's intended date of delivery as notified by the Sellers pursuant to Clause 5(b) of this Agreement.
- (e) Concurrent with the exchange of documents in Sub-clause (a) and Sub-clause (b) above, the Buyers shall gain title and ownership to the classification certificate(s) as well as all plans, drawings and manuals, which are on board the Vessel and shall remain on board the Vessel. Other certificates which are on board the Vessel shall also be handed over to the Buyers unless such certificates are required to remain on board, or the Sellers are required to retain same in their capacity as bareboat charterers, in which case the Sellers shall, upon the request of the Buyers, provide copies of the same at the expense of the Sellers.
- (f) Simultaneously with the release of the Relevant Amount the Parties shall sign and deliver to each other a Protocol of Delivery and Acceptance in the form as attached in Schedule 2 hereto confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.

## **25. Law and dispute resolution**

(a) This Agreement and any non-contractual obligations arising from or in connection with it are in all respects governed by and shall be interpreted in

accordance with English law and any dispute arising out of or in connection with this Agreement shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.

- (b) The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.
- (c) The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the fourteen (14) days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both the Buyers and the Sellers as if the sole arbitrator had been appointed by agreement.
- (d) Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.
- (e) In cases where neither the claim nor any counterclaim exceeds the sum of US\$100,000 the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

## 26. Further definitions

In this Agreement:

"**Approved Broker**" has the meaning ascribed to it in the Bareboat Charter.

"**Bareboat Charter**" has the meaning ascribed to it in Clause 20(b).

"**Delivery Date**" means the date of delivery of the Vessel by the Sellers to the Buyers pursuant to this Agreement.

"**Delivery Date CPs**" means the conditions precedent set out in paragraphs (a)(i), (a)(iv), (a)(vii), (a)(x), 24(a)(xv)(A), 24(a)(xv)(B)(2), 24(a)(xv)(C), of Clause 24 (*Conditions precedent*).

"**Escrow Account**" means the account of the Escrow Agent as stipulated in the Escrow Agreement, to which the "Escrow Amount" (as defined in the Escrow Agreement) should be remitted to in accordance with the Escrow Agreement.

"**Escrow Agreement**" means the escrow agreement to be entered into between, inter alia, the Sellers, Buyers and the Escrow Agent.

"**Escrow Agent**" means Stephenson Harwood LLP.

"**Flag State**" means, in relation to the Vessel, Liberia.

"**Market Value**" has the meaning ascribed to paragraph (a) of the definition of "Market Value" in the Bareboat Charter.

"**Overnight LIBOR Rate**" means, for any day, the rate per annum equal to the British Bankers Association LIBOR Rate ("**BBA LIBOR**"), as published by Thomson Reuters (or other commercially available source providing quotations of BBA LIBOR as designated by the Buyers from time to time) at approximately 11:00 a.m., London time, on such day for United States Dollar deposits (for delivery on such day) with a term equivalent to one (1) day.

"**Payment Notice**" means a notice of the relevant amounts payable by the Buyers under this Agreement to be issued by the Sellers to the Buyers, in substantially the form set out in Schedule 1 (*Form of Payment Notice*) hereto (or such other form as the Buyers may require).

"**Pre-positioning Date**" means date falling one (1) Banking Day prior to the proposed Delivery Date.

"**Pre-positioning Period**" means:

- (a) if any part of the Purchase Price deposited with the Escrow Agent by the Buyers is released in accordance with paragraph (b) of Clause 22 (*Payment*), the period commencing from (and inclusive of) the Pre-positioning Date and ending on (and inclusive of) the date such part of the Purchase Price is released in accordance with paragraph (b) of Clause 22 (*Payment*); or
- (b) if any part of the Purchase Price deposited with the Escrow Agent by the Buyers is or should be returned to the Buyers in accordance with paragraph (d) of Clause 22 (*Payment*) (whether or not it is actually returned on the Return Due Date), the period commencing from (and inclusive of) the Pre-positioning Date and ending on (and inclusive of) the date such part of the Purchase Price is returned to the Buyers in accordance with paragraph (d) of Clause 22 (*Payment*).

"**Relevant Amount**" means the Owners' Cost (as defined in the Bareboat Charter).

"**Registration Costs**" has the meaning ascribed to it in the Bareboat Charter.

"**Restricted Countries**" means those countries subject to country-wide or territory-wide Sanctions and/or trade embargoes, in particular but not limited to pursuant to the U.S.'s Office of Foreign Asset Control of the U.S. Department of Treasury ("**OFAC**") including at the date of this Agreement, but without limitation, Iran, North Korea and Syria and any additional countries based on respective country-wide or territory-wide Sanctions being imposed by OFAC or any of the regulative bodies referred to in the definition of Restricted Party.

**"Restricted Party"** means a person or entity or any other parties (i) located, domiciled, resident or incorporated in Restricted Countries, and/or (ii) subject to any sanction administered by the United Nations, the European Union, Switzerland, the United States and the OFAC, the United Kingdom, Her Majesty's Treasury ("**HMT**") and the Foreign and Commonwealth Office of the United Kingdom, the People's Republic of China and/or (iii) owned or controlled by or affiliated with persons, entities or any other parties as referred to in (i) and (ii).

**"Return Due Date"** means the date which is the eighth (8<sup>th</sup>) Banking Day after the Pre-positioning Date.

**"Sanctions"** means any sanctions, embargoes, freezing provisions, prohibitions or other restrictions relating to trading, doing business, investment, exporting, financing or making assets available (or other activities similar to or connected with any of the foregoing) imposed by law or regulation of the United Nations, United Kingdom, the United States of America (including, without limitation, CISADA and OFAC), the People's Republic of China or the Council of the European Union or the jurisdiction of incorporation of the Buyers and the Sellers.

**Schedule 1  
Form of Payment Notice**

To: **SEA 156 LEASING CO. LIMITED**

From: **TELEMACHUS MARINE LLC**

2021

Dear Sirs

**One LNG container vessel m.v. "ANTHEA Y"**  
**- memorandum of agreement dated 2021 (the "MOA")**

1. We refer to the MOA. This is a Payment Notice.
2. Terms defined in the MOA shall have the same meaning in this Payment Notice unless given a different meaning in this Payment Notice.
3. Pursuant to Clause 5(b) of the MOA, we hereby give you notice of the proposed delivery date of the Vessel, being \_\_\_\_\_ 2021 and the proposed place of delivery of the Vessel, being [ ].
4. We irrevocably request that you advance USD [ • ], being the Relevant Amount in respect of the Vessel, to the Escrow Account on \_\_\_\_\_ 2021, which is a Banking Day, by paying the advance in accordance with the MOA and the Escrow Agreement, to the Escrow Account, as follows:  
  
Account ID STEHAR USD1  
Sort code 16-01-01  
IBAN GB65 RBOS 1663 0000 2191 38  
SWIFT RBOS GB2L at The Royal Bank of Scotland plc
5. We warrant that no Potential Termination Event or Termination Event (each as defined in the Bareboat Charter) has occurred or would result from the payment of the amounts requested above.

Yours faithfully

For and on behalf of  
**TELEMACHUS MARINE LLC**

.....  
Name:  
Title:

**Schedule 2**  
**Form of Protocol of Delivery and Acceptance**

Protocol of Delivery and Acceptance

KNOW ALL MEN BY THESE PRESENTS, that Telemachus Marine LLC of Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro Islands, MH96960 (the "**Sellers**") have sold and do grant and deliver, at \_\_\_\_\_ hours (Shanghai Time) on \_\_\_\_\_ day of \_\_\_\_\_ 2021, unto Sea 156 Leasing Co. Limited of 46/F., Champion Tower, 3 Garden Road, Central, Hong Kong (the "**Buyer**"), all rights, title and interest in and to one (1) second-hand vessel of name "Anthea Y" (IMO No. 9710244) of Liberian flag, of GRT 94,416 and NRT 54,249, together with all stores and equipment of whatever nature, now on board and on shore and on order, and free from all charters (other than the Bareboat Charter (as defined in the MOA)), encumbrances, mortgages, maritime liens or any other debts whatsoever, pursuant to the Memorandum of Agreement dated \_\_\_\_\_ 2021 (the "**MOA**") between the Sellers and the Buyers and any addenda thereto.

The Buyers do hereby accept delivery, title and risks of and to the aforesaid vessel in pursuance of the terms and conditions of the MOA on the date and any addendum thereto and at the time and place stated above.

This PROTOCOL OF DELIVERY AND ACCEPTANCE 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 PROTOCOL OF DELIVERY AND ACCEPTANCE.

Seller

Buyer

**Telemachus Marine LLC**

**Sea 156 Leasing Co. Limited**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name:

Name:

Title:

Title:

SINGAPORE\6176244.1 MOA Additional Clauses (Anthea Y)

In witness of which the parties to this Agreement have executed this Agreement the day and year first before written.

**SELLERS**

**Signed** by Aglaia Lida Papadi )  
as Attorney-in-fact )  
for and on behalf of ) /s/ Aglaia Lida Papadi  
**TELEMACHUS MARINE LLC** )  
in the presence of: )

Witness signature: /s/ Chrisanthy Klisaris

Name: Chrisanthy Klisaris

Address: 3-5 Menandrou Str., Kifissia 14561, Athens, Greece

**BUYERS**

**Signed** by Tan Li Xin, Joan )  
as duly authorised signatory )  
for and on behalf of ) /s/ Tan Li Xin, Joan  
**SEA 156 LEASING CO. LIMITED** ) Attorney-in-fact  
in the presence of: )

Witness signature: /s/Seah Wei Loong, Matthew Linton

Name: Seah Wei Loong, Matthew Linton

Address: c/o Stephenson Harwood LLP

One Raffles Place

#18-61 Tower 2

Singapore 048616



BARECON 2001  
STANDARD BAREBOAT CHARTER PART I

1. Shipbroker <b>N/A</b>	2. Place and date <b>26 August 2021</b>	
3. Owners/Place of business (Cl. 1) <b>SEA 253 LEASING CO. LIMITED 27/F Three Exchange Square 8, Connaught Place, Central, Hong Kong</b>	4. Bareboat Charterers/Place of business (Cl. 1) <b>GLOBAL SHIP LEASE 70 LLC 80 Broad Street, Monrovia, Liberia</b>	
5. Vessel's name, call sign and flag (Cl. 1 and 3) <b>Name: "Balbina" to be renamed "GSL Syros" Flag: Liberia</b>		
6. Type of Vessel <b>5,470 TEU container vessel</b>	7. GT/NT <b>52,726 / 32,613</b>	
8. When/Where built <b>2010 Zhejiang Ouhua Shipbuilding Co., Ltd., PRC</b>	9. Total DWT (abt.) in metric tons on summer freeboard <b>65,550</b>	
10. Classification Society (Cl. 3) <b>DNV GL or any other generally recognised first class classification society that is a member of the International Association of Classification Societies (IACS) as selected by the Charterers and approved by the Owners (such approval not to be unreasonably withheld).</b>	11. Date of last special survey by the Vessel's classification society <b>May 2020</b>	
12 Further particulars of Vessel (also indicate minimum number of months' validity of class certificates agreed acc. to Cl. 3) <b>IMO Number: 9437062</b>		
13. Port or Place of delivery (Cl. 3) <b>As per MOA</b>	14. Time for delivery (Cl. 4) <b>N/A</b>	15. Cancelling date (Cl. 5) <b>N/A</b>
16. Port or Place of redelivery (Cl. 15) <b>See Additional Clause 42 (Redelivery)</b>	17. No. of months' validity of trading and class certificates upon redelivery (Cl. 15) <b>N/A</b>	
18. Running days' notice if other than stated in Cl. 4 <b>N/A</b>	19. Frequency of dry-docking (Cl. 10(g)) <b>In accordance with the normal procedure for vessels of the same type, size and age of the Vessel and as required by the Classification Society or flag state and not less than once every sixty (60) months</b>	
20. Trading limits (Cl. 6) <b>Trading worldwide via safe ports / safe berths / safe anchorages within International Navigating Limits (INL) or otherwise in accordance with the terms of this Charter, always afloat at any time of tide and subject to exclusions and limitations in Clause 41 (Insurance).</b>		

21. Charter pPeriod (Cl. 2) <b>Seventy-two (72) months commencing from the Actual Delivery Date</b> <b>See Additional Clause 39(b) (Structural changes and alterations)</b>	22. Charter hire (Cl. 11) <b>See Additional Clause 40 (Hire)</b>
23. New class and other safety requirements (state percentage of Vessel's insurance value acc. to Box 29)(Cl. 10(a)(ii)) <b>See Additional Clause 39(b) (Structural changes and alterations)</b>	
24. Rate of interest payable acc. to Cl. 11 (f) and, if applicable, acc. to PART IV <b>See Additional Clause 40 (Hire)</b>	25. Currency and method of payment (Cl. 11) <b>US Dollars (see also Additional Clause 40 (Hire))</b>
26. Place of payment; also state beneficiary and bank account (Cl. 11) <b>See Additional Clause 40 (Hire)</b>	27. Bank guarantee/bond (sum and place) (Cl. 24) (optional) <b>N/A</b>
28. Mortgage(s), if any (state whether 12(a) or (b) applies; if 12(b) applies state date of Financial Instrument and name of Mortgagee(s)/Place of business) (Cl. 12) <b>12(b) applies; form of Financial Instrument and name of Mortgagee to be determined</b>	29. Insurance (hull and machinery and war risks) (state value acc. to Cl. 13(f) or, if applicable, acc. to Cl. 14(k)) (also state if Cl. 14 applies) <b>See Additional Clause 41 (Insurance)</b>
30. Additional insurance cover, if any, for Owners' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g)) <b>No limitation</b>	31. Additional insurance cover, if any, for Charterers' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g)) <b>No limitation</b>

PREAMBLE - It is mutually agreed that this Contract shall be performed subject to the conditions contained in this Charter which shall include PART I and PART II. In the event of a conflict of conditions, the provisions of PART I shall prevail over those of PART II to the extent of such conflict but no further. It is further mutually agreed that PART III and/or PART IV and/or PART V shall only apply and only form part of this Charter if expressly agreed and stated in Boxes 37, 42 and 43. If PART III and/or PART IV and/or PART V apply, it is further agreed that in the event of a conflict of conditions, the provisions of PART I and PART II shall prevail over those of PART III and/or PART IV and/or PART V to the extent of such conflict but no further.

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32. Latent defects (only to be filled in if period other than stated in Cl. 3)	33. Brokerage commission and to whom payable (Cl. 27) <b>N/A</b>
34. Grace period (state number of clear banking days) (Cl. 28) <b>See Additional Clause 49 (Termination Events)</b>	35. Dispute Resolution (state 30(a), 30(b) or 30(c); if 30(c) agreed Place of Arbitration must be stated (Cl. 30)  <b>See Additional Clause 71 (Law and dispute resolution)</b>
36. War cancellation (indicate countries agreed) (Cl. 26(f)) <b>N/A</b>	
37. Newbuilding Vessel (indicate with "yes" or "no" whether PART III applies) (optional)  <b>No; Part III does not apply</b>	38. Name and place of Builders (only to be filled in if PART III applies)  <b>N/A</b>
39. Vessel's Yard Building No. (only to be filled in if PART III applies)  <b>N/A</b>	40. Date of Building Contract (only to be filled in if PART III applies)  <b>N/A</b>
41. Liquidated damages and costs shall accrue to (state party acc. to Cl. 1) a) <b>N/A</b> b) <b>N/A</b> b) <b>N/A</b>	
42. Hire/Purchase agreement (indicate with "yes" or "no" whether PART IV applies) (optional)  <b>No; Part IV does not apply</b>	43. Bareboat Charter Registry (indicate with "yes" or "no" whether PART V applies) (optional)  <b>No</b>
44. Flag and Country of the Bareboat Charter Registry (only to be filled in if PART V applies)  <b>N/A</b>	45. Country of the Underlying Registry (only to be filled in if PART V applies)  <b>N/A</b>
46. Number of additional clauses covering special provisions, if agreed  <b>Clause 32 (Definitions) to Clause 78 (Confidentiality) (both inclusive) as attached hereto, form an integral part of this Charter. In the event of any conflict or inconsistency between the terms of any Additional Clauses with any provision of Part I or Part II of this Charter, such Additional Clauses prevail.</b>	

PREAMBLE - It is mutually agreed that this Contract shall be performed subject to the conditions contained in this Charter which shall include PART I and PART II. In the event of a conflict of conditions, the provisions of PART I shall prevail over those of PART II to the extent of such conflict but no further. It is further mutually agreed that PART III and/or PART IV and/or PART V shall only apply and only form part of this Charter if expressly agreed and stated in Boxes 37, 42 and 43. If PART III and/or PART IV and/or PART V apply, it is further agreed that in the event of a conflict of conditions, the provisions of PART I and PART II shall prevail over those of PART III and/or PART IV and/or PART V to the extent of such conflict but no further.

Signature (Owners)  <b>SEA 253 LEASING CO. LIMITED</b>  <u>/s/ Joan Tan Li Xin</u>  Name: Tan Li Xin, Joan Title: Attorney-in-fact	Signature (Charterers)  <b>GLOBAL SHIP LEASE 70 LLC</b>  <u>/s/ Aglaia Lida Papdi</u>  Name: Aglaia Lida Papdi Title: Attorney-in-fact
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**PART II**  
**BARECON 2001 Standard Bareboat Charter**

**1. Definitions**

In this Charter, the following terms shall have the meanings hereby assigned to them :

**1. Definitions**

In this Charter, the following terms shall have the meanings hereby assigned to them :

"The Owners" shall mean the party identified in Box 3 together with their successors, permitted transferees and assignees;

"The Charterers" shall mean the party identified in Box 4 together with their successors, permitted transferees and assignees;

"The Vessel" shall mean the vessel named in Box 5 and with particulars as stated in Boxes 6 to 12.

"Financial Instrument" means the mortgage, deed of covenant or other such financial security instrument as ~~annexed to this Charter and stated in Box 28~~ may at a later date be granted by the Owners to any bank or Financial Institution in accordance with this Charter.

See also Additional Clause 32 (Definitions) and Additional Clause 33 (Interpretations).

**2 Charter Period**

In consideration of the hHire detailed in Box 22, the Owners have agreed to let and the Charterers have agreed to hire the Vessel for the period stated in Box 21 ("The Charter Period").

**3. Delivery**

See Additional Clause 35 (Delivery).

*(not applicable when Part III applies, as indicated in Box 37)*

~~(a) The Owners shall before and at the time of delivery exercise due diligence to make the Vessel seaworthy And in every respect ready in hull, machinery and equipment for service under this Charter. The Vessel shall be delivered by the Owners and taken over by the Charterers at the port or place indicated in Box 13 in such ready safe berth as the Charterers may direct.~~

~~(b) The Vessel shall be properly documented on delivery in accordance with the laws of the flag State indicated in Box 5 and the requirements of the classification society stated in Box 10. The Vessel upon delivery shall have her survey cycles up to date and trading and class certificates valid for at least the number of months agreed in Box 12.~~

~~(c) The delivery of the Vessel by the Owners and the taking over of the Vessel by the Charterers shall constitute a full performance by the Owners of all the Owners' obligations under this Clause 3, and thereafter the Charterers shall not be entitled to make or assert any claim against the Owners on account of any conditions, representations or warranties expressed or implied with respect to the Vessel but the Owners shall be liable for the cost of but not the time for repairs or renewals occasioned by latent defects in the Vessel, her machinery or appurtenances, existing at the time of delivery under this Charter, provided such defects have manifested themselves within twelve (12) months after delivery unless otherwise provided in Box 32.~~

**4. Time for Delivery**

See Additional Clause 35 (Delivery).

*(not applicable when Part III applies, as indicated in Box 37)*

~~The Vessel shall not be delivered before the date indicated in Box 14 without the Charterers' consent and the Owners shall exercise due diligence to deliver the Vessel not later than the date indicated in Box 15. Unless otherwise agreed in Box 18, the Owners shall give the Charterers not less than thirty (30) running days' preliminary and not less than fourteen (14) running days' definite notice of the date on which the Vessel is expected to be ready for delivery. The Owners shall keep the Charterers closely advised of possible changes in the Vessel's position.~~

**5. Cancelling**

See Additional Clause 34 (Background).

*(not applicable when Part III applies, as indicated in Box 37)*

~~(a) Should the Vessel not be delivered latest by the cancelling date indicated in Box 15, the Charterers shall have the option of cancelling this Charter by giving the Owners notice of cancellation within thirty six (36) running hours after the cancelling date stated in Box 15, failing which this Charter shall remain in full force and effect.~~

~~(b) If it appears that the Vessel will be delayed beyond the cancelling date, the Owners may, as soon as they are in a position to state with reasonable certainty the day on which the Vessel should be ready, give notice thereof to the Charterers asking whether they will exercise their option of cancelling, and the option must then be declared within one hundred and sixty eight (168) running hours of the receipt by the Charterers of such notice or within thirty six (36) running hours after the cancelling date, whichever is the earlier. If the Charterers do not then exercise their option of cancelling, the seventh day after the readiness date stated in the Owners' notice shall be substituted for the cancelling date indicated in Box 15 for the purpose of this Clause 5.~~

~~(c) Cancellation under this Clause 5 shall be without prejudice to any claim the Charterers may otherwise have on the Owners under this Charter.~~

## **6. Trading Restrictions**

The Vessel shall be employed in lawful trades for the carriage of suitable lawful merchandise within the trading limits indicated in Box 20. The Charterers undertake not to employ the Vessel or suffer the Vessel to be employed otherwise than in conformity with the terms of the contracts of insurance (including any warranties expressed or implied therein) without first obtaining the consent of the insurers to such employment and complying with such requirements as to extra premium (which shall be at the Charterers' expense) or otherwise as the insurers may prescribe.

The Charterers also undertake not to employ the Vessel or suffer her employment in any trade or business which is forbidden by the law of any country to which the Vessel may sail or is otherwise illicit or in carrying illicit or prohibited goods or in any manner whatsoever which may render her liable to condemnation, destruction, seizure or confiscation.

Notwithstanding any other provisions contained in this Charter it is agreed that nuclear fuels or radioactive products or waste are specifically excluded from the cargo permitted to be loaded or carried under this Charter. This exclusion does not apply to radio-isotopes

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**PART II**  
**BARECON 2001 Standard Bareboat Charter**

**1. Definitions**

In this Charter, the following terms shall have the meanings hereby assigned to them :

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"*Financial Instrument*" means the mortgage, deed of covenant or other such financial security instrument as ~~annexed to this Charter and stated in Box 28~~ may at a later date be granted by the Owners to any bank or Financial Institution in accordance with this Charter.

See also Additional Clause 32 (Definitions) and Additional Clause 33 (Interpretations).

**2 Charter Period**

In consideration of the hHire detailed in Box 22, the Owners have agreed to let and the Charterers have agreed to hire the Vessel for the period stated in Box 21 ("The Charter Period").

**3. Delivery**

See Additional Clause 35 (Delivery).

~~(not applicable when Part III applies, as indicated in Box 37)~~

~~(a) The Owners shall before and at the time of delivery exercise due diligence to make the Vessel seaworthy And in every respect ready in hull, machinery and equipment for service under this Charter. The Vessel shall be delivered by the Owners and taken over by the Charterers at the port or place indicated in Box 13 in such ready safe berth as the Charterers may direct.~~

~~(b) The Vessel shall be properly documented on delivery in accordance with the laws of the flag State indicated in Box 5 and the requirements of the classification society stated in Box 10. The Vessel upon delivery shall have her survey cycles up to date and trading and class certificates valid for at least the number of months agreed in Box 12.~~

~~(c) The delivery of the Vessel by the Owners and the taking over of the Vessel by the Charterers shall constitute a full performance by the Owners of all the Owners' obligations under this Clause 3, and thereafter the Charterers shall not be entitled to make or assert any claim against the Owners on account of any conditions, representations or warranties expressed or implied with respect to the Vessel but the Owners shall be liable for the cost of but not the time for repairs or renewals occasioned by latent defects in the Vessel, her machinery or appurtenances, existing at the time of delivery under this Charter, provided such defects have manifested themselves within twelve (12) months after delivery unless otherwise provided in Box 32.~~

**4. Time for Delivery**

See Additional Clause 35 (Delivery).

~~(not applicable when Part III applies, as indicated in Box 37)~~

~~The Vessel shall not be delivered before the date indicated in Box 14 without the Charterers' consent and the Owners shall exercise due diligence to deliver the Vessel not later than the date indicated in Box 15.~~

~~Unless otherwise agreed in Box 18, the Owners shall give the Charterers not less than thirty (30) running days' preliminary and not less than fourteen (14) running days' definite notice of the date on which the Vessel is expected to be ready for delivery.~~

~~The Owners shall keep the Charterers closely advised of possible changes in the Vessel's position.~~

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~~(b) If it appears that the Vessel will be delayed beyond the cancelling date, the Owners may, as soon as they are in a position to state with reasonable certainty the day on which the Vessel should be ready, give notice thereof to the Charterers asking whether they will exercise their option of cancelling, and the option must then be declared within one hundred and sixty eight (168) running hours of the receipt by the Charterers of such notice or within thirty six (36) running hours after the cancelling date, whichever is the earlier. If the Charterers do not then exercise their option of cancelling, the seventh day after the readiness date stated in the Owners' notice shall be substituted for the cancelling date indicated in Box 15 for the purpose of this Clause 5.~~

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The Vessel shall be employed in lawful trades for the carriage of suitable lawful merchandise within the trading limits indicated in Box 20.

The Charterers undertake not to employ the Vessel or suffer the Vessel to be employed otherwise than in conformity with the terms of the contracts of insurance (including any warranties expressed or implied therein) without first obtaining the consent of the insurers to such employment and complying with such requirements as to extra premium (which shall be at the Charterers' expense) or otherwise as the insurers may prescribe.

The Charterers also undertake not to employ the Vessel or suffer her employment in any trade or business which is forbidden by the law of any country to which the Vessel may sail or is otherwise illicit or in carrying illicit or prohibited goods or in any manner whatsoever which may render her liable to condemnation, destruction, seizure or confiscation.

Notwithstanding any other provisions contained in this Charter it is agreed that nuclear fuels or radioactive products or waste are specifically excluded from the cargo permitted to be loaded or carried under this Charter. This exclusion does not apply to radio-isotopes

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**PART II**  
**BARECON 2001 Standard Bareboat Charter**

used or intended to be used for any industrial, commercial, agricultural, medical or scientific purposes provided the Vessel's P&I Club's Owners' prior approval has been obtained to loading thereof and, upon the Owners' request (such request to be made not more than once every three (3) months) the Charterers shall provide the Owners with a copy of such approval from the Vessel's P&I Club.

### **7. Surveys on Delivery and Redelivery**

See Additional Clause 42 (Redelivery).

*(not applicable when Part III applies, as indicated in Box 37)*

The Owners and Charterers shall each appoint surveyors for the purpose of determining and agreeing in writing the condition of the Vessel at the time of delivery and redelivery hereunder. The Owners shall bear all expenses of the On hire Survey including loss of time, if any, and the Charterers shall bear all expenses of the Off hire Survey including loss of time, if any, at the daily equivalent to the rate of hire or pro rata thereof.

### **8. Inspection**

See Additional Clause 48(nn)(ii).

The Owners shall have the right at any time after giving reasonable notice to the Charterers to inspect or survey the Vessel or instruct a duly authorised surveyor to carry out such survey on their behalf:

**(a)** to ascertain the condition of the Vessel and satisfy themselves that the Vessel is being properly repaired and maintained. The costs and fees for such inspection or survey shall be paid by the Owners unless the Vessel is found to require repairs or maintenance in order to achieve the condition so provided;

**(b)** in dry dock if the Charterers have not dry docked Her in accordance with Clause 10(g). The costs and fees for such inspection or survey shall be paid by the Charterers; and

**(c)** for any other commercial reason they consider necessary (provided it does not unduly interfere with the commercial operation of the Vessel). The costs and fees for such inspection and survey shall be paid by the Owners.

All time used in respect of inspection, survey or repairs shall be for the Charterers' account and form part of the Charter Period.

The Charterers shall also permit the Owners to inspect the Vessel's log books whenever requested and shall whenever required by the Owners furnish them with full information regarding any casualties or other accidents or damage to the Vessel.

### **9. Inventories, Oil and Stores**

See also Additional Clause 37 (Bunkers and Luboils).

~~An inventory of the Vessel's major spare parts for the Main Engine, Diesel Generators and E.R. Auxiliary Machinery. A complete inventory of the Vessel's entire equipment, outfit including spare parts, appliances and of all consumable stores on board the Vessel shall be made by the Charterers in conjunction with the Owners on delivery and again on redelivery of the Vessel unless the Vessel has been sold to the Charterers pursuant to the exercise of a Purchase Option, Call Option or Early Termination Event. The Charterers shall at the time of delivery provide for (at no cost to the Owners) and the Owners, respectively, shall at the time of delivery and redelivery take over and pay for all bunkers, lubricating oil, unbroached provisions, paints, ropes and other consumable stores (excluding spare parts) in the said Vessel at the then current market prices at the ports of delivery and redelivery, respectively. The Charterers shall ensure that all spare parts listed in the inventory and used during the Charter Period are replaced at their expense prior to redelivery of the Vessel.~~

### **10. Maintenance and Operation**

**(a)(i)** Maintenance and Repairs - During the Charter Period the Vessel shall be in the full possession and at the absolute disposal for all purposes of the Charterers and under their complete control in every respect. The Charterers shall maintain the Vessel, her machinery, boilers, appurtenances and spare parts in a good state of repair, in efficient operating condition and in accordance with good commercial maintenance practice for vessels of this type and, except as provided for in Clause 14(l), if applicable, at their own expense they shall at all times keep the Vessel's Class fully up to date with the Classification Society indicated in Box 10 ~~free of overdue recommendations, qualifications and conditions~~ and maintain all other necessary certificates in force at all times.

~~**(iii)** New Class and Other Safety Requirements In the event of any improvement, structural changes or new equipment becoming necessary for the continued operation of the Vessel by reason of new class requirements or by compulsory legislation costing~~

~~(excluding the Charterers' loss of time) more than the percentage stated in Box 23, or if Box 23 is left blank, 5 per cent. of the Vessel's insurance value as stated in Box 29, then the extent, if any, to which the rate of hire shall be varied and the ratio in which the cost of compliance shall be shared between the parties concerned in order to achieve a reasonable distribution thereof as between the Owners and the Charterers having regard, inter alia, to the length of the period remaining under this Charter shall, in the absence of agreement, be referred to the dispute resolution method agreed in Clause 30.~~

**(iii) Financial Security** - The Charterers shall maintain financial security or responsibility in respect of third party liabilities as required by any government, including federal, state or municipal or other division or authority thereof, to enable the Vessel, without penalty or charge, lawfully to enter, remain at, or leave any port, place, territorial or contiguous waters of any country, state or municipality in performance of this Charter without any delay. This obligation shall apply whether or not such requirements have been lawfully imposed by such government or division or authority thereof.

The Charterers shall make and maintain all arrangements by bond or otherwise as may be necessary to

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satisfy such requirements at the Charterers' sole expense and the Charterers shall indemnify the Owners against all consequences whatsoever (including loss of time) for any failure or inability to do so.

**(b)** Operation of the Vessel - The Charterers shall at their own expense and by their own procurement man, victual, navigate, operate, supply, fuel and, whenever required, repair the Vessel during the Charter Period and they shall pay all charges and expenses of every kind and nature whatsoever incidental to their use and operation of the Vessel under this Charter, including annual flag State fees and any foreign general municipality and/or state taxes. The Master, officers and crew of the Vessel shall be the servants of the Charterers for all purposes whatsoever, even if for any reason appointed by the Owners.

Charterers shall comply with the regulations regarding officers and crew in force in the country of the Vessel's flag or any other applicable law.

**(c)** The Charterers shall keep the Owners and the mortgagee(s) advised of the any intended employment, planned dry-docking and major repairs of the Vessel, as reasonably required.

See also Additional Clause 57 (Operational notifiable events).

**(d)** Flag and Name of Vessel – ~~During the Charter Period, the Charterers shall have the liberty to paint the Vessel in their own colours, install and display their funnel insignia and fly their own house flag. The Charterers shall also have the liberty, with the Owners' consent, which shall not be unreasonably withheld, to change the flag and/or the name of the Vessel during the Charter Period. Painting and re-painting, instalment and re-instalment, registration and re-registration, if required by the Owners, shall be at the Charterers' expense and time.~~

See also Additional Clause 39 (Structural changes and alterations) and Additional Clause 51 (Name of Vessel).

**(e)** Changes to the Vessel – ~~See Additional Clause 39(a). Subject to Clause 10(a)(ii), the Charterers shall make no structural changes in the Vessel or changes in the machinery, boilers, appurtenances or spare parts thereof without in each instance first securing the Owners' approval thereof. If the Owners so agree, the Charterers shall, if the Owners so require, restore the Vessel to its former condition before the termination of this Charter.~~

**(f)** Use of the Vessel's Outfit, Equipment and Appliances - The Charterers shall have the use of all outfit, equipment, and appliances on board the Vessel at the time of delivery, provided the same or their substantial equivalent shall be returned to the Owners on redelivery in the same good order and condition as when received, ordinary wear and tear excepted. The Charterers shall from time to time during the Charter Period replace such items of equipment as shall be so damaged or worn as to be unfit for use in accordance with the guidelines of the Classification Society and shall ensure that title to any part replaced, renewed or substituted remains with the Owners. The Charterers are to procure that all repairs to or replacement of any damaged, worn or lost parts or equipment be effected in such manner (both as regards workmanship and quality of materials) as not to diminish the value of the Vessel. The Charterers have the right to fit additional equipment and replace, renew or substitute any damaged or worn machinery and equipment to be fit for use at their expense and risk but title to such additional equipment and such replaced, renewed or substituted machinery and equipment (or any parts thereof) shall be deemed to have passed to the Owners immediately upon such fitting and the Charterers shall remove such equipment at the end of the period (unless the Vessel has been sold to the Charterers pursuant to the exercise of a Purchase Option, Call Option or Early Termination Event) if requested by the Owners. Any equipment including radio equipment on hire on the Vessel at time of delivery shall be kept and maintained by the Charterers and the Charterers shall assume the obligations and liabilities of the Owners under any lease contracts in connection therewith and shall ~~reimburse~~indemnify the Owners for all expenses incurred in connection therewith, also for any new equipment required in order to comply with radio regulations.

**(g)** Periodical Dry-Docking - The Charterers shall (at their cost and expense) dry-dock the Vessel and clean and paint her underwater parts whenever the same may be necessary, but not less than once during the period stated in Box 19 or, if Box 19 has been left blank, every sixty (60) calendar months after delivery or such other period as may be required by the Classification Society or flag State.

## **11. Hire**

See Additional Clause 40 (Hire).

~~(a) The Charterers shall pay hHire due to the Owners punctually in accordance with the terms of this Charter in respect of which time shall be of the essence.~~

~~(b) The Charterers shall pay to the Owners for the hire of the Vessel a lump sum in the amount indicated in Box 22 which shall be payable not later than every thirty (30) running days in advance, the first lump sum being payable on the date and hour of the Vessel's delivery to the Charterers. Hire shall be paid continuously throughout the Charter Period.~~

~~(c) Payment of hire shall be made in cash without discount in the currency and in the manner indicated in Box 25 and at the place mentioned in Box 26.~~

~~(d) Final payment of hire, if for a period of less than thirty (30) running days, shall be calculated proportionally according to the number of days and hours remaining before redelivery and advance payment to be effected accordingly.~~

~~(e) Should the Vessel be lost or missing, hire shall cease from the date and time when she was lost or last heard of. The date upon which the Vessel is to be treated as lost or missing shall be ten (10) days after the Vessel was last reported or when the Vessel is posted as missing by Lloyd's, whichever occurs first. Any hire paid in advance to be adjusted accordingly.~~

~~(f) Any delay in payment of hire shall entitle the Owners to interest at the rate per annum as agreed~~

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in Box 24. If Box 24 has not been filled in, the three months Interbank offered rate in London (LIBOR or its successor) for the currency stated in Box 25, as quoted by the British Bankers' Association (BBA) on the date when the hire fell due, increased by 2 per cent., shall apply.

~~(g) Payment of interest due under sub clause 11(f) shall be made within seven (7) running days of the date of the Owners' invoice specifying the amount payable or, in the absence of an invoice, at the time of the next hire payment date.~~

## 12. Mortgage

~~(only to apply if Box 28 has been appropriately filled in)~~

~~\*) (a) The Owners warrant that they have not effected any mortgage(s) of the Vessel and that they shall not effect any mortgage(s) without the prior consent of the Charterers, which shall not be unreasonably withheld.~~

~~\*) (b) The Vessel chartered under this Charter is may be financed by a mortgage according to the Financial Instrument. The Charterers undertake to comply, and provide such information and documents to enable the Owners to comply, with all such instructions or directions in regard to the employment, insurances, operation, repairs and maintenance of the Vessel as laid down in the Financial Instrument or as may be directed from time to time during the currency of the Charter by the mortgagee(s) in conformity with the each Financial Instrument. The Charterers confirm that, for this purpose, they will, once such Financial Instrument is available, have acquainted themselves with all relevant terms, conditions and provisions of the Financial Instrument and agree to acknowledge this and any assignment of this Charter and the Owners' earnings and insurances in writing in any form that may reasonably be required by the mortgagee(s). For the avoidance of doubt and notwithstanding anything to the contrary contained in this Charter unless otherwise agreed by the Charterers, the Charterers shall not be obliged to comply with any provision of a Financial Instrument that imposes obligations on the Charterers which are more onerous than those imposed pursuant to this Charter. See also Additional Clause 45 (Owners' mortgage; Owners transfers). The Owners warrant that they have not effected any mortgage(s) other than stated in Box 28 and that they shall not agree to any amendment of the mortgage(s) referred to in Box 28 or effect any other mortgage(s) without the prior consent of the Charterers, which shall not be unreasonably withheld.~~

~~\*) (Optional, Clauses 12(a) and 12(b) are alternatives; indicate alternative agreed in Box 28).~~

## 13. Insurance and Repairs

See Additional Clause 41 (Insurance).

~~(a) During the Charter Period the Vessel shall be kept insured by the Charterers at their expense against hull and machinery, war and Protection and Indemnity risks (and any risks against which it is compulsory to insure for the operation of the Vessel, including maintaining financial security in accordance with sub clause 10(a)(iii)) in such form as the Owners shall in writing approve, which approval shall not be unreasonably withheld. Such insurances shall be arranged by the~~

~~Charterers to protect the interests of both the Owners and the Charterers and the mortgagee(s) (if any), and The Charterers shall be at liberty to protect under such insurances the interests of any managers they may appoint. Insurance policies shall cover the Owners and the Charterers according to their respective interests. Subject to the provisions of the Financial Instrument, if any, and the approval of the Owners and the insurers, the Charterers shall effect all insured repairs and shall undertake settlement and reimbursement from the insurers of all costs in connection with such repairs as well as insured charges, expenses and liabilities to the extent of coverage under the insurances herein provided for. The Charterers also shall remain responsible for and to effect repairs and settlement of costs and expenses incurred thereby in respect of all other repairs not covered by the insurances and/or not exceeding any possible franchise(s) or deductibles provided for in the insurances.~~

All time used for repairs under the provisions of sub- clause 13(a) and for repairs of latent defects according to Clause 3(c) above, including any deviation, shall be for the Charterers' account.

~~(b) If the conditions of the above insurances permit additional insurance to be placed by the parties, such cover shall be limited to the amount for each party set out in Box 30 and Box 31, respectively. The Owners or the Charterers as the case may be shall immediately furnish the other party with particulars of any additional insurance effected, including copies of any cover notes or policies and the written consent of the insurers of any such required insurance in any case where the consent of such insurers is necessary.~~

~~(c) The Charterers shall upon the request of the Owners, provide information and promptly execute such documents as may be required to enable the Owners to comply with the insurance provisions of the Financial Instrument.~~

~~(d) Subject to the provisions of the Financial Instrument, if any, should the Vessel become an actual, constructive, compromised or agreed total loss under the insurances required under sub clause 13(a), all insurance payments for such loss shall be paid to the Owners who shall distribute the moneys between the Owners and the Charterers according to their respective interests. The Charterers undertake to notify the Owners and the mortgagee(s), if any, of any occurrences in consequence of which the Vessel is likely to become a total loss as defined in this Clause.~~

~~(e) The Owners shall upon the request of the Charterers, promptly execute such documents as may be required to enable the Charterers to abandon the Vessel to insurers and claim a constructive total loss.~~

~~(f) For the purpose of insurance coverage against hull and machinery and war risks under the provisions of sub clause 13(a), the value of the Vessel is the sum indicated in Box 29.~~

#### **14. Insurance, Repairs and Classification**

~~(Optional, only to apply if expressly agreed and stated in Box 29, in which event Clause 13 shall be considered deleted).~~

~~(a) During the Charter Period the Vessel shall be kept~~

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~~insured by the Owners at their expense against hull and machinery and war risks under the form of policy or policies attached hereto. The Owners and/or insurers shall not have any right of recovery or subrogation against the Charterers on account of loss of or any damage to the Vessel or her machinery or appurtenances covered by such insurance, or on account of payments made to discharge claims against or liabilities of the Vessel or the Owners covered by such insurance. Insurance policies shall cover the Owners and the Charterers according to their respective interests.~~

~~(b) During the Charter Period the Vessel shall be kept insured by the Charterers at their expense against Protection and Indemnity risks (and any risks against which it is compulsory to insure for the operation of the Vessel, including maintaining financial security in accordance with sub-clause 10(a)(iii)) in such form as the Owners shall in writing approve which approval shall not be unreasonably withheld.~~

~~(c) In the event that any act or negligence of the Charterers shall vitiate any of the insurance herein provided, the Charterers shall pay to the Owners all losses and indemnify the Owners against all claims and demands which would otherwise have been covered by such insurance.~~

~~(d) The Charterers shall, subject to the approval of the Owners or Owners' Underwriters, effect all insured repairs, and the Charterers shall undertake settlement of all miscellaneous expenses in connection with such repairs as well as all insured charges, expenses and liabilities, to the extent of coverage under the insurances provided for under the provisions of sub-clause 14(a). The Charterers to be secured reimbursement through the Owners' Underwriters for such expenditures upon presentation of accounts.~~

~~(e) The Charterers to remain responsible for and to effect repairs and settlement of costs and expenses incurred thereby in respect of all other repairs not covered by the insurances and/or not exceeding any possible franchise(s) or deductibles provided for in the insurances.~~

~~(f) All time used for repairs under the provisions of sub-clauses 14(d) and 14(e) and for repairs of latent defects according to Clause 3 above, including any deviation, shall be for the Charterers' account and shall form part of the Charter Period.~~

~~The Owners shall not be responsible for any expenses as are incident to the use and operation of the Vessel for such time as may be required to make such repairs.~~

~~(g) If the conditions of the above insurances permit additional insurance to be placed by the parties such cover shall be limited to the amount for each party set out in Box 30 and Box 31, respectively. The Owners or the Charterers as the case may be shall immediately furnish the other party with particulars of any additional insurance effected, including copies of any cover notes or policies and the written consent of the insurers of any such required insurance in any case where the consent of such insurers is necessary.~~

~~(h) Should the Vessel become an actual, constructive, compromised or agreed total loss under the insurances required under sub-clause 14(a), all insurance payments for such loss shall be paid to the Owners, who shall distribute the moneys between themselves and the Charterers according to their respective interests.~~

~~(i) If the Vessel becomes an actual, constructive, compromised or agreed total loss under the insurances arranged by the Owners in accordance with sub-clause 14(a), this Charter shall terminate as of the date of such loss.~~

~~(j) The Charterers shall upon the request of the Owners, promptly execute such documents as may be required to enable the Owners to abandon the Vessel to the insurers and claim a constructive total loss.~~

~~(k) For the purpose of insurance coverage against hull and machinery and war risks under the provisions of sub-clause 14(a), the value of the Vessel is the sum indicated in Box 29.~~

~~(l) Notwithstanding anything contained in sub-clause 10(a), it is agreed that under the provisions of Clause 14, if applicable, the Owners shall keep the Vessel's Class fully up to date with the Classification Society indicated in Box 10 and maintain all other necessary certificates in force at all times.~~

## **15. Redelivery**

See Additional Clause 42 (Redelivery) and Additional Clause 43 (Redelivery conditions).

~~At the expiration of the Charter Period the Vessel shall be redelivered by the Charterers to the Owners at a safe and ice free port or place as indicated in Box 16, in such ready safe berth as the Owners may direct. The Charterers shall give the Owners not less than thirty (30) running days' preliminary notice of expected date, range of ports of redelivery or port or place of redelivery and not less than fourteen (14) running days' definite notice of expected date and port or place of redelivery.~~

~~Any changes thereafter in the Vessel's position shall be notified immediately to the Owners. The Charterers warrant that they will not permit the Vessel to commence a voyage (including any preceding ballast voyage) which cannot reasonably be expected to be completed in time to allow redelivery of the Vessel within the Charter Period. Notwithstanding the above, should the Charterers fail~~

to redeliver the Vessel within The Charter Period, the Charterers shall pay the daily equivalent to the rate of hire stated in Box 22 plus 10 per cent or to the market rate, whichever is the higher, for the number of days by which the Charter Period is

exceeded. All other terms, conditions and provisions of this Charter shall continue to apply.

Subject to the provisions of Clause 10, the Vessel shall be redelivered to the Owners in the same or as good structure, state, condition and class as that in which she was delivered, fair wear and tear not affecting class excepted.

The Vessel upon redelivery shall have her survey cycles up to date and trading and class certificates valid for at least the number of months agreed in Box 17.

#### **16. Non-Lien**

The Charterers will not suffer, nor permit to be continued, any lien or encumbrance incurred by them or their agents, which might have priority over the title and interest of the Owners in the Vessel other than any Permitted Encumbrances. The Charterers further agree to fasten to the Vessel in a conspicuous

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place and to keep so fastened during the Charter Period a notice reading as follows:

"This Vessel is the property of (name of Owners). It is under charter to (name of Charterers) and by the terms of the Charter Party neither the Charterers nor the Master have any right, power or authority to create, incur or permit to be imposed on the Vessel any lien whatsoever."

See paragraph (i) of Additional Clause 48 (Charterers' undertakings).

**17. Indemnity**

See also Additional Clause 58 (Further Indemnities).

**(a)** The Charterers shall indemnify the Owners against any loss, damage or documented expense incurred by the Owners arising out of or in relation to the operation of the Vessel by the Charterers, and against any lien of whatsoever nature (save for any liens caused directly and solely by the Owners (in the absence of any Termination Event or contributory negligence of the Charterers)) arising out of an event occurring during the Charter Period. If the Vessel be arrested or otherwise detained by reason of claims or liens arising out of her operation hereunder by the Charterers, the Charterers shall at their own expense take all reasonable steps to secure that within a reasonable time the Vessel is released, including the provision of bail. Without prejudice to the generality of the foregoing, the Charterers agree to indemnify the Owners against all consequences or liabilities arising from the Master, officers or agents signing Bills of Lading or other documents.

~~**(b)** If the Vessel be arrested or otherwise detained by reason of a claim or claims against the Owners, the Owners shall at their own expense take all reasonable steps to secure that within a reasonable time the Vessel is released, including the provision of bail.~~

~~In such circumstances the Owners shall indemnify the Charterers against any loss, damage or expense incurred by the Charterers (including hire paid under this Charter) as a direct consequence of such arrest or detention.~~

**18. Lien**

The Owners to have a lien upon all cargoes, sub-hires and sub-freights belonging or due to the Charterers or any sub-charterers and any Bill of Lading freight for all claims under this Charter., ~~and the Charterers to have a lien on the Vessel for all moneys paid in advance and not earned.~~

**19. Salvage**

All salvage and towage performed by the Vessel shall be for the Charterers' benefit and the cost of repairing damage occasioned thereby shall be borne by the Charterers.

**20. Wreck Removal**

In the event of the Vessel becoming a wreck or obstruction to navigation the Charterers shall indemnify the Owners against any sums whatsoever which the Owners shall become liable to pay and shall pay in consequence of the Vessel becoming a wreck or obstruction to navigation.

**21. General Average**

The Owners shall not contribute to General Average.

**22. Assignment, Sub-Charter and Sale**

See Additional Clause 45 (Owners' mortgage; Owners transfers) and Additional Clause 50 (Sub-chartering and assignment).

**(a)** The Charterers shall not assign or transfer this Charter nor sub-charter the Vessel on a bareboat basis except with the prior consent in writing of the Owners, which shall not be unreasonably withheld, and subject to such terms and conditions as the Owners shall approve.

~~(b) The Owners shall not sell the Vessel during the currency of this Charter except with the prior written consent of the Charterers, which shall not be unreasonably withheld, and subject to the buyer accepting an assignment of this Charter.~~

### 23. Contracts of Carriage

\*~~(a)~~ (a) The Charterers are to procure that all documents issued during the Charter Period evidencing the terms and conditions agreed in respect of carriage of goods shall contain a paramount clause incorporating any legislation relating to carrier's liability for cargo compulsorily applicable in the trade; if no such legislation exists, the documents shall incorporate the Hague-Visby Rules. The documents shall also contain the New Jason Clause and the Both-to-Blame Collision Clause.

~~\*) (b) The Charterers are to procure that all passenger tickets issued during the Charter Period for the carriage of passengers and their luggage under this Charter shall contain a paramount clause incorporating any legislation relating to carrier's liability for passengers and their luggage compulsorily applicable in the trade; if no such legislation exists, the passenger tickets shall incorporate the Athens Convention Relating to the Carriage of Passengers and their Luggage by Sea, 1974, and any protocol thereto.~~

~~\*) Delete as applicable.~~

### 24. Bank Guarantee

*(Optional, only to apply if Box 27 filled in)*

~~The Charterers undertake to furnish, before delivery of the Vessel, a first class bank guarantee or bond in the sum and at the place as indicated in Box 27 as guarantee for full performance of their obligations under this Charter.~~

### 25. Requisition/Acquisition

~~(a) In the event of the Requisition for Hire of the Vessel by any governmental or other competent authority (hereinafter referred to as "Requisition for Hire") irrespective of the date during the Charter Period when "Requisition for Hire" may occur and irrespective of the length thereof and whether or not it be for an indefinite or a limited period of time, and irrespective of whether it may or will remain in force for the remainder of the Charter Period, this Charter shall not be deemed thereby or thereupon to be frustrated or otherwise terminated and the Charterers shall continue to pay the stipulated hire in the manner provided by this Charter until the time when the Charter would have terminated pursuant to any of the provisions hereof always provided however that in the event of "Requisition for Hire" any Requisition Hire or compensation received or receivable by the Owners shall be payable to the Charterers during the~~

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remainder of the Charter Period or the period of the "Requisition for Hire" whichever be the shorter.

~~(b) In the event of the Owners being deprived of their ownership in the Vessel by any Compulsory Acquisition of the Vessel or requisition for title by any governmental or other competent authority (hereinafter referred to as "Compulsory Acquisition"), then, irrespective of the date during the Charter Period when "Compulsory Acquisition" may occur, this Charter shall be deemed terminated as of the date of such "Compulsory Acquisition". In such event Charter Hire to be considered as earned and to be paid up to the date and time of such "Compulsory Acquisition".~~

**26. War**

**(a)** For the purpose of this Clause, the words "War Risks" shall include any war (whether actual or threatened), act of war, civil war, hostilities, revolution, rebellion, civil commotion, warlike operations, the laying of mines (whether actual or reported), acts of piracy, acts of terrorists, acts of hostility or malicious damage, blockades (whether imposed against all vessels or imposed selectively against vessels of certain flags or ownership, or against certain cargoes or crews or otherwise howsoever), by any person, body, terrorist or political group, or the Government of any state whatsoever, which may be dangerous or are likely to be or to become dangerous to the Vessel, her cargo, crew or other persons on board the Vessel.

**(b)** ~~The Vessel, provided that copies of such applicable additional insurance cover shall be provided to the Owners upon the Owners' request (such request to be made not more than once every three (3) months), unless the written consent of the Owners be first obtained,~~ shall not continue to or go through any port, place, area or zone (whether of land or sea), or any waterway or canal, where it reasonably appears that the Vessel, her cargo, crew or other persons on board the Vessel, in the reasonable judgement of the Owners, may be, or are likely to be, exposed to War Risks. Should the Vessel be within any such place as aforesaid, which only becomes dangerous, or is likely to be or to become dangerous, after her entry into it, the Owners shall have the right to require the Vessel to leave such area unless copies of such applicable additional insurance cover are provided to the Owners upon the Owners' request (such request to be made not more than once every three (3) months).

**(c)** The Vessel shall not load contraband cargo, or ~~to~~ pass through any blockade, whether such blockade be imposed on all vessels, or is imposed selectively in any way whatsoever against vessels of certain flags or ownership, or against certain cargoes or crews or otherwise howsoever, or ~~to~~ proceed to an area where she shall be subject, or is likely to be subject to a belligerent's right of search and/or confiscation.

**(d)** If the insurers of the war risks insurance, when Clause 14 is applicable, should require payment of premiums and/or calls because, pursuant to the Charterers' orders, the Vessel is within, or is due to enter and remain within, any area or areas which are specified by such insurers as being subject to additional premiums because of War Risks, then such premiums and/or calls shall be reimbursed by the Charterers to the Owners at the same time as the next payment of hHire is due.

**(e)** The Charterers shall have the liberty:

**(i)** to comply with all orders, directions, recommendations or advice as to departure, arrival, routes, sailing in convoy, ports of call, stoppages, destinations, discharge of cargo, delivery, or in any other way whatsoever, which are given by the Government of the Nation under whose flag the Vessel sails, or any other Government, body or group whatsoever acting with the power to compel compliance with their orders or directions;

**(ii)** to comply with the orders, directions or recommendations of any war risks underwriters who have the authority to give the same under the terms of the war risks insurance;

**(iii)** to comply with the terms of any resolution of the Security Council of the United Nations, any directives of the European Community, the effective orders of any other Supranational body which has the right to issue and give the same, and with national laws aimed at enforcing the same to which the Owners are subject, and to obey the orders and directions of those who are charged with their enforcement.

**(f)** ~~In the event of outbreak of war (whether there be a declaration of war or not) (i) between any two or more of the following countries: the United States of America; Russia; the United Kingdom; France; and the People's Republic of China, (ii) between any two or more of the countries stated in Box 36, both the Owners and the Charterers shall have the right to cancel this Charter, whereupon the Charterers shall redeliver the Vessel to the Owners in accordance with Clause 15, if the Vessel has cargo on board after discharge thereof at destination, or if debarred under this Clause from reaching or entering it at a near, open and safe port as directed by the Owners, or if the Vessel has no cargo on board, at the port at which the Vessel then is or if at sea at a near, open and safe port as directed by the Owners. In all cases hHire shall continue to be paid in accordance with Clause 11 and except as aforesaid all other provisions of this Charter shall apply until redelivery.~~

**27. Commission**

Not applicable

~~The Owners to pay a commission at the rate indicated in Box 33 to the Brokers named in Box 33 on any hire paid under the Charter. If no rate is indicated in Box 33, the commission to be paid by the Owners shall cover the actual expenses of the Brokers and a reasonable fee for their work.~~

~~If the full hire is not paid owing to breach of the Charter by either of the parties the party liable therefor shall indemnify the Brokers against their loss of commission.~~

~~Should the parties agree to cancel the Charter, the Owners shall indemnify the Brokers against any loss of commission but in such case the commission shall not exceed the brokerage on one year's hire.~~

## **28. Termination**

See Additional Clause 49 (Termination Events) and

Clause 53 (Total Loss).

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**PART II**  
**BARECON 2001 Standard Bareboat Charter**

**(a) Charterers' Default**

The Owners shall be entitled to withdraw the Vessel from the service of the Charterers and terminate the Charter with immediate effect by written notice to the Charterers if:

~~(i) the Charterers fail to pay hire in accordance with Clause 11. However, where there is a failure to make punctual payment of hire due to oversight, negligence, errors or omissions on the part of the Charterers or their bankers, the Owners shall give the Charterers written notice of the number of clear banking days stated in Box 34 (as recognised at the agreed place of payment) in which to rectify the failure, and when so rectified within such number of days following the Owners' notice, the payment shall stand as regular and punctual. Failure by the Charterers to pay hire within the number of days stated in Box 34 of their receiving the Owners' notice as provided herein, shall entitle the Owners to withdraw the Vessel from the service of the Charterers and terminate the Charter without further notice;~~

~~(ii) the Charterers fail to comply with the requirements of:~~

~~(1) Clause 6 (Trading Restrictions)~~

~~(2) Clause 13(a) (Insurance and Repairs) provided that the Owners shall have the option, by written notice to the Charterers, to give the Charterers a specified number of days grace within which to rectify the failure without prejudice to the Owners' right to withdraw and terminate under this Clause if the Charterers fail to comply with such~~

~~notice;~~

~~(iii) the Charterers fail to rectify any failure to comply with the requirements of sub clause 10(a)(i) (Maintenance and Repairs) as soon as practically possible after the Owners have requested them in writing so to do and in any event so that the Vessel's insurance cover is not prejudiced.~~

**(b) Owners' Default**

If the Owners shall by any act or omission be in breach of their obligations under this Charter to the extent that the Charterers are deprived of the use of the Vessel and such breach continues for a period of fourteen (14) running days after written notice thereof has been given by the Charterers to the Owners, the Charterers shall be entitled to terminate this Charter with immediate effect by written notice to the Owners.

**(c) Loss of Vessel**

This Charter shall be deemed to be terminated if the Vessel becomes a total loss or is declared as a constructive or compromised or arranged total loss. For the purpose of this sub clause, the Vessel shall not be deemed to be lost unless she has either become an actual total loss or agreement has been reached with her underwriters in respect of her constructive, compromised or arranged total loss or if such agreement with her underwriters is not reached it is adjudged by a competent tribunal that a constructive loss of the Vessel has occurred.

~~(d) Either party shall be entitled to terminate this Charter with immediate effect by written notice to the other party in the event of an order being made or resolution passed for the winding up, dissolution, liquidation or bankruptcy of the other party (otherwise than for the purpose of reconstruction or amalgamation) or if a receiver is appointed, or if it suspends payment, ceases to carry on business or makes any special arrangement or composition with its creditors.~~

~~(e) The termination of this Charter shall be without prejudice to all rights accrued due between the parties prior to the date of termination and to any claim that either party might have.~~

**29. Repossession**

See Additional Clause 42 (Redelivery) and Additional Clause 43 (Redelivery conditions).

In the event of the termination of this Charter in accordance with the applicable provisions of ~~Clause 28~~this Charter, the Owners shall have the right to repossess the Vessel from the Charterers at her current or next port of call, or at a port or place convenient to them without hindrance or interference by the Charterers, courts or local authorities. Pending physical repossession of the Vessel in

accordance with this Clause 29, the Charterers shall hold the Vessel as gratuitous bailee only to the Owners and the Charterers shall procure that the master and crew follow the orders and directions of the Owners. The Owners shall arrange for an authorised representative to board the Vessel as soon as reasonably practicable following the termination of the Charter. The Vessel shall be deemed to be repossessed by the Owners from the Charterers upon the boarding of the Vessel by the Owners' representative. All arrangements and expenses relating to the settling of wages, disembarkation and repatriation of the Charterers' Master, officers and crew shall be the sole responsibility of the Charterers.

### 30. Dispute Resolution

See Additional Clause 71 (Law and dispute resolution).

~~\*) (a) This Contract shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this Contract shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.~~

~~The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.~~

~~The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within 14 calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the 14 days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the 14 days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if he had been appointed by agreement.~~

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**PART II**  
**BARECON 2001 Standard Bareboat Charter**

Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.

In cases where neither the claim nor any counterclaim exceeds the sum of US\$50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

~~\*) (b) This Contract shall be governed by and construed in accordance with Title 9 of the United States Code and the Maritime Law of the United States and any dispute arising out of or in connection with this Contract shall be referred to three persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for the purposes of enforcing any award, judgement may be entered on an award by any court of competent jurisdiction. The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc. In cases where neither the claim nor any counterclaim exceeds the sum of US\$50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the Society of Maritime Arbitrators, Inc. current at the time when the arbitration proceedings are commenced.~~

~~\*) (c) This Contract shall be governed by and construed in accordance with the laws of the place mutually agreed by the parties and any dispute arising out of or in connection with this Contract shall be referred to arbitration at a mutually agreed place, subject to the procedures applicable there.~~

~~(d) Notwithstanding (a), (b) or (c) above, the parties may agree at any time to refer to mediation any difference and/or dispute arising out of or in connection with this Contract. In the case of a dispute in respect of which arbitration has been commenced under (a), (b) or (c) above, the following shall apply:~~

~~(i) Either party may at any time and from time to time elect to refer the dispute or part of the dispute to mediation by service on the other party of a written notice (the "Mediation Notice") calling on the other party to agree to mediation.~~

~~(ii) The other party shall thereupon within 14 calendar days of receipt of the Mediation Notice confirm that they agree to mediation, in which case the parties shall thereafter agree a mediator within a further 14 calendar days, failing which on the application of either party a mediator will be appointed promptly by the Arbitration Tribunal ("the Tribunal") or such person as the Tribunal may designate for that purpose. The mediation shall be conducted in such place and in accordance with such procedure and on such terms as the parties may agree or, in the event of disagreement, as may be set by the mediator.~~

~~(iii) If the other party does not agree to mediate, that fact may be brought to the attention of the Tribunal and may be taken into account by the Tribunal when allocating the costs of the arbitration as between the parties.~~

~~(iv) The mediation shall not affect the right of either party to seek such relief or take such steps as it considers necessary to protect its interest.~~

~~(v) Either party may advise the Tribunal that they have agreed to mediation. The arbitration procedure shall continue during the conduct of the mediation but the Tribunal may take the mediation timetable into account when setting the timetable for steps in the arbitration.~~

~~(vi) Unless otherwise agreed or specified in the mediation terms, each party shall bear its own costs incurred in the mediation and the parties shall share equally the mediator's costs and expenses.~~

~~(vii) The mediation process shall be without prejudice and confidential and no information or documents disclosed during it shall be revealed to the Tribunal except to the extent that they are disclosable under the law and procedure governing the arbitration.~~

~~(Note: The parties should be aware that the mediation process may not necessarily interrupt time limits.)~~

~~(e) If Box 35 in Part I is not appropriately filled in, sub clause 30(a) of this Clause shall apply. Sub clause 30(d) shall apply in all cases.~~

~~\*) Sub clauses 30(a), 30(b) and 30(c) are alternatives; indicate alternative agreed in Box 35.~~

### **31. Notices**

See Additional Clause 66 (Notices).

~~(a) Any notice to be given by either party to the other party shall be in writing and may be sent by fax, telex, registered or recorded mail or by personal service.~~

~~(b) The address of the Parties for service of such communication shall be as stated in Boxes 3 and 4 respectively.~~

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**PART III**  
**PROVISIONS TO APPLY FOR NEWBUILDING VESSELS ONLY**  
(Optional, only to apply if expressly agreed and stated in Box 37)

**1. — Specifications and Building Contract**

~~(a) The Vessel shall be constructed in accordance with the Building Contract (hereafter called "the Building Contract") as annexed to this Charter, made between the Builders and the Owners and in accordance with the specifications and plans annexed thereto, such Building Contract, specifications and plans having been counter-signed as approved by the Charterers.~~

~~(b) No change shall be made in the Building Contract or in the specifications or plans of the Vessel as approved by the Charterers as aforesaid, without the Charterers' consent.~~

~~(c) The Charterers shall have the right to send their representative to the Builders' Yard to inspect the Vessel during the course of her construction to satisfy themselves that construction is in accordance with such approved specifications and plans as referred to under sub-clause (a) of this Clause.~~

~~(d) The Vessel shall be built in accordance with the Building Contract and shall be of the description set out therein. Subject to the provisions of sub-clause 2(c)(ii) hereunder, the Charterers shall be bound to accept the Vessel from the Owners, completed and constructed in accordance with the Building Contract, on the date of delivery by the Builders. The Charterers undertake that having accepted the Vessel they will not thereafter raise any claims against the Owners in respect of the Vessel's performance or specification or defects, if any. Nevertheless, in respect of any repairs, replacements or defects which appear within the first 12 months from delivery by the Builders, the Owners shall endeavour to compel the Builders to repair, replace or remedy any defects or to recover from the Builders any expenditure incurred in carrying out such repairs, replacements or remedies. However, the Owners' liability to the Charterers shall be limited to the extent the Owners have a valid claim against the Builders under the guarantee clause of the Building Contract (a copy whereof has been supplied to the Charterers). The Charterers shall be bound to accept such sums as the Owners are reasonably able to recover under this Clause and shall make no further claim on the Owners for the difference between the amount(s) so recovered and the actual expenditure on repairs, replacement or remedying defects or for any loss of time incurred. Any liquidated damages for physical defects or deficiencies shall accrue to the account of the party stated in Box 41(a) or if not filled in shall be shared equally between the parties. The costs of pursuing a claim or claims against the Builders under this Clause (including any liability to the Builders) shall be borne by the party stated in Box 41(b) or if not filled in shall be shared equally between the parties.~~

**2. Time and Place of Delivery**

~~(a) Subject to the Vessel having completed her acceptance trials including trials of cargo equipment in accordance with the Building Contract and specifications to the satisfaction of the Charterers, the Owners shall give and the Charterers shall take delivery of the Vessel afloat when ready for delivery and properly documented at the Builders' Yard or some other safe and readily accessible dock, wharf or place as may be agreed between the parties hereto and the Builders. Under the Building Contract the Builders have estimated that the Vessel will be ready for delivery to the Owners as therein provided but the delivery date for the purpose of this Charter shall be the date when the Vessel is in fact ready for delivery by the Builders after completion of trials whether that be before or after as indicated in the Building Contract. The Charterers shall not be entitled to refuse acceptance of delivery of the Vessel and upon and after such acceptance, subject to Clause 1(d), the Charterers shall not be entitled to make any claim against the Owners in respect of any conditions, representations or warranties, whether express or implied, as to the seaworthiness of the Vessel or in respect of delay in delivery.~~

~~(b) If for any reason other than a default by the Owners under the Building Contract, the Builders become entitled under that Contract not to deliver the Vessel to the Owners, the Owners shall upon giving to the Charterers written notice of Builders becoming so entitled, be excused from giving delivery of the Vessel to the Charterers and upon receipt of such notice by the Charterers this Charter shall cease to have effect.~~

~~(c) If for any reason the Owners become entitled under the Building Contract to reject the Vessel the Owners shall, before exercising such right of rejection, consult the Charterers and thereupon~~

~~(i) if the Charterers do not wish to take delivery of the Vessel they shall inform the Owners within seven (7) running days by notice in writing and upon receipt by the Owners of such notice this Charter shall cease to have effect; or~~

~~(ii) if the Charterers wish to take delivery of the Vessel they may by notice in writing within seven (7) running days require the Owners to negotiate with the Builders as to the terms on which delivery should be taken and/or refrain from exercising their right to rejection and upon receipt of such notice the Owners shall commence such negotiations and/ or take delivery of the Vessel from the Builders and deliver her to the Charterers;~~

~~(iii) in no circumstances shall the Charterers be entitled to reject the Vessel unless the Owners are able to reject the Vessel from the Builders;~~

~~(iv) if this Charter terminates under sub clause (b) or (c) of this Clause, the Owners shall thereafter not be liable to the Charterers for any claim under or arising out of this Charter or its termination.~~

~~(d) Any liquidated damages for delay in delivery under the Building Contract and any costs incurred in pursuing a claim therefor shall accrue to the account of the party stated in Box 41(c) or if not filled in shall be shared equally between the parties.~~

### **3. Guarantee Works**

~~If not otherwise agreed, the Owners authorise the Charterers to arrange for the guarantee works to be performed in accordance with the building contract terms, and hire to continue during the period of guarantee works. The Charterers have to advise the Owners about the performance to the extent the Owners may request.~~

### **4. Name of Vessel**

~~The name of the Vessel shall be mutually agreed between the Owners and the Charterers and the Vessel shall be~~

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**PART III**  
**PROVISIONS TO APPLY FOR NEWBUILDING VESSELS ONLY**  
(Optional, only to apply if expressly agreed and stated in Box 37)

~~Painted in the colours, display the funnel insignia and fly the house flag as required by the Charterers.~~

**5. Survey on Redelivery**

~~The Owners and the Charterers shall appoint surveyors for the purpose of determining and agreeing in writing the condition of the Vessel at the time of re-delivery. Without prejudice to Clause 15 (Part II), the Charterers shall bear all survey expenses and all other costs, if any, including the cost of docking and undocking, if required, as well as all repair costs incurred. The Charterers shall also bear all loss of time spent in connection with any docking and undocking as well as repairs, which shall be paid at the rate of hire per day or pro-rata.~~

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**PART IV**  
**HIRE/PURCHASE AGREEMENT**

(Optional, only to apply if expressly agreed and stated in Box 42)

On expiration of this Charter and provided the Charterers have fulfilled their obligations according to Part I and II as well as Part III, if applicable, it is agreed, that on payment of the final payment of hire as per Clause 11 the Charterers have purchased the Vessel with everything belonging to her and the Vessel is fully paid for.

~~In the following paragraphs the Owners are referred to as the Sellers and the Charterers as the Buyers. The Vessel shall be delivered by the Sellers and taken over by the Buyers on expiration of the Charter. The Sellers guarantee that the Vessel, at the time of delivery, is free from all encumbrances and maritime liens or any debts whatsoever other than those arising from anything done or not done by the Buyers or any existing mortgage agreed not to be paid off by the time of delivery. Should any claims, which have been incurred prior to the time of delivery be made against the Vessel, the Sellers hereby undertake to indemnify the Buyers against all consequences of such claims to the extent it can be proved that the Sellers are responsible for such claims. Any taxes, notarial, consular and other charges and expenses connected with the purchase and registration under Buyers' flag, shall be for Buyers' account. Any taxes, consular and other charges and expenses connected with closing of the Sellers' register, shall be for Sellers' account.~~

~~In exchange for payment of the last month's hire instalment the Sellers shall furnish the Buyers with a Bill of Sale duly attested and legalized, together with a certificate setting out the registered encumbrances, if any. On delivery of the Vessel the Sellers shall provide for deletion of the Vessel from the Ship's Register and deliver a certificate of deletion to the Buyers.~~

~~The Sellers shall, at the time of delivery, hand to the Buyers all classification certificates (for hull, engines, anchors, chains, etc.), as well as all plans which may be in Sellers' possession. The Wireless Installation and Nautical Instruments, unless on hire, shall be included in the sale without any extra payment.~~

~~The Vessel with everything belonging to her shall be at Sellers' risk and expense until she is delivered to the Buyers, subject to the conditions of this Contract and the Vessel with everything belonging to her shall be delivered and taken over as she is at the time of delivery, after which the Sellers shall have no responsibility for possible faults or deficiencies of any description.~~

~~The Buyers undertake to pay for the repatriation of the Master, officers and other personnel if appointed by the Sellers to the port where the Vessel entered the Bareboat Charter as per Clause 3 (Part II) or to pay the equivalent cost for their journey to any other place.~~

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**PART V**  
**PROVISIONS TO APPLY FOR VESSELS REGISTERED IN A BAREBOAT CHARTER REGISTRY**  
(Optional, only to apply if expressly agreed and stated in Box 43)

**1. Definitions**

For the purpose of this PART V, the following terms shall have the meanings hereby assigned to them:

~~“The Bareboat Charter Registry” shall mean the registry of the State whose flag the Vessel will fly and in which the Charterers are registered as the bareboat charterers during the period of the Bareboat Charter.~~

~~“The Underlying Registry” shall mean the registry of the state in which the Owners of the Vessel are registered as Owners and to which jurisdiction and control of the Vessel will revert upon termination of the Bareboat Charter Registration.~~

**2. Mortgage**

~~The Vessel chartered under this Charter is financed by a mortgage and the provisions of Clause 12(b) (Part II) shall apply.~~

**3. Termination of Charter by Default**

~~If the Vessel chartered under this Charter is registered in a Bareboat Charter Registry as stated in Box 44, and if the Owners shall default in the payment of any amounts due under the mortgage(s) specified in Box 28, the Charterers shall, if so required by the mortgagee, direct the Owners to re-register the Vessel in the Underlying Registry as shown in Box 45.~~

~~In the event of the Vessel being deleted from the Bareboat Charter Registry as stated in Box 44, due to a default by the Owners in the payment of any amounts due under the mortgage(s), the Charterers shall have the right to terminate this Charter forthwith and without prejudice to any other claim they may have against the Owners under this Charter.~~

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**ADDITIONAL CLAUSES**  
**TO BAREBOAT CHARTER FOR THE VESSEL "BALBINA" TO BE RENAMED**  
**"GSL SYROS"**

**32 Definitions**

In this Charter:

"**2018 Withdrawal Act**" means the European Union (Withdrawal) Act 2018.

"**2020 Withdrawal Act**" means the European Union (Withdrawal Agreement) Act 2020.

"**Account Bank**" means ABN AMRO Bank N.V. of Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands or any other third party bank acceptable to the Owners (acting reasonably).

"**Account Pledge**" means a deed or other instrument by the Charterers in favour of the Security Trustee in an agreed form conferring a Security Interest over the Operating Account.

"**Actual Delivery Date**" means the date of delivery of the Vessel by the Owners to the Charterers under this Charter.

"**Advance Hire**" has the meaning given to such term in Clause 40(a)(i) (*Hire*).

"**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.

"**Agreement Term**" means the period commencing on the date of this Charter and terminating on the later of:

- (a) the expiration of the Charter Period; and
- (b) the date on which all money of any nature owed by the Obligor Parties (as defined in the Security Trust Deed) to the Creditor Parties (as defined in the Security Trust Deed) under the Transaction Documents (as defined in the Security Trust Deed) or otherwise in connection with the Vessel and any Collateral Vessel have been paid in full to the Creditor Parties (as defined in the Security Trust Deed) and no obligations of the Obligor Parties (as defined in the Security Trust Deed) of any nature to the Creditor Parties (as defined in the Security Trust Deed) or otherwise in connection with the Transaction Documents (as defined in the Security Trust Deed) or with this Vessel and any Collateral Vessel remain unperformed or undischarged.

"**AML Laws**" means all applicable financial record-keeping and reporting requirements, anti-money laundering statutes (including all applicable rules and regulations thereunder) and all applicable related or similar laws, rules, regulations or guidelines, of all jurisdictions including and without limitation, the United States of America, the European Union, the United Kingdom and the People's Republic of China and which in each case are:

- (a) issued, administered or enforced by any governmental agency having jurisdiction over any Obligor or Owners;
- (b) of any jurisdiction in which any Obligor or Owners conduct business; or
- (c) to which any Obligor or Owners is subjected or subject to.

**"Anthea Y Charter"** means the bareboat charter on barecon 2001 form with additional clauses dated 20 May 2021 (as may from time to time be amended, supplemented, novated or replaced) made between Sea 156 Leasing Co. Limited as owners and Telemachus Marine LLC as charterers, in relation to the vessel "Anthea Y" (IMO No.: 9710244).

**"Anti-Terrorism Financing Laws"** means all applicable anti-terrorism laws, rules, regulations or guidelines of any jurisdiction, including and not limited to the United States of America, the European Union, the United Kingdom or the People's Republic of China which are:

- (a) issued, administered or enforced by any governmental agency, having jurisdiction over any Obligor or Owners;
- (b) of any jurisdiction in which any Obligor or Owners conduct business; or
- (c) to which any Obligor or Owners is subjected or subject to.

**"Applicable Rate"** means:

- (a) for any Hire Period of which the Variable Hire Determination Date falls before a Replacement Benchmark has been agreed pursuant to Clause 40(m)(ii)(B) (*Hire*), LIBOR; or
- (b) for any Hire Period of which the Variable Hire Determination Date falls upon or after a Replacement Benchmark is agreed on pursuant to Clause 40(m)(ii)(B) (*Hire*), the Replacement Benchmark.

**"Approved Broker"** means any of Clarksons Platou, Maersk Broker, Howe Robinson Partners Pte Ltd and Barry Rogliano Salles (BRS) (or any affiliates of the aforementioned if ship valuations are commonly issued by them) and such other reputable and independent ship brokers as may be nominated by the Charterers and approved by the Owners.

**"Approved Charter"** means a valid, binding time charter for the Vessel entered into by the Charterers as disponent owner and with an Approved Charterer as charterer meeting the following criteria:

- (a) with a minimum fixed charter period (without optional extensions) of three (3) years; and
- (b) with the amount of daily charter hire being not less than sixteen thousand five hundred Dollars (US\$16,500).

**"Approved Charterer"** means a leading international container shipping company ranked within the top seven container liner companies globally at any time or such

other reputable leading international container shipping company as may be nominated by the Charterers and approved by the Owners.

**"Approved Commercial Manager"** means the Conchart Commercial Inc, a company incorporated in the Marshall Islands whose registered address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 (registration number 39730) or such other reputable third-party ship management company nominated by the Charterers and approved by the Owners.

**"Approved Flag"** means Liberia or such other jurisdiction as may be acceptable to the Owners (acting reasonably) from time to time.

**"Approved Managers"** means the Approved Commercial Manager and the Approved Technical Manager and **"Approved Manager"** means any one of them.

**"Approved Technical Manager"** means Technomar Shipping Inc, a company incorporated in the Republic of Liberia whose registered address is at 80 Broad Street, Monrovia, Liberia (registration number C-76029) or such other reputable third-party ship management company nominated by the Charterers and approved by the Owners.

**"Arrangement Fee"** means the non-refundable fee in the amount equal to one per cent. (1%) of the Owners' Cost.

**"Break Costs"** means all costs, losses, premiums or penalties incurred by the Owners as a result of the receipt by the Owners of any payment under or in relation to the Transaction Documents on a day other than the due date for payment of the sum in question, or as a result of the Purchase Option Date, Expiry Date or a Termination Payment Date not falling on a Hire Payment Date or as a result of the Termination Payment Date not falling on a Hire Payment Date in each case, including (but not limited to) any break costs incurred by the Owners under the Finance Documents.

**"Business Day"** means a day (other than a Saturday or Sunday) on which banks and financial markets are open for business in Athens, Shanghai, Hong Kong, the Netherlands, the jurisdiction in which the Owners' Account is opened, and:

(a) (in relation to the determination of the Actual Delivery Date) in London; and

(b) (in relation to any date for payment) in New York.

**"Business Ethics Laws"** means any laws, regulations and/or other legally binding requirements or determinations in relation to bribery, corruption, fraud, money-laundering, terrorism, sanctions, collusion bid-rigging or anti-trust, human rights violations (including forced labour and human trafficking) which are applicable to either party or to any jurisdiction where activities are performed and which shall include: (i) the United Kingdom Bribery Act 2010, (ii) the United States Foreign Corrupt Practices Act 1977, (iii) Prevention of Bribery Ordinance (Cap. 201) of the Laws of Hong Kong and (iv) any United States, United Kingdom, United Nations or European Union sanctions.

**"Call Option "** means the option to purchase the Vessel at the applicable Call Option Price which the Charterers may exercise in accordance with Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*).

**"Call Option Expiry Date"** means the date falling ninety (90) days prior to the Expiry Date.

**"Call Option Notice"** means a written notice (in such form as the Owners and the Charterers may agree from time to time) which the Charterers may deliver to the Owners for the purpose of the Charterers exercising the Call Option.

**"Call Option Price"** means the aggregate of:

- (a) seven million Dollars (US\$7,000,000);
- (b) all other Unpaid Sums due and payable, together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof up to the date of actual payment;
- (c) the Break Costs (if any);
- (d) any reasonable and documented legal costs incurred by the Owners in respect of the Call Option;
- (e) any other reasonable and documented costs, losses, liabilities and expenses incurred or suffered by the Owners in connection with any Finance Document as a result of the Charterers' exercise of the Call Option; and
- (f) any other sums as the Owners may be entitled to under the terms of this Charter, including (but not limited to) any payments referred to in paragraph (a) of Clause 17 (*Indemnity*)(Part II) and Clause 58 (*Further Indemnities*).

**"Cancellation Date"** means the "Cancelling Date" as set out in the MOA.

**"Cash Collateral"** has the meaning given to it in Clause 48(oo) (*Charterers' Undertakings*), as may be adjusted from time to time in accordance with the same clause and Clause 48(oo).

**"Cash Collateral Refund Amount"** has the meaning given to it in Clause 48(oo)(ii) (*Charterers' Undertakings*).

**"Chargor"** means GSL Kithira Holding LLC, a limited liability company formed and existing under the laws of Liberia whose registered address is at 80 Broad Street, Monrovia, Liberia (registration number 960227).

**"Charter Guarantee"** means the guarantee made or to be made by the Charter Guarantor in favour of the Security Trustee in respect of the obligations of the Obligors (other than the Charter Guarantor) under the Transaction Documents.

**"Charter Guarantor"** means Global Ship Lease, Inc., a corporation organised and existing under the laws of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Islands, Majuro, Marshall Islands, MH96960 (registration number 28891).

**"Charter Guarantor Change of Control Event"** means any of the following events:

- (a) when the common stock of the Charter Guarantor ceases to be listed for public trade on the New York Stock Exchange (NYSE) or other internationally

recognised stock exchange (if applicable) where such delisting did not occur in connection with a listing of the Charter Guarantor's common stock on another internationally recognised stock exchange ("**Delisting Event**");

- (b) when any person(s) own(s) directly or indirectly more than thirty five per cent. (35%) of the shares in the Charter Guarantor, unless such person(s) owned such shares on the date of the completion of the merger of the Charter Guarantor with Poseidon Containers Holdings LLC and K&T Marine LLC in November 2018 (the "**Merger Completion Date**");
- (c) when Mr. George Glouroukos ceases to own or control (either directly or indirectly through one or more Affiliates) at least fifty per cent. (50%) of the number of shares of the Charter Guarantor held by him on the Merger Completion Date (excluding any share split or reverse split), other than by reason of death or other incapacity in managing his affairs; or
- (d) when Mr. George Glouroukos ceases to be the Executive Chairman (or to hold an equivalent executive officer position) of the Charter Guarantor, other than by reason of death or other incapacity in managing his affairs.

"**Charter Period**" means, subject to Clause 40(k) (*Hire*), Clause 49 (*Termination Events*), Clause 53 (*Total Loss*) and Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*), the period of seventy-two (72) months commencing from the Actual Delivery Date.

"**Charterers' Assignment**" means the deed of assignment executed or to be executed (as the case may be) by the Charterers in favour of the Security Trustee in relation to certain of the Charterers' rights and interest in and to (among other things) the (a) Earnings, (b) Insurances, (c) Requisition Compensation, (d) the Initial Sub-Charter and any Sub-Charter and (e) any Sub-Charter Guarantees.

"**Classification Society**" means the vessel classification society referred to in Box 10 (*Classification Society*) of this Charter, or such other reputable classification society which is a member of the International Association of Classification Societies as selected by the Charterers and as the Owners may approve from time to time (acting reasonably).

"**Collateral Charter**" means, in respect of a Collateral Vessel, the bareboat charter agreement in respect of that Collateral Vessel entered into between an Affiliate of the Owners as owner and the respective Collateral Charterers as charterer.

"**Collateral Charterers**" means, in relation to a Collateral Vessel, the Collateral Charterer set out alongside its name in the table specified at the definition "Collateral Vessels".

"**Collateral Owners**" means, in relation to a Collateral Vessel, the Collateral Owners set out alongside its name in the table specified at the definition "Collateral Vessels".

"**Collateral Vessels**" means the vessels set out below:

	Vessel name / IMO	Collateral Owners	Collateral Charterers
1.	"BERNADETTE" to be renamed "GSL Kithira"/ 9407885	Sea 251 Leasing Co. Limited	Global Ship Lease 68 LLC
2.	"BLANDINE" to be renamed "GSL Tripoli"/ 9437048	Sea 252 Leasing Co. Limited	Global Ship Lease 69 LLC
3.	"BARBARA" to be renamed "GSL Tinos"/ 9437050	Sea 254 Leasing Co. Limited	Global Ship Lease 71 LLC

"**Commercial Management Agreement**" means the commercial management agreement entered or to be entered into (as the context so requires) between the Approved Commercial Manager and the Charterers.

"**Compliance Certificate**" means a certificate substantially in the form in schedule 1 of the Charter Guarantee.

"**Cost Balance**" means, at any relevant time during the Agreement Term, an amount equal to the Owners' Cost as may be reduced by payment of the Fixed Hire pursuant to Clause 40(a)(ii) (*Hire*).

"**Day One Cash Collateral Amount**" means one million eight hundred thousand Dollars (US\$1,800,000).

"**Default Termination**" means a termination of the Charter Period pursuant to the provisions of Clause 49 (*Termination Events*).

"**Early Termination Event**" means the option to purchase the Vessel which the Owners may exercise in accordance with Clause 52(d) (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*)

"**Earnings**" means all hires, freights, pool income and other sums payable to or for the account of the Charterers and in respect of the Vessel including (without limitation) all earnings received or to be received from each Sub-Charter or any proceeds received or to be received from each Sub-Charter Guarantee, all remuneration for salvage and towage services, demurrage and detention moneys, contributions in general average, compensation in respect of any requisition for hire, and damages and other payments (whether awarded by any court or arbitral tribunal or by agreement or otherwise) for breach, termination or variation of any contract for the operation, employment or use of the Vessel including the Initial Sub-Charter and any other Sub-Charter.

**"Environmental Approval"** means any present or future permit, ruling, variance or other authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration required under Environmental Laws.

**"Environmental Claim"** means any claim, proceeding, formal notice or investigation by any governmental, judicial or regulatory authority or any other person which arises out of an Environmental Incident or which relates to any Environmental Law and, for this purpose, "claim" includes a claim for damages, compensation, contribution, injury, fines, losses and penalties or any other payment of any kind, including in relation to clean-up and removal, whether or not similar to the foregoing; an order or direction to take, or not to take, certain action or to desist from or suspend certain action; and any form of enforcement or regulatory action, including the arrest or attachment of any asset.

**"Environmental Incident"** means:

- (a) any release, emission, spill or discharge into or upon the air, sea, land or soils (including the seabed) or surface water of Environmentally Sensitive Material within or from the Vessel; or
- (b) any incident in which Environmentally Sensitive Material is released, emitted, spilled or discharged into or upon the air, sea, land or soils (including the seabed) or surface water from a vessel other than the Vessel and which involves a collision between the Vessel and such other vessel or some other incident of navigation or operation, in either case, in connection with which the Vessel is actually arrested, attached, detained or injuncted and the Vessel, any Obligor, any operator or manager of the Vessel or any combination of them is at fault or allegedly at fault or otherwise liable to any legal or administrative action; or
- (c) any other incident in which Environmentally Sensitive Material is released, emitted, spilled or discharged into or upon the air, sea, land or soils (including the seabed) or surface water otherwise than from the Vessel and in connection with which the Vessel is actually liable to be arrested, attached, detained or injuncted and/or where any Obligor, any operator or manager of the Vessel or any combination of them is at fault or otherwise liable to any legal or administrative action, other than in accordance with an Environmental Approval.

**"Environmental Law"** means any present or future law or regulation relating to pollution or protection of human health or the environment, to conditions in the workplace, to the carriage, generation, handling, storage, use, release or spillage of Environmentally Sensitive Material or to releases of Environmentally Sensitive Material.

**"Environmentally Sensitive Material"** means all contaminants, oil, oil products, toxic substances and any other substance (including any chemical, gas or other hazardous or noxious substance) which is (or is capable of being or becoming) polluting, toxic or hazardous.

**"Expiry Date"** means the date falling seventy two (72) months after the Actual Delivery Date.

"**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 (a); or
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in (a) or (b) with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

"**FATCA Deduction**" means a deduction or withholding from a payment under a Transaction Document required by FATCA.

"**FATCA Exempt Party**" means a party that is entitled to receive payments free from any FATCA Deduction.

"**Finance Document**" means any facility agreement, security document, fee letter and any other document designated as such by the Finance Parties and the Owners and which have been or may be (as the case may be) entered into between the Finance Parties and the Owners for the purpose of, among other things, financing or (as the case may be) refinancing all or any part of the Owners' Cost.

"**Finance Party**" means any bank or Financial Institution which is or will be party to a Finance Document (other than the Owners and other entities which may have agreed or be intended as debtors and/or obligors thereunder) and "**Finance Parties**" means two or more of them.

"**Financial Indebtedness**" means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any acceptance credit under any acceptance credit facility or dematerialised equivalent;
- (c) any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract, a liability under which would, in accordance with GAAP, be treated as a balance sheet liability;
- (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, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability of an entity which is not an Obligor which liability would fall within one of the other sections of this definition;
- (h) any amount raised by the issue of shares which are redeemable (other than at the option of the issuer) before the end of the Agreement Term or are otherwise classified as borrowings under GAAP;
- (i) any amount of any liability under an advance or deferred purchase agreement if (i) 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 or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 30 days after the date of supply;
- (j) any amount raised under any other transaction (including any forward sale or purchase, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing; and
- (k) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in (a) to (j).

**"Financial Institution"** means any bank or financial institution, trust, fund, leasing company or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets.

**"Fixed Hire"** means:

- (a) in respect of each of the first twelve (12<sup>th</sup>) payments of Fixed Hire due on the Hire Payment Dates occurring from the Actual Delivery Date up to and including the third (3<sup>rd</sup>) anniversary of the Actual Delivery Date, calculated in accordance with the following formula:

$$A = 1/12 \times B$$

Where:

**A** is the amount of the Fixed Hire due on that Hire Payment Date; and

**B** is the difference between the Owners' Cost and ten million nine hundred and fifty thousand Dollars (US\$10,950,000); and

- (b) in respect of each of the thirteenth (13<sup>th</sup>) to twenty fourth (24<sup>th</sup>) payment of Fixed Hire due on the Hire Payment Dates occurring from and excluding the third (3<sup>rd</sup>) anniversary of the Actual Delivery Date up to and including the sixth (6<sup>th</sup>) anniversary of the Actual Delivery Date, calculated in accordance with the following formula:

$$C = 1/12 \times D$$

Where:

**C** is the amount of the Fixed Hire due on that Hire Payment Date; and

**D** is the difference between ten million nine hundred and fifty thousand Dollars (US\$10,950,000) and seven million Dollars (US\$7,000,000).

"**GAAP**" means generally accepted accounting principles in the United States.

"**Group**" means the Charter Guarantor and each of its Subsidiaries for the time being.

"**Hire**" means each or any combination or aggregate of (as the context may require):

- (a) Advance Hire;
- (b) Fixed Hire; and
- (c) Variable Hire.

"**Hire Payment Date**" means the last day of each and any Hire Period.

"**Hire Period**" means each and every consecutive period of three (3) months with the first Hire Period to commence on the Actual Delivery Date and each successive Hire Period to commence forthwith upon the expiry of the immediately preceding Hire Period, provided that the final period shall end on the earlier of (i) the last day of the Charter Period, and (ii) the redelivery of the Vessel to the Owners following an early termination of this Charter or, as the case may be, purchase of the Vessel by the Charterers in accordance with the terms hereof, without prejudice however to any other claims of the Owners against the Charterers arising out of or in connection with this Charter.

"**Holding Company**" means, in relation to a person, any other person in respect of which it is a Subsidiary.

"**Hong Kong**" means the Hong Kong Special Administrative Region of The People's Republic of China.

"**IAPPC**" means a valid international air pollution prevention certificate for the Vessel issued under Annex VI (Regulations for the Prevention of Air Pollution from Ships) to the International Convention for the Prevention of Pollution from Ships 1973 (as modified in 1978 and 1997).

"**IMO Ballast Water Management (BWM) Convention**" means the International Convention for the Control and Management of Ships' Ballast Water and Sediments adopted by the International Maritime Organization (as the same may be amended, supplemented or superseded from time to time).

"**Increased Costs**" means:

- (a) a reduction in the rate of return from the transactions contemplated by the Transaction Documents or on the Owners' overall capital;
- (b) an additional or increased cost; or
- (c) a reduction of any amount due and payable under any Transaction Document,

which is incurred or suffered by the Owners to the extent that it is attributable to the Owners having agreed to acquire the Vessel to charter the same to the Charterers on

the basis of this Charter and in entering into this Charter, the other Transaction Documents or in performing its obligations under the Transaction Documents.

"**Indemnitee**" has the meaning given to such term in Clause 58 (*Further indemnities*).

"**Indirect Tax**" means any goods and services tax, consumption tax, value added tax or any tax of a similar nature.

"**Initial MOA**" means the memorandum of agreement for the Vessel dated 12 May 2021 entered into between the Initial Sellers as sellers and the Initial Sub-Charterers as buyers, as amended by a nomination agreement dated 15 June 2021 entered into between the Initial Sellers as sellers, the Initial Sub-Charterers as initial buyers and the Charterers as the buyers' nominee, and an addendum no. 1 thereto dated 15 June 2021, as may be further amended or supplemented from time to time.

"**Initial Sellers**" means ERB. 5.300TEU GmbH & Co. KG, a company incorporated in Germany with its registered address at Elbchausee 370, 22609, Hamburg, Germany.

"**Initial Sub-Charter**" means the time charterparty in respect of the Vessel dated 15 June 2021 between the Charterers and the Initial Sub-Charterers, with a daily hire rate at no less than thirty-six thousand five hundred Dollars (US\$36,500) for the fixed three year period from delivery (the "**Initial Sub-Charter Fixed Term**") and at no less than seventeen thousand two hundred and fifty Dollars (US\$17,250) (the "**Daily Initial Sub-Charter Optional Term Rate**") for the optional three year period thereafter (the "**Initial Sub-Charter Optional Term**"), as may be further amended or supplemented from time to time.

"**Initial Sub-Charterers**" means Maersk A/S, a company registered in Denmark, with its registered address at Esplanaden 50, 1263 Copenhagen K, Denmark.

"**Innocent Owners' Interest Insurances**" means all policies and contracts of innocent owners' interest insurance and innocent owners' additional perils (oil pollution) insurance from time to time taken out by the Owners in relation to the Vessel.

"**Insurances**" means all policies and contracts of insurance, including entries of the Vessel in any protection and indemnity or war risks association, which are from time to time taken out or entered into in respect of the Vessel or her earnings or otherwise in connection with the Vessel or her Earnings and (where the context permits) all rights, benefits and other assets under, or derived from, such contracts and policies, including all claims of any nature and returns of premium.

"**ISM Code**" means the International Safety Management Code (including the guidelines on its implementation), adopted by the International Maritime Organisation Assembly as Resolutions A.741 (18) (as amended by MSC 104 (73)) and A.913(22) (superseding Resolution A.788 (19)), as the same may be amended, supplemented or superseded from time to time (and the terms "safety management system", "Safety Management Certificate" and "Document of Compliance" have the same meanings as are given to them in the ISM Code).

"**ISPS Code**" means the International Ship and Port Facility Security Code adopted by the International Maritime Organisation (as the same may be amended, supplemented or superseded from time to time).

"**ISSC**" means a valid and current International Ship Security Certificate issued under the ISPS Code.

"**Joint Venture**" means any joint venture entity, whether a company, unincorporated firm, undertaking, association, joint venture or partnership or any other entity.

"**Legal Opinions**" means the legal opinions provided to the Owners under Clause 36(a)(xii) (*Conditions precedent and conditions subsequent*).

**"Legal Reservations"**

- (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 Acts, 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;
- (c) similar principles, rights and defences under the laws of any Relevant Jurisdiction; and
- (d) any other matters which are set out as qualifications or reservations as to matters of law of general application in the Legal Opinions.

"**LIBOR**" means the applicable Screen Rate at or about 11:00 am (London time) on the relevant Variable Hire Determination Date for the offering of deposits in US Dollars for a period of three (3) months and, if any such rate is below zero, LIBOR will be deemed to be zero.

"**Maersk QEL**" means the quiet enjoyment letter entered or to be entered into pursuant to the Initial Sub-Charter between the Initial Sub-Charterer, the Owners, the Security Trustee and the Charterers.

"**Management Agreement**" means the Commercial Management Agreement and the Technical Management Agreement.

"**Managers' Undertaking**" means the undertaking to be entered into by an Approved Manager in favour of the Security Trustee in the form to be agreed by the Owners and each Approved Manager.

"**Margin**" means three point two five per cent. (3.25%).

"**Market Value**" means, on any Valuation Date:

- (a) for the purposes of determining the Purchase Price on the Actual Delivery Date, the arithmetic average of two valuations pursuant to two such Valuation Reports from two Approved Brokers, one selected by the Charterers and one

selected by the Owners; or in the event the difference between the two Valuation Reports obtained is greater than 5%, the arithmetic average of the three Valuation Reports, the third Valuation Report being obtained from a further Approved Broker selected by the Owners; and

- (b) for any other purposes other than that in (a) above (including, without limitation, determining the Value Maintenance Ratio and Minimum Insured Value), the arithmetic average of two valuations pursuant to two such Valuation Reports from two Approved Brokers, both selected by the Owners; or in the event the difference between the two Valuation Reports obtained is greater than 5%, the arithmetic average of the three Valuation Reports, the third Valuation Report being obtained from a further Approved Broker selected by the Owners,

in each case, (i) assessed in Dollars on a desktop charter-free basis between a willing buyer and a willing seller, and so obtained in ascertaining the market value of the Vessel, no more than thirty (30) days prior to that Valuation Date and (ii) if an Approved Broker determines that the valuation of the Vessel shall fall within a range, the valuation as determined by each Approved Broker should be the lower of such range.

**"MARPOL"** means the International Convention for the Prevention of Pollution from Ships adopted by the International Maritime Organisation (as the same may be amended, supplemented or superseded from time to time).

**"Material Adverse Effect"** means in the reasonable opinion of the Owners a material adverse effect on:

- (a) the business, operations or property of any Obligor or the Group taken as a whole; or
- (b) the ability of any Obligor to perform its obligations under any Transaction Document; 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 Transaction Documents or the rights or remedies of the Secured Parties under any of the Transaction Documents.

**"Minimum Cash Balance"** means at any date during the Charter Period, an amount of three hundred thousand Dollars (US\$300,000).

**"MOA"** has the meaning given to such term in Clause 34 (*Background*).

**"month"** means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last day in that calendar month.

**"Obligors"** means the Charterers, the Charter Guarantor, the Chargor, any Approved Managers that is owned or controlled by the Charter Guarantor, any person that may be party to a Transaction Document from time to time (other than the Owners, but provided that they are owned or controlled by the Charter Guarantor), any Sub-

Charterer that is owned or controlled by the Charter Guarantor and any "Obligor" as defined in any Collateral Charter.

**"Operating Account"** means the bank account opened or to be opened in the name of the Charterers with the Account Bank and designated "the Operating Account" or such other account to which the Earnings are to be remitted and operating expenses of the Vessel are to be recorded, and in each case, includes any sub-account thereof.

**"Option Premium"** means the aggregate of:

- (a) two million Dollars (US\$2,000,000);
- (b) all other Unpaid Sums due and payable, together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof up to the date of actual payment; and
- (c) any other reasonable and documented costs, losses, liabilities and expenses incurred or suffered by the Owners in connection with any Finance Document.

**"Original Financial Statements"** means the unaudited consolidated financial statements of the Charter Guarantor for the financial year ended 31 December 2020.

**"Owners' Account"** means the Owners' bank account described in paragraph (d) of Clause 40 (*Hire*).

**"Owners' Cost"** means an amount equivalent to sixty per cent. (60%) of the Purchase Price (as defined in the MOA) paid or to be paid by the Owners (as buyers) to the Charterers (as sellers) under the MOA.

**"Party"** means a party to this Charter and **"Parties"** means both of them.

**"Permitted Security Interest"** means:

- (a) any Security Interest created pursuant to any Transaction Document or any Finance Document or otherwise created with the prior written consent of the Owners;
- (b) any liens for unpaid master's, officer's and crew's wages in accordance with usual maritime practice and are discharged within thirty (30) days;
- (c) any liens for salvage;
- (d) any liens for master's disbursements incurred in the ordinary course of trading and are discharged within thirty (30) days; or
- (e) any other lien arising by operation of law or otherwise in the ordinary course of operation, repair or maintenance of the Vessel and not as a result of any default or omission of any Obligor.

**"PDA"** means the protocol of delivery and acceptance in relation to the Vessel to be executed between the Owners and the Charterers, substantially in the form of Schedule 1 (*Form of Protocol of Delivery and Acceptance*) hereto.

**"Potential Termination Event"** means a Termination Event or any event or circumstance specified in Clause 49 (*Termination Events*) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Transaction Documents or any combination of any of the foregoing) be a Termination Event.

**"Pre-positioning Date"** means such term as defined in the MOA.

**"Purchase Option"** means the option to purchase the Vessel at the applicable Purchase Option Price which the Charterers may exercise in accordance with Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*).

**"Purchase Option Date"** means the date falling on each relevant anniversary of the Actual Delivery Date commencing on and including the third (3<sup>rd</sup>) anniversary of the Actual Delivery Date, on which the Charterers exercise the Purchase Option in accordance with Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*), except for the Expiry Date.

**"Purchase Option Fee"** means:

- (a) if the Purchase Option Date falls on the third (3<sup>rd</sup>) anniversary or the fourth (4<sup>th</sup>) anniversary of the Actual Delivery Date, an amount that is calculated by multiplying (a) the then current Cost Balance by (b) two per cent. (2%); and
- (b) if the Purchase Option Date falls on the fifth (5<sup>th</sup>) anniversary of the Actual Delivery Date, an amount that is calculated by multiplying (a) the then current Cost Balance by (b) one per cent. (1%).

**"Purchase Option Notice"** means a written notice (in such form as the Owners and the Charterers may agree from time to time) which the Charterers may deliver to the Owners for the purpose of the Charterers exercising the Purchase Option.

**"Purchase Option Price"** means the amount due and payable by the Charterers to the Owners pursuant to Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*), being the aggregate of:

- (a) the then current Cost Balance;
- (b) the Purchase Option Fee (if applicable);
- (c) any Variable Hire due and payable, but unpaid, under this Charter up to (and including) any applicable Purchase Option Date together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof to the date of actual payment;
- (d) all other Unpaid Sums due and payable, together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof up to the date of actual payment;
- (e) the Break Costs (if any);
- (f) any reasonable and documented legal costs incurred by the Owners in respect of the Purchase Option;

- (g) any other reasonable and documented costs, losses, liabilities and expenses incurred or suffered by the Owners in connection with any Finance Document as a result of the Charterers' exercise of the Purchase Option; and
- (h) any other sums as the Owners may be entitled to under the terms of this Charter, including (but not limited to) any payments referred to in paragraph (a) of Clause 17 (*Indemnity*) (Part II) and Clause 58 (*Further indemnities*).

"**Purchase Price**" means such term as defined in the MOA.

"**Registration Costs**" means any documented costs, expenses and taxes properly incurred by the Owners in respect of (i) the registration of title to the Vessel with an Approved Flag in the Owners' name (including but not limited to any notarisation, apostillisation or legalisation costs required by the relevant flag authorities); (ii) the maintenance of any such registration on or prior to the Actual Delivery Date and for the duration of the Agreement Term; and (iii) (if applicable) any documented costs and expenses in connection with the maintenance of a local agent and/or registration of the Owners as a foreign maritime entity (or similar) for purposes of the vessels registration.

"**Relevant Jurisdiction**" means, in relation to an Obligor:

- (a) its jurisdiction of incorporation or formation (as the case may be);
- (b) any jurisdiction where any asset subject to or intended to be subject to a Security Document to be executed by it is situated;
- (c) any jurisdiction where it principally conducts its business; and
- (d) the 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.

"**Replacement Benchmark**" means a benchmark rate which is:

- (a) formally designated, nominated or recommended as the replacement for the Screen Rate by:
  - (i) the administrator of the Screen Rate (provided that the market or economic reality that such benchmark rate measures is the same as that measured by the 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 Owners (acting reasonably), generally accepted in the international or any relevant domestic syndicated loan markets as the appropriate successor to the Screen Rate; or

(c) in the opinion of the Owners (acting reasonably), an appropriate successor to the Screen Rate.

**"Requisition Compensation"** means all compensation or other money which may from time to time be payable to the Charterers as a result of the Vessel being requisitioned for title or in any other way compulsorily acquired (other than by way of requisition for hire).

**"Restricted Countries"** means those countries subject to country-wide or territory-wide Sanctions and/or trade embargoes, in particular but not limited to pursuant to the U.S.'s Office of Foreign Asset Control of the U.S. Department of Treasury ("**OFAC**") including at the date of this Charter, but without limitation, Iran, North Korea and Syria and any additional countries based on respective country-wide or territory-wide Sanctions being imposed by OFAC or any of the regulative bodies referred to in the definition of Restricted Party.

**"Restricted Party"** means a person or entity or any other parties (i) located, domiciled, resident or incorporated in Restricted Countries, and/or (ii) subject to any sanction administered by the United Nations, the European Union, Switzerland, the United States and the OFAC, the United Kingdom, Her Majesty's Treasury ("**HMT**") and the Foreign and Commonwealth Office of the United Kingdom, the People's Republic of China and/or (iii) owned or controlled by or affiliated with persons, entities or any other parties as referred to in (i) and (ii).

**"Sanctions"** means any sanctions, embargoes, freezing provisions, prohibitions or other restrictions relating to trading, doing business, investment, exporting, financing or making assets available (or other activities similar to or connected with any of the foregoing) imposed by law or regulation of the United Nations, United Kingdom, the United States of America (including, without limitation, CISADA and OFAC), the People's Republic of China, the Council of the European Union or the jurisdiction of incorporation of the Owners and the Charterers.

**"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 US Dollars for the relevant period displayed on pages LIBOR01 or LIBOR02 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on 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 Owners may specify another page or service displaying the relevant rate after consultation with the Charterers.

**"Screen Rate Replacement Event"** means, in relation to the Screen Rate that:

- (a) the methodology, formula or other means of determining the Screen Rate has, in the opinion of the Owners and the Charterers, materially changed; or
- (b) any of the following applies:
  - (i) either:

- (A) the administrator of the 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 the Screen Rate is insolvent,

provided that, in each case, at that time, there is no successor administrator to continue to provide the Screen Rate;

- (ii) the administrator of the Screen Rate publicly announces that it has ceased or will cease to provide the Screen Rate permanently or indefinitely and, at that time, there is no successor administrator to continue to provide the Screen Rate;
- (iii) the supervisor of the administrator of the Screen Rate publicly announces that the Screen Rate has been or will be permanently or indefinitely discontinued;
- (iv) the administrator of the Screen Rate or its supervisor announces that the Screen Rate may no longer be used; or
- (v) in the case of a Screen Rate for LIBOR, the supervisor of the administrator of that Screen Rate makes a public announcement or publishes information:
  - (A) stating that that Screen Rate is no longer or, as of a specified future date will no longer be, representative of the underlying market or economic reality that it is intended to measure and that representativeness will not be restored (as determined by such supervisor); and
  - (B) with awareness that any such announcement or publication will engage certain triggers for fallback provisions in contracts which may be activated by any such pre-cessation announcement or publication.
- (c) the administrator of that Screen Rate determines that the 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 events leading to such determination are not (in the opinion of the Owners) temporary; or
  - (ii) the Screen Rate is calculated in accordance with any such policy or arrangement for a period no less than three months; or
- (d) in the opinion of the Owners, the Screen Rate is otherwise no longer appropriate for the purposes of calculating the Variable Hire under this Charter.

**"Security Assets"** means all of the assets of the Obligors which from time to time are, or are expressed to be, the subject of the Security Interests created or evidenced or expressed to be created or evidenced under the Security Documents.

**"Security Documents"** means, in relation to the Vessel, collectively the following:

- (a) the Account Pledge;
- (b) the Charter Guarantee;
- (c) the Charterers' Assignment;
- (d) the Share Pledge;
- (e) the Managers' Undertakings;
- (f) any "Security Document" (as defined under any Collateral Charter); and
- (g) any other document that may at any time be executed by any person creating, evidencing or perfecting any Security Interest to secure all or part of the Obligors' obligations under or in connection with the Transaction Documents,

and **"Security Document"** means any one of them.

**"Security Interest"** means a mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, trust arrangement, title retention or other security interest or arrangement of any kind whatsoever.

**"Security Trust Deed"** means the deed executed or to be executed on or around the date hereof by the Security Trustee, the Owners, the Charterers, the Collateral Owners, the Collateral Charterers and the Charter Guarantor.

**"Security Trustee"** means Sea 251 Leasing Co. Limited, a company incorporated according to the laws of Hong Kong whose registered address is at 27/F Three Exchange Square 8, Connaught Place, Central, Hong Kong.

**"Settlement Date"** means, following a Total Loss of the Vessel, the earliest of:

- (a) the date which falls one hundred and twenty (120) days after the date of occurrence of the Total Loss or, if such date is not a Business Day, the immediately preceding Business Day;
- (b) the date on which the Owners receive the Total Loss Proceeds in respect of the Total Loss; and
- (c) the last day of the Charter Period.

**"Share Pledge"** means a charge over the entire issued share capital of the Charterers made or to be made by the Chargor in favour of the Security Trustee.

**"Shareholder Loans"** means any loans provided by any member of the Group to the Charterers from time to time.

**"Side Agreement"** means the agreement relating to the Initial MOA dated 15 June 2021 entered into between the Initial Sub-Charterers and the Charterers.

"**Sub-Charter**" means (as the context may require):

- (a) the Initial Sub-Charter;
- (b) any Approved Charter; or
- (c) such other sub-charter or contract of employment in respect of the Vessel entered or to be entered into between the Charterers as disponent owners and any sub-charterer.

"**Sub-Charter Guarantor**" means any party who enters into a guarantee of any other Sub-Charterer's obligations pursuant to any other Sub-Charter.

"**Sub-Charter Guarantees**" means any guarantees entered into by any Sub-Charter Guarantor pursuant to any other Sub-Charter.

"**Sub-Charter Termination Event**" means in respect of any Sub-Charter, any event entitling any party to a Sub-Charter to terminate, cancel or suspend that Sub-Charter under the terms thereof or at law.

"**Sub-Charterers**" means:

- (a) in respect of the Initial Sub-Charter, the Initial Sub-Charterers; or
- (b) in respect of any other Sub-Charter, such sub-charterers which are or will be parties to the relevant Sub-Charter.

"**Subsidiary**" means, in relation to any company or corporation, a company or corporation:

- (a) which is controlled, directly or indirectly, by the first mentioned company or corporation;
- (b) more than half the issued equity share capital of which is beneficially owned, directly or indirectly, by the first mentioned company or corporation; or
- (c) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation,

and for this purpose, a company or corporation shall be treated as being "controlled" by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

"**Swap Losses**" means the amount (if any) in Dollars payable by the Owners to their counterparty under any interest rate swap arrangement entered into by the Owners in connection with the hedging of their interest rate swap exposure in respect of the financing or refinancing of the Owners' Cost, in relation to an unwinding of the whole or part of any interest rate swap transaction entered between the Owners and such counterparty under such interest rate swap arrangement(s), in each cases, determined on a "mark-to-market" basis.

"**Tax**" or "**tax**" means any present and future tax (including, without limitation, value added tax, consumption tax or any other tax in respect of added value or any income), levy, impost, duty or other charge or withholding of any nature (including any penalty

or interest payable in connection with any failure to pay or any delay in paying any of the same); and "**Taxes**", "**taxes**", "**Taxation**" and "**taxation**" shall be construed accordingly.

"**Technical Management Agreement**" means the technical management agreement entered or to be entered into (as the context so requires) between the Approved Technical Manager and the Charterers.

"**Termination**" means the termination at any time of the chartering of the Vessel under this Charter.

"**Termination Event**" means each of the events specified in paragraph (a) of Clause 49 (*Termination Events*).

"**Termination Notice**" has the meaning given to such term in paragraph (k) of Clause 40 (*Hire*) and paragraph (c) of Clause 49 (*Termination Events*).

"**Termination Payment Date**" means:

- (a) in respect of a termination of this Charter in accordance with paragraph (k) of Clause 40 (*Hire*), the date specified in the Termination Notice served on the Charterers pursuant to that Clause;
- (b) in respect of a Default Termination, the date specified in the Termination Notice served on the Charterers pursuant to paragraph (c) of Clause 49 (*Termination Events*) in respect of such Default Termination;
- (c) in respect of a Total Loss Termination, the Settlement Date in respect of the Total Loss which gives rise to such Total Loss Termination; and
- (d) in respect of a termination of this Charter in accordance with Clause 52(d) (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*), the date specified in the notice issued by the Owners to the Charterers pursuant to Clause 52(d).

"**Termination Sum**" means an amount representing the Owners' losses as a result of a Termination prior to the expiry of the Charter Period (other than pursuant to Clause 40(k) (*Hire*) or by virtue of the Charterers exercising the Purchase Option, Call Option in accordance with Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*)), which both parties acknowledge as a genuine and reasonable pre-estimate of the Owners' losses in the event of such Termination and shall consist of the following:

- (a) an amount equivalent to one hundred and two per cent. (102%) of the Cost Balance applicable as at the Hire Payment Date immediately preceding the Termination Payment Date;
- (b) any Hire due and payable, but unpaid, under this Charter up to (and including) the relevant Termination Payment Date together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof to the date of actual payment;

- (c) all other Unpaid Sums due and payable, together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof up to the date of actual payment;
- (d) Break Costs and Swap Losses (if any);
- (e) any and all direct documented costs, losses, liabilities and expenses incurred or suffered by the Owners as a result of the early termination of this Charter including but not limited to any legal costs, any agency or broker fees incurred in re-charter or otherwise disposal of the Vessel;
- (f) any other documented costs, losses, liabilities and expenses incurred or suffered by the Owners in connection with any Finance Document as a result of the Termination;
- (g) any other sums as the Owners may be entitled to under the terms of this Charter, including (but not limited to) any payments referred to in paragraph (a) of Clause 17 (*Indemnity*) (Part II) and Clause 58 (*Further indemnities*); and
- (h) if the Vessel is required to be redelivered to the Owners pursuant to Clause 42 (*Redelivery*), all liabilities, documented costs and expenses so incurred in recovering possession of, and in repositioning, berthing, insuring and maintaining the Vessel for carrying out any works or modifications required to cause the Vessel to conform with the provisions of Clauses 42 (*Redelivery*) and 43 (*Redelivery conditions*),

for the avoidance of doubt, there shall be no double-counting as between any sums as listed in paragraphs (a) to (h) above.

**"Third Parties Act"** means the Contracts (Rights of Third Parties) Act 1999.

**"Title Transfer PDA"** means the protocol of delivery and acceptance in relation to the Vessel to be executed between the Owners and the Charterers, substantially in the form of Schedule 2 (*Form of Title Transfer Protocol of Delivery and Acceptance*) hereto.

**"Threshold Amount"** means one million Dollars (US\$1,000,000) or the equivalent in any other currency.

**"Total Loss"** means during the Charter Period:

- (a) actual or constructive or compromised or agreed or arranged total loss of the Vessel;
- (b) the requisition for title or compulsory acquisition of the Vessel by any government or other competent authority (other than by way of requisition for hire);
- (c) the capture, seizure, arrest, detention, hijacking, theft, condemnation as prize, confiscation or forfeiture of the Vessel (not falling within paragraph (b) of this definition), unless the Vessel is released and returned to the possession of the Owners or the Charterers within sixty (60) days after the capture,

seizure, arrest, detention, hijacking, theft, condemnation as prize, confiscation or forfeiture in question,

and for the purpose of this Charter, (i) an actual Total Loss of the Vessel shall be deemed to have occurred at the date and time when the Vessel was lost but if the date of the loss is unknown the actual Total Loss shall be deemed to have occurred on the date on which the Vessel was last reported, (ii) a constructive Total Loss shall be deemed to have occurred at the date and time at which a notice of abandonment of the Vessel is given to the insurers of the Vessel and (iii) a compromised, agreed or arranged Total Loss shall be deemed to have occurred on the date of the relevant compromise, agreement or arrangement.

**"Total Loss Proceeds"** means the proceeds of the Insurances or any other compensation of any description in respect of a Total Loss unconditionally received by or on behalf of the Owners in respect of a Total Loss.

**"Total Loss Termination"** means a termination of the Charter Period pursuant to the provisions of paragraph (a) of Clause 53 (*Total Loss*).

**"Transaction Documents"** means, together, this Charter, the MOA, the Security Trust Deed, the Security Documents, the Initial Sub-Charter and any other Sub-Charters, any Sub-Charter Guarantees, the Maersk QEL, any Management Agreement, any Compliance Certificate, the "Transaction Documents" (as defined under any Collateral Charter) and such other documents as may be designated as such by the Owners from time to time.

**"Treasury Transactions"** means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price.

**"Unpaid Sum"** means any sum due and payable but unpaid by any Obligor under the Transaction Documents.

**"US Dollars", "Dollars", "USD", "US\$" and "\$"** each means available and freely transferable and convertible funds in lawful currency of the United States of America.

**"US Tax Obligor"** means:

- (a) an obligor which is resident for tax purposes in the United States of America; or
- (b) an obligor some or all of whose payments under the Transaction Documents to which it is a party are from sources within the United States for US federal income tax purposes.

**"Variable Hire"** has the meaning given to such term in Clause 40(a)(iii) (*Hire*).

**"Variable Hire Determination Date"** means, in relation to a Hire Period, the date falling two (2) Business Days prior to such Hire Period.

**"Valuation Date"** means the Actual Delivery Date or such date as required by the Owners throughout the Agreement Term, provided that prior to the occurrence of a Potential Termination Event or Termination Event which, in each case, is continuing,

no more than one Valuation Date shall occur during each six-month period commencing from the Actual Delivery Date in accordance with Clause 74(b)(i).

"**Valuation Report**" means, in relation to the Vessel, a valuation report addressed to the Owners from an Approved Broker on the basis of a "desk top" charter-free sale for prompt delivery for cash at arm's length on normal commercial terms as between a willing seller and a willing buyer.

"**Vessel**" means the 5,470 TEU container vessel named "Balbina" to be renamed "GSL Syros" as more particularly described in Boxes 5 (*Vessel's name, call sign and flag*) to 10 (*Classification Society*) of this Charter.

### 33 Interpretations

- (a) In this Charter, unless the context otherwise requires, any reference to:
- (i) to this Charter include the Schedules hereto and references to Clauses and Schedules are, unless otherwise specified, references to Clauses of and Schedules to this Charter and, in the case of a Schedule, to such Schedule as incorporated in this Charter as substituted from time to time;
  - (ii) any statutory or other legislative provision shall be construed as including any statutory or legislative modification or re-enactment thereof, or any substitution therefor;
  - (iii) the term "Vessel" includes any part of the Vessel;
  - (iv) the "**Owners**", the "**Charterers**", any "**Obligor**", any "**Sub-Charterers**", the "**Collateral Owners**", the "**Collateral Charterers**" or any other person include any of their respective successors, permitted assignees and permitted transferees;
  - (v) any agreement, instrument or document include such agreement, instrument or document as the same may from time to time be amended, modified, supplemented, novated or substituted;
  - (vi) "**assets**" includes present and future properties, revenues and rights of every description;
  - (vii) the "**equivalent**" in one currency (the "**first currency**") as at any date of an amount in another currency (the "**second currency**") shall be construed as a reference to the amount of the first currency which could be purchased with such amount of the second currency at the spot rate of exchange quoted by the Owners at or about 11:00 a.m. two (2) business days (being a day other than a Saturday or Sunday on which banks and foreign exchange markets are generally open for business in Shanghai) prior to such date for the purpose of the first currency with the second currency for delivery and value on such date;
  - (viii) "**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;

- (ix) **"hereof", "herein" and "hereunder"** and other words of similar import means this Charter as a whole (including the Schedules) and not any particular part hereof;
- (x) **"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;
- (xi) **"law"** includes common or customary law and any constitution, decree, judgment, legislation, order, ordinance, regulation, rule, statute, treaty or other legislative measure in any jurisdiction or any present or future directive, regulation, request or requirement, or official or judicial interpretation of any of the foregoing, in each case having the force of law and, if not having the force of law, in respect of which compliance is generally customary;
- (xii) the word **"person"** or **"persons"** or to words importing persons include, without limitation, any state, divisions of a state, government, individuals, firms, association, trust, consortiums, partnerships, companies, corporations, ventures, government agencies, committees, departments, authorities and other bodies, corporate or unincorporated, whether having distinct legal personality or not;
- (xiii) 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 of any regulatory, self-regulatory or other authority or organisation;
- (xiv) the **"winding-up", "dissolution", "administration", "liquidation", "insolvency", "reorganisation", "readjustment of debt", "suspension of payments", "moratorium" or "bankruptcy"** (and their derivatives and cognate expressions) of any person shall each be construed so as to include the others and any equivalent or analogous proceedings or event under the laws of any jurisdiction in which such person is incorporated or any jurisdiction in which such person carries on business;
- (xv) **"protection and indemnity risks"** means the usual risks covered by a protection and indemnity association which is a member of the International Group of P&I Club, including pollution risks and the proportion (if any) of any sums payable to any other person or persons in case of collision which are not recoverable under the hull and machinery policies by reason of the incorporation in them of clause 6 of the International Hull Clauses (1/11/02 or 1/11/03),

clause 8 of the Institute Time Clauses (Hull)(1/10/83) or clause 8 of the Institute Time Clauses (Hulls)(1/11/1995) or the Institute Amended Running Down Clause (1/10/71) or any equivalent provision;

(xvi) a Potential Termination Event is "**continuing**" if it has not been remedied or waived and a Termination Event is "**continuing**" if it has not been waived; and

(xvii) words denoting the plural number include the singular and vice versa.

(b) Headings are for the purpose of reference only, have no legal or other significance, and shall be ignored in the interpretation of this Charter.

(c) A time of day (unless otherwise specified) is a reference to Shanghai time.

### 34 Background

(a) By a memorandum of agreement (the "**MOA**") of even date herewith made between the Owners (as buyers thereunder) and the Charterers (as sellers thereunder), the Owners have agreed to purchase and the Charterers have agreed to sell the Vessel subject to the terms and conditions therein.

(b) Accordingly the parties hereby agree that this Charter is subject to the effective transfer of ownership of the Vessel to the Owners pursuant to the MOA.

(c) If:

(i) the Vessel is not delivered under the MOA by the Cancellation Date (or such later date as the Owners and Charterers may agree); or

(ii) it becomes unlawful for the Owners (as buyers) to perform or comply with any or all of their obligations under the MOA or any of the obligations of the Owners under the MOA is not or ceases to be legal, valid, binding and enforceable; or

(iii) the Vessel is not delivered and accepted for service under the Initial Sub-Charter on the Actual Delivery Date;

(iv) the MOA expires, is cancelled, terminated, rescinded or suspended or otherwise ceases to remain in full force and effect for any reason; or

(v) if on or prior to the Actual Delivery Date, any of the Initial MOA or the Initial Sub-Charter expires, is cancelled, terminated, rescinded or suspended or otherwise ceases to remain in full force and effect for any reason,

neither party shall be liable to the other for any claim arising out of this Charter and this Charter shall immediately terminate and be cancelled (with the exception of Clause 17 (*Indemnity*) (Part II) and Clause 58 (*Further indemnities*) and any other indemnities specified any other Transaction

Document, and, **provided that** the Owners shall be entitled to retain all fees paid by the Charterers pursuant to the Transaction Documents (and if such fees have not been paid, the Charterers shall forthwith pay such fees to the Owners) and such payment shall not be construed as a penalty but shall represent an agreed estimate of the loss and damage suffered by the Owners in entering into this Charter and shall therefore be paid as compensation to the Owners.

### 35 Delivery

- (a) The obligation of the Owners to charter the Vessel to the Charterers pursuant to this Charter shall be subject to the following conditions:
- (i) delivery of the Vessels by the Charterers to the Owners pursuant to the terms of the MOA;
  - (ii) the Owners obtaining full title to the Vessel pursuant to the terms of the MOA;
  - (iii) no Termination Event or Potential Termination Event having occurred which is continuing on or prior to the date of this Charter or the Actual Delivery Date;
  - (iv) the representations and warranties referred to in Clause 47 (*Charterers' representations and warranties*) being true and correct on the date of this Charter and the Actual Delivery Date;
  - (v) the Actual Delivery Date falling on or before the Cancellation Date (or such later date as may be agreed between the Owners (as buyer under the MOA) and the Charterers (as seller under the MOA)); and
  - (vi) the Owners having received, or being satisfied that they will receive, the documents and evidence referred to in Clause 36 (*Conditions precedent*), in each case in all respects in form and substance satisfactory to it on or before the Actual Delivery Date.
- (b) Provided that the conditions referred to in paragraph (a) above have been fulfilled or waived to the satisfaction of the Owners (which shall be evidenced in writing by the Owners), the Owners and the Charterers agree that:
- (i) the Charterers shall, at their own expense, upon the Actual Delivery Date arrange for the Vessel to be registered under an Approved Flag in the name of the Owners as legal owner;
  - (ii) the Charterers shall take delivery of the Vessel from the Owners under this Charter (such delivery to be conclusively evidenced by a duly executed PDA) simultaneously with the acceptance of delivery of the Vessel by the Owners from the Charterers pursuant to the MOA;
  - (iii) the Charterers will accept the Vessel:

- (A) on an "as is where is" basis in exactly the same form and state as the Vessel is delivered by the Charterers to the Owners pursuant to the MOA;
  - (B) in such form and state with any faults, deficiencies and errors of description; and
  - (C) for the avoidance of doubt, no underwater inspection shall be performed at the time of commencement of this Charter on the basis that any repairs required at the next scheduled dry-docking are the responsibility of the Charterers; and
- (iv) the Charterers shall have no right to refuse acceptance of delivery of the Vessel into this Charter if the Vessel is delivered to the Owners pursuant to the MOA and, notwithstanding and without prejudice to the foregoing, the Owners and the Charterers nonetheless agree to enter into and execute the PDA on delivery of the Vessel under this Charter.
- (c) The Charterers acknowledge and agree that the Owners are not the manufacturer or original supplier of the Vessel which has been purchased by the Owners pursuant to the MOA, and have therefore made no representations or warranties in respect of the Vessel or any part thereof hereby waive all their rights in respect of any warranty or condition implied (whether statutory or otherwise) on the part of the Owners and all claims against the Owners howsoever the same might arise at any time in respect of the Vessel, or arising out of the construction, operation or performance of the Vessel and the chartering thereof under this Charter (including, without limitation, in respect of the seaworthiness or otherwise of the Vessel).
- (d) In particular, and without prejudice to the generality of paragraph (c) above, the Owners shall be under no liability whatsoever, howsoever arising, in respect of the injury, death, loss, damage or delay of or to or in connection with the Vessel or any person or property whatsoever, whether onboard the Vessel or elsewhere, and irrespective of whether such injury, death, loss, damage or delay shall arise from the unseaworthiness of the Vessel. For the purpose of this paragraph (d), "**delay**" shall include delay to the Vessel (whether in respect of delivery under this Charter or thereafter and any other delay whatsoever).

### **36 Conditions precedent and conditions subsequent**

- (a) The Owners' agreement to perform its obligations under this Charter is subject to and conditional upon the Owners' receipt of the following documents and evidence (in each case in form and substance acceptable to the Owners) before the Pre-positioning Date:
- (i) each of the following:
    - (A) the duly executed Charter, MOA, Charter Guarantee, Account Pledge, Share Pledge, the Security Trust Deed, together with all dated notices of charge or documents

required by any of them (but excluding for the avoidance of doubt, the acknowledgement to the notice of charge under the Account Pledge and the original share certificates); and

- (B) the duly executed but undated Charterers' Assignment and Manager's Undertakings together with all documents required under any of them but left undated, including, without limitation, all notices of assignment (other than any acknowledgements of notices of assignment) together with written consents of the parties to the above-mentioned documents to release and date such documents on the Actual Delivery Date;
- (ii) copies of the constitution or memorandum and articles of association or bylaws (or equivalent documents) (and all amendments thereto) of each Obligor and any documents required to be filed or registered or issued under the laws of their jurisdiction of incorporation to establish their incorporation;
- (iii) copies of written resolutions or (as the case may be) resolutions passed at separate meetings, in each case, of the board of directors of each Obligor, in each case evidencing their approval of the Transaction Documents and authorising appropriate officers or attorneys to execute the same and to sign all notices required to be given hereunder or thereunder on their behalf or other evidence of such approvals and authorisations as shall be acceptable to the Owners;
- (iv) if applicable, the original power of attorney of each Obligor under which any document (including the Transaction Documents) are to be executed or transactions undertaken by them;
- (v) a specimen of the signature or copy of the passport of each person actually executing any of the Transaction Documents pursuant to the resolutions referred to in paragraph (iii) above;
- (vi) a certificate of a duly authorised officer of each of the Obligors:
  - (A) certifying that each copy document relating to it specified in this paragraph (a) is correct, complete and in full force and effect;
  - (B) in relation to the Charterers and the Charter Guarantor, setting out the names of the directors, officers and shareholders of that person and the proportion of shares held by each shareholder; and
  - (C) confirming that entry into the Transaction Documents to which it is a party or guaranteeing or securing, as appropriate, this Charter would not cause any borrowing, guarantee, security or similar limit binding on that person to be exceeded.

- (vii) a copy of the following:
  - (A) the duly executed Initial MOA, the Deposit Agreement (as defined in the Initial MOA) and the Side Agreement;
  - (B) the duly executed Management Agreement;
  - (C) the Approved Manager's current Document of Compliance (as such term is defined pursuant to the ISM Code); and
  - (D) the duly executed Initial Sub-Charter,in each case together with all addenda, amendments or supplements;
- (viii) the Initial Sub-Charterers written consent of the Charterers' entry into the sale of the Vessel by the Charterers to the Owners under the terms of the MOA (in a form satisfactory to the Owners) pursuant to Clause 59 of the Initial Sub-Charter;
- (ix) evidence that:
  - (A) all the conditions precedent under clause 24 (*Conditions Precedent*) of the MOA have been, or, in the Owners' opinion, will be satisfied on the Actual Delivery Date;
  - (B) on or immediately after the Actual Delivery Date, the Vessel will be registered in the name of the Owners as legal owner with the Approved Flag;
  - (C) the written approval of the Insurances by an insurance advisor appointed by the Owners in form satisfactory to the Owners; and
  - (D) the letters of undertaking will be issued to the Owners (as assignee pursuant to the Charterers' Assignment and Manager's Undertakings) in form acceptable to the Owners as in the industry-standard form by the brokers through whom the Insurances are placed;
- (x) (i) an e-mail confirmation from the Account Bank (if not possible, any other evidence) that the Operating Account has been activated by the Account Bank and is in operation; (ii) evidence that an amount no less than the Minimum Cash Balance has been remitted to the Operating Account and (iii) the evidence that the Charterers have notified the Initial Sub-Charterers and the Initial Sub-Charterers have acknowledged (by e-mail) that the Earnings under the Initial Sub-Charter shall be remitted to the Operating Account;
- (xi) such documentation and other evidence as is reasonably requested by the Owners in order for the Owners to comply with all necessary "know your customer" or similar identification procedures in relation to the transactions contemplated in the Transaction Documents;

- (xii) a legal opinion of the legal advisers to the Owners in form satisfactory to the Owners:
    - (A) England;
    - (B) Marshall Islands;
    - (C) Netherlands; and
    - (D) Liberia,
  - (xiii) a copy of the Original Financial Statements;
  - (xiv) a certificate of good standing (or equivalent) of each Obligor; and
  - (xv) such other consent, licence, approval, authorisation or other document, opinion or assurance which is necessary in connection with their entry into and performance of the transactions contemplated by any of the Transaction Documents or for the validity and enforceability thereof.
- (b) The Charterers undertake to deliver or to cause to be delivered to the Owners:
- (i) on the Actual Delivery Date, the following:
    - (A) a Provisional Certificate of Registry and Certificate of Ownership and Encumbrances evidencing that the Vessel is at least provisionally registered under the laws and flag of the Approved Flag in the ownership of the Owners and that the Vessel is free from registered encumbrances and mortgages;
    - (B) the duly executed and dated Charterers' Assignment and Manager's Undertakings, together with all documents required by any of them including, without limitation, all notices of assignment (save for those referred to at Clause 36(b)(iii));
    - (C) a copy of the following:
      - (1) the Vessel's current Safety Management Certificate (as such term is defined pursuant to the ISM Code) issued in the name of the Charterers;
      - (2) the Vessel's current ISSC issued in the name of the Charterers;
      - (3) the Vessel's current IAPPC;
      - (4) delivery notice tendered by the master of the Vessel to the Initial Sub-Charter evidencing that the Vessel is in service under the Initial Sub-Charter or will be in service under the Initial Sub-Charter from the Actual Delivery Date,

in each case together with all addenda, amendments or supplements;

- (D) written confirmation by the Charterers satisfactory to the Owners that the Charterers have not exercised the option under the Side Agreement to cancel the Initial Sub-Charter and the Vessel will be delivered into the Initial Sub-Charter on the Actual Delivery Date; and
  - (E) evidence that the Vessel is insured in the manner required by the Transaction Documents.
- (ii) within ten (10) Business Days from the Actual Delivery Date, the original share certificate(s) of the Charterers issued in the Chargor's name
- (iii) within ten (10) Business Days from the Actual Delivery Date:
- (A) the dated acknowledgement in respect of the notice of charge served pursuant to the Account Pledge;
  - (B) the dated insurance report in the form agreed under Clause 36(a)(ix)(C);
  - (C) the dated letters of undertaking in the forms agreed under Clause 36(a)(ix)(D);
  - (D) (using reasonable endeavours) the duly executed Maersk QEL; and
  - (E) (using reasonable endeavours) the dated acknowledgement from the Initial Sub-Charterers in respect of the notice of assignment of the Initial Sub-Charter pursuant to the Charterers' Assignment,
- (iv) within twenty (20) Business Days from the Actual Delivery Date, the dated legal opinions in the forms agreed under Clause 36(a)(xii);
- (v) within three (3) months from the Actual Delivery Date, an inventory of the Vessel's major spare parts for the Main Engine, Diesel Generators and E.R. Auxiliary Machinery on board the Vessel; and
- (vi) if the Vessel will only be provisionally registered on the Actual Delivery Date, within six (6) months from the Actual Delivery Date, the Certificate of Registry issued by the Approved Flag evidencing that the Owners are the owners of the Vessel and that the Vessel is free from registered encumbrances and mortgages.
- (c) If the Owners in their sole discretion agree to deliver the Vessel under this Charter to the Charterers before all of the documents and evidence required under paragraph (a) and (b)(i) of this Clause 36 (*Conditions precedent and conditions subsequent*) have been delivered to or to the order of the Owners, the Charterers undertake to deliver all outstanding documents and evidence

to or to the order of the Owners no later than ten (10) Business Days after the Actual Delivery Date or such other date as specified by the Owners, acting in their sole discretion. The delivery of the Vessel by the Owners to the Charterers under this Charter shall not, unless otherwise notified by the Owners (acting in their sole discretion) to the Charterers in writing, be taken as a waiver of the Owners' right to require production of all the documents and evidenced required by this Clause 36 (*Conditions precedent and subsequent*).

**37 Bunkers and luboils**

- (a) At delivery the Charterers shall take over all bunkers, lubricating oil, water and unbroached provisions in the Vessel without cost assuming that these have remained the property of the Charterers (as sellers) under the MOA.
- (b) At redelivery the Owners shall take over and pay for all bunkers, unused lubricating oil, water and unbroached provisions and other consumable stores in the said Vessel without cost to the Owners.

**38 Further maintenance and operation**

- (a) The good commercial maintenance practice under Clause 10 (*Maintenance and Operation*) (Part II) of this Charter shall be deemed to include:
  - (i) the maintenance and operation of the Vessel by the Charterers in accordance with:
    - (A) the relevant regulations and requirements of the Classification Society;
    - (B) the relevant regulations and requirements of the country and flag of the Vessel's registry;
    - (C) any applicable IMO regulations (including but not limited to the ISM Code, the ISPS Code, IMO Ballast Water Management (BWM) Convention and MARPOL;
    - (D) all other applicable regulations, requirements and recommendations; and
    - (E) the Charterers' operations and maintenance manuals;
  - (ii) the maintenance and operation of the Vessel by the Charterers taking into account:
    - (A) engine manufacturers' recommended maintenance and service schedules;
    - (B) builder's operations and maintenance manuals; and
  - (iii) recommended maintenance and service schedules of all installed equipment and pipework.

- (b) In addition to the above, the Charterers covenant with the Owners at all times during the Charter Period:
- (i) to keep and maintain the Vessel in a condition entitling the Vessel to the highest class applicable to vessels of her type with the Classification Society free of overdue recommendations, qualifications and conditions;
  - (ii) to keep and maintain the Vessel with the Classification Society and shall not, without the Owners' prior written consent (not to be unreasonably withheld), change the Classification Society of the Vessel;
  - (iii) to install and maintain an auditable computerised planned maintenance system on board. On redelivery the full planned maintenance history and forthcoming work schedule to be retained on board;
  - (iv) to maintain on board an auditable record of any software upgrades that take place on all equipment. This record is to be available to the Owners following their reasonable request and becomes the property, together with the latest installed software of the Owners at redelivery; and
  - (v) to arrange online access to class records for the Owners as available to the Charterers.
- (c) Any equipment that is found not to be required on board as a result of regulation or operational experience is either to be removed at the Charterers expense or to be maintained in operable condition.
- (d) The title to any equipment placed on board as a result of operational requirements of the Charterers shall automatically be deemed to belong to the Owners immediately upon such placement, and such equipment may only be removed: (i) with the Owners' prior written consent (not to be unreasonably withheld and unless the removal is routine (such being determined by reference to the Vessel's normal operations and class and flag requirements) or in respect of equipment which is no longer needed or obsolete), (ii) at the Charterers' own expense, and (iii) without damage to the Vessel.
- (e) The Charterers shall, from time to time on request of the Owners (acting reasonably), produce to the Owners written evidence satisfactory to the Owners confirming that the master and crew of the Vessel have no claims for wages beyond the ordinary arrears and that the master has no claim for disbursements other than those properly incurred by him in the ordinary course of trading of the Vessel on the voyage then in progress.
- (f) The Charterers shall provide to the Owners from time to time during the Agreement Term on request:

- (i) such information as the Owners may reasonably require with regard to the Vessel, the Vessel's employment (including but not limited to records of the Vessel's itinerary), position and state of repair;
  - (ii) copies of all charterparties and other contracts of employment relating to the Vessel together with any information relating to the performance of any party's obligations under any Sub-Charter; and
  - (iii) copies of the Vessel's deck and engine logs.
- (g) The Charterers shall take all reasonable precautions to prevent any infringements of any anti-drug legislation in any jurisdiction in which the Vessel shall trade and in particular (if the Vessel is to trade in the United States of America) to take all reasonable precautions to prevent any infringements of the Anti-Drug Abuse Act of 1986 of the United States of America.
- (h) The Charterers shall comply, or procure that the operator of the Vessel will comply, with the ISM Code or any replacement of the ISM Code and shall in particular, without limitation:
- (i) procure that the Vessel is and remains for the duration of the Agreement Term subject to a safety management system developed and implemented in accordance with the ISM Code; and
  - (ii) maintain for the Vessel throughout the Agreement Term a valid and current Safety Management Certificate (as defined in the ISM Code) and provide a copy to the Owners; and
  - (iii) procure that the ISM Company maintains throughout the Charter Period a valid and current Document of Compliance (as defined in the ISM Code) and provide a copy to the Owners.
- (i) The Charterers shall comply, in relation to the Vessel, with the ISPS Code or any replacement of the ISPS Code and shall in particular, without limitation:
- (i) procure that the Vessel and the company responsible for the Vessel's compliance with the ISPS Code comply with the ISPS Code; and
  - (ii) maintain for the Vessel throughout the Agreement Term a valid and current ISSC and provide a copy to the Owners.
- (j) The Charterers shall, in respect of the Vessel, comply with Annex VI or any replacement of Annex VI and shall in particular, without limitation:
- (i) procure that the Vessel's master and crew are familiar with, and that the Vessel complies with, Annex VI; and
  - (ii) maintain for the Vessel throughout the Agreement Term a valid and current IAPPC and provide a copy to the Owners.

### 39 Structural changes and alterations

- (a) The Charterers shall make no structural changes in the Vessel or changes in the machinery, engines, appurtenances or spare parts thereof without in each instance first securing the Owners' written consent (not to be unreasonably withheld) thereto, save for any structural changes (i) as a result of mandatory law or regulatory compliance in accordance with Clause 39(c) and (ii) to improve the performance, operation or marketability of the Vessel in each case, at the Charterers' cost and for which written notice shall be provided to the Owners upon such structural change.
- (b) Upon the occurrence of any Termination Event which is continuing, if the Owners decide to retake possession of the Vessel pursuant to paragraph (c) of Clause 49 (*Termination Events*), the Charterers shall at their expense restore the Vessel to its former condition (fair wear and tear excepted) unless the changes made are carried out:
  - (i) with the prior written consent of the Owners (such consent not to be unreasonably withheld); or
  - (ii) to improve the performance, operation or marketability of the Vessel; or
  - (iii) as a result of mandatory law or a regulatory compliance.
- (c) Any improvement, structural changes or new equipment becoming necessary for the continued operation of the Vessel by reason of new class requirements or by compulsory legislation shall be undertaken by the Charterers and be for the Charterers' account and the Charterers shall not have any right to recover from the Owners any part of the cost for such improvements, changes or new equipment either during the Charter Period or at redelivery of the Vessel. The Charterers shall give written notice to the Owners of any such improvement, structural changes or new equipment.
- (d) Subject to Clause 10(f), the Charterers shall, at their own expenses, replace, renew or substitute such machinery and equipment as shall be so damaged or worn so as to be fit for use and the title to any such replaced, renewed or substituted machinery and equipment shall remain with the Owners.

### 40 Hire

- (a) In consideration of the Owners' agreement to charter the Vessel to the Charterers pursuant to the terms hereof, the Charterers agree to pay to the Owners each of the following sums on the relevant dates as follows:
  - (i) on the Actual Delivery Date, an amount equal to the difference between the Purchase Price and the Owners' Cost by way of advance hire (the "**Advance Hire**"), which shall neither bear any interest nor be refundable and which shall be set-off against the Owners' obligation (as buyers under the MOA) to pay the Purchase Price to the Charterers (as sellers under the MOA);

- (ii) on each and every Hire Payment Date, pay to the Owners the Fixed Hire;
  - (iii) on each and every Hire Payment Date, pay to the Owners by way of variable hire (each a "**Variable Hire**") then payable, calculated by multiplying (A) (in relation to the first Hire Payment Date) the Owners' Cost or (in relation to any other Hire Payment Date) the Cost Balance immediately prior to the relevant Hire Payment Date by (B) the aggregate of the applicable Margin and the Applicable Rate and (C) a fraction whose denominator is three hundred and sixty (360) and numerator is the number of days which will elapse from the Actual Delivery Date (in respect of the first Hire Payment Date), or the immediately preceding Hire Payment Date (in respect of any subsequent Hire Payment Date) (in each case including that day) until, in respect of the Hire Payment Date of the final Hire Period during the Charter Period, the last day of such Hire Period (including that day), and, in respect of all other Hire Payment Dates, that Hire Payment Date (not including that date); and
  - (iv) for the purpose of determining any Hire payment, Variable Hire shall accrue from and including the first day of a Hire Period to the last day of such Hire Period.
- (b) The Hire shall be paid in arrears on each Hire Payment Date (Shanghai time) (in respect of which time is of the essence) with the first (1<sup>st</sup>) Hire Payment Date falling on the date three (3) months after the Actual Delivery Date.
  - (c) Any payment provided herein due on any day which is not a Business Day shall be payable on the immediately preceding Business Day.
  - (d) All payments under this Charter shall be made to the account opened in the name of the Owners with such bank as the Owners may choose, the details of which shall be notified by the Owners to the Charterers prior to the first Hire Payment Date (or such other account as the Owners may notify the Charterers from time to time) for credit to the account of the Owners.
  - (e) Following delivery of the Vessel to, and acceptance by, the Charterers under this Charter, the Charterers' obligation to pay Hire and any other amounts in accordance with this Clause 40 shall be absolute irrespective of any contingency whatsoever including but not limited to:
    - (i) any set-off, counterclaim, recoupment, defence or other right which either party to this Charter may have against the other;
    - (ii) any unavailability of the Vessel, for any reason, including but not limited to any action or inaction by any Obligor or any Sub-Charterers, seaworthiness, condition, design, operation, merchantability or fitness for use or purpose of the Vessel or any apparent or latent defects in the Vessel or its machinery and equipment or the ineligibility of the Vessel for any particular use or trade or for registration of documentation under the laws of any relevant jurisdiction or lack of registration or the absence or

withdrawal of any consent required under the applicable law of any relevant jurisdiction for the ownership, chartering, use or operation of the Vessel or any damage to the Vessel;

- (iii) any lack or invalidity of title or any other defect in title, provided such lack or invalidity of title or defect does not affect the quiet and peaceful use, possession and enjoyment of the Vessel;
- (iv) any failure or delay on the part of either party to this Charter or any Obligor or any Sub-Charterer, whether with or without fault on its part, in performing or complying with any of the terms, conditions or other provisions of this Charter or any other Transaction Document;
- (v) any insolvency, bankruptcy, reorganisation, arrangement, readjustment of debt, dissolution, administration, liquidation or similar proceedings by or against the Owners, the Charterers, any Obligor, any Sub-Charterers, or any change in the constitution of the Owners, the Charterers, any Obligor or any Sub-Charterers;
- (vi) any invalidity or unenforceability or lack of due authorisation of or any defect in this Charter, any Sub-Charter or any other Transaction Document; or
- (vii) any other cause which would but for this provision have the effect of terminating or in any way affecting the obligations of the Charterers hereunder,

it being the intention of the parties that the provisions of this Clause 40, and the obligation of the Charterers to pay Hire and make any payments under this Charter, shall (save as expressly provided in this Clause 40) survive any frustration and that, save as expressly provided in this Charter, no moneys paid under this Charter by the Charterers to the Owners shall in any event or circumstance be repayable to the Charterers.

- (f) All payments of Hire and all other Unpaid Sums to the Owners pursuant to this Charter and the other relevant Transaction Documents shall be made in immediately available funds in US Dollars, free and clear of, and without deduction for or on account of, any taxes, unless the Charterers are required by law or regulation to make any such payment of Hire subject to such taxes.
- (g) In the event that the Charterers are required by any law or regulation to make any deduction or withholding on account of any taxes which arise as a consequence of any payment due under this Charter, then:
  - (i) the Charterers shall notify the Owners promptly after they become aware of such requirement;
  - (ii) the Charterers shall remit the amount of such taxes to the appropriate taxation authority within five (5) Business Days or any other shorter time period as required under any applicable law or regulation and in any event prior to the date on which penalties attach thereto; and

- (iii) such payment shall be increased by such amount as may be necessary to ensure that the Owners receive a net amount which, after deducting or withholding such taxes, is equal to the full amount which the Owners would have received had such payment not been subject to such taxes.
- (h) The Charterers shall promptly deliver to the Owners any receipts, certificates or other proof evidencing the amounts, if any, paid or payable in respect of any such withholding or deduction and that any such taxes have been remitted to the appropriate taxation authority within thirty (30) days after the expiry of any time limit within which such taxes must be so remitted or, if earlier, the date on which such taxes are so remitted.
- (i) If the Charterers fail to pay any amount payable by them to the Owners under a Transaction Document on its due date, interest shall accrue on the Unpaid Sum from the due date up to the date of actual payment (both before and after judgment) at a rate which is one per cent. (1%) per annum higher than the aggregate of the Margin and the Applicable Rate which would have been payable if the Unpaid Sum had, during the period of non-payment, constituted the Cost Balance for successive Hire Periods. Any interest accruing under this paragraph (i) shall be immediately payable by the Charterers on demand by the Owners. Default interest (if unpaid) arising on an Unpaid Sum will be compounded with the Unpaid Sum at the end of each Hire Period applicable to that Unpaid Sum but will remain immediately due and payable.
- (j) In the event that this Charter is terminated for whatever reason, the Charterers' obligation to pay Hire and such other Unpaid Sum which (in each case) has accrued due before, and which remains unpaid, at the date of such termination shall continue notwithstanding such termination.
- (k) In the event that it becomes unlawful or it is prohibited for the Owners to charter the Vessel pursuant to this Charter, then the Owners shall notify the Charterers of the relevant event and negotiate in good faith with the Charterers for a period of thirty (30) days from the date of the receipt of the relevant notice by the Charterers to agree an alternative arrangement. If such agreement is not reached within such thirty (30)-day period, the Charterers agree that, in such circumstances, the Owners shall have the right to terminate this Charter by delivering to the Charterers a Termination Notice specifying a Termination Payment Date, whereupon the Charterers shall be obliged to pay to the Owners the Termination Sum relative to the Termination Payment Date and comply with such other terms and conditions as may be specified in such Termination Notice.
- (l) The Charterers shall, within ten (10) Business Days of demand by the Owners, pay to the Owners any Break Costs and any Swap Losses (where applicable).
- (m)
  - (i) If a Screen Rate Replacement Event has occurred, any amendment or waiver which relates to:

- (A) providing for the use of a Replacement Benchmark in place of (or in addition to) the affected Screen Rate; and
- (B) any or all of the following:
  - (1) aligning any provision of any Transaction Document to the use of that Replacement Benchmark;
  - (2) enabling that Replacement Benchmark to be used for the calculation of Variable Hire under this Charter (including, without limitation, any consequential changes required to enable that Replacement Benchmark to be used for the purposes of this Charter);
  - (3) implementing market conventions applicable to that Replacement Benchmark;
  - (4) providing for appropriate fallback (and market disruption) provisions for that Replacement Benchmark; or
  - (5) 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 Owners and the Charterers.

- (ii) If, as at 30 September 2022 this Charter provides that the Variable Hire is to be determined by reference to the Screen Rate for LIBOR:
  - (A) a Screen Rate Replacement Event shall be deemed to have occurred on that date in relation to the Screen Rate; and
  - (B) the Owners and the Charterers 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 December 2022.
- (n)
  - (i) Subject to paragraph (iv) below, the Charterers shall promptly pay to the Owners, the amount of any Increased Costs incurred by the Owners or any of its Affiliates as a result of:

- (A) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation after the date of this Charter;
  - (B) compliance with any law or regulation made after the date of this Charter; or
  - (C) the implementation or application of, or compliance with Basel III or CRD IV or any law or regulation that implements or applies Basel III or CRD IV made after the date of this Charter (whether such implementation, application or compliance is by a government, regulator, the Owners or any of the Owners' Affiliates).
- (ii) If the Owners intend to make a claim pursuant to paragraph (i) above, the Owners shall promptly notify the Charterers of the event giving rise to the claim.
- (iii) The Owners shall, as soon as practicable after a demand by the Charterers, provide a certificate confirming the amount of the Increased Costs.
- (iv) Paragraph (i) above does not apply to the extent any Increased Cost is:
- (A) attributable to a FATCA Deduction required to be made by a Party;
  - (B) attributable to a wilful breach by the Owners or its Affiliates of any law or regulation.
- (v) In this Clause 40(n):
- "Basel III"** means:
- (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, supplemental or restated; and
  - (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

**"CRD IV"** means EU CRD IV and UK CRD IV.

"EU CRD IV" means:

- (A) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 548/2012; and
- (B) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

"UK CRD IV" means:

- (A) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 548/2012 as it forms part of domestic law of the United Kingdom by virtue of the 2018 Withdrawal Act;
- (B) the law of the United Kingdom or any part of it, which immediately before IP Completion Day (as defined in the 2020 Withdrawal Act) implemented Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC and its implementing measures; and
- (C) direct EU legislation (as defined in the 2018 Withdrawal Act), which immediately before IP Completion Day (as defined in the 2020 Withdrawal Act) implemented EU CRD IV as it forms part of domestic law of the United Kingdom by virtue of the 2018 Withdrawal Act.

#### **41 Insurance**

- (a) During the Agreement Term, the Charterers shall at their expense keep the Vessel insured against fire and usual marine risks (including hull and machinery and excess risks), oil pollution liability risks, war and protection and indemnity risks and any other risks against which it is compulsory to insure for the operation for the Vessel or in the Owners' reasonable opinion common market practice to insure for the operation, trading, management and/or for safety purposes for the Vessel in such market (but excludes loss of hire insurance) and on such terms as the Security Trustee and/or the Owners and the Finance Parties (if any) shall approve in writing.

- (b) Such insurances shall be arranged by the Charterers to protect the interests of the Owners, the Security Trustee, the Charterers and (if any) the Finance Parties, and the Charterers shall be at liberty to protect under such insurances the interests of any managers (including the Approved Managers) they may appoint provided that any manager shall be an Approved Manager and shall, on or prior to its appointment, execute a Manager's Undertaking (i) in such form as the Security Trustee and/or the Owners may require and (ii) which shall include an assignment of the Approved Managers' interest under such insurances, in favour of the Security Trustee and/or the Owners or the relevant Finance Party (if any).
- (c) Insurance policies shall cover the Security Trustee, the Owners, the Charterers and (if any) the Finance Parties according to their respective interests. Subject to the approval of the Security Trustee, the Owners, the Finance Parties (if any) and the insurers, the Charterers shall effect all insured repairs and shall undertake settlement and reimbursement from the insurers of all costs in connection with such repairs as well as insured charges, expenses and liabilities to the extent of coverage under the insurances herein provided for. All time used for repairs under this Clause 41 and for repairs of latent defects, including any deviation, shall be for the Charterers' account.
- (d) The Charterers shall also remain responsible for and to effect repairs and settlement of costs and expenses incurred thereby in respect of all other repairs not covered by the insurances and/or not exceeding any possible franchise(s) or deductibles provided for in the insurances.
- (e) The Charterers shall arrange that, at any time during the Agreement Term, the hull and machinery and war risks insurance shall be in an amount not less than the higher of:
  - (i) 100% of the latest Market Value as determined under the terms of this Charter; and
  - (ii) 120% of the Cost Balance then applicable,(the "**Minimum Insured Value**").
- (f) The terms of the hull and machinery insurance and the identity of the insurers shall be acceptable to the Security Trustee and/or the Owners (such acceptance not to be unreasonably withheld). The Vessel shall be entered in a P&I Club which is a member of the International Group Association on customary terms and shall be covered against liability for pollution claims in an amount not less than USD1,000,000,000. The P&I cover shall be placed with a P&I Club which is a member of the International Group Association. All insurances shall include customary protection in favour of the Security Trustee and/or the Owners and (if any) the Finance Parties as notice of cancellation and exclusion from liability for premiums or calls.
- (g) The Charterers:
  - (i) undertake to place the Insurances in such markets, in such currency, on such terms and conditions, and with such first class and reputable

brokers, underwriters and associations as the Security Trustee and the Owners shall have previously approved in writing. The Charterers shall name the Security Trustee, the Owners, the Charterers, the Approved Managers and if applicable, the Finance Parties as the only named assureds;

- (ii) shall not alter the terms of any of the Insurances nor allow any person to be co-assured under any of the Insurances without the prior written consent of the Security Trustee and/or the Owners, and will supply the Security Trustee and/or the Owners and if applicable, any of the Finance Parties from time to time on request with such information as the Security Trustee and/or the Owners and if applicable, any of the Finance Parties may in their discretion require with regard to the Insurances and the brokers, underwriters or associations through or with which the Insurances are placed; and
  - (iii) shall reimburse the Security Trustee and/or the Owners with ten (10) Business Days of demand but, subject to the proviso below, not more than once per calendar year during the Agreement Term, for all documented costs and expenses reasonably incurred by the Security Trustee and the Owners in obtaining a report on the adequacy of the Insurances from an insurance adviser instructed by the Security Trustee and the Owners provided however the Charterers shall reimburse the Owners for all documented costs and expenses reasonably incurred by the Owners in obtaining any number of such additional report if any such additional report is obtained by the Owners after the occurrence of (i) a Termination Event which is continuing, or (ii) any material changes in the Insurances and/or the market practices relating to the Insurances.
- (h) The Charterers undertake duly and punctually to pay all premiums, calls and contributions, and all other sums at any time payable in connection with the Insurances, and, at their own expense, to arrange and provide any guarantees from time to time required by any protection and indemnity or war risks association. From time to time at the Owners' and/or the Security Trustee and/or the Finance Parties' request, the Charterers will provide the Owners and/or the Security Trustee and/or such Finance Party with evidence satisfactory to the Security Trustee, Owners and the Finance Party (in each case, acting reasonably) that such premiums, calls, contributions and other sums have been duly and punctually paid; that any such guarantees have been duly given; and that all declarations and notices required by the terms of any of the Insurances to be made or given by or on behalf of the Charterers to brokers, underwriters or associations have been duly and punctually made or given.
- (i) The Charterers will comply in all respects with all terms and conditions of the Insurances and will make all such declarations to brokers, underwriters and associations as may be required to enable the Vessel to operate in accordance with the terms and conditions of the Insurances. The Charterers will not do, nor permit to be done, any act, nor make, nor permit to be made, any omission, as a result of which any of the Insurances may become liable to be

suspended, cancelled or avoided, or may become unenforceable, or as a result of which any sums payable under or in connection with any of the Insurances may be reduced or become liable to be repaid or rescinded in whole or in part. In particular, but without limitation, the Charterers will not permit the Vessel to be employed other than in conformity with the Insurances without first taking out additional insurance cover in respect of that employment in all respects to the satisfaction of the Security Trustee and/or the Owners and if applicable, any of the Finance Parties, and the Charterers will promptly notify the Security Trustee and the Owners of any new requirement imposed by any broker, underwriter or association in relation to any of the Insurances.

- (j) The Charterers will ensure that any of the Insurances is renewed no later than five (5) days before its expiry and shall immediately give the Security Trustee and/or the Owners and if applicable, any of the Finance Parties such details of those renewals as the Security Trustee and/or the Owners and if applicable, any of the Finance Parties may require.
- (k) The Charterers shall, upon relevant renewals, deliver to the Security Trustee and/or the Owners and if applicable, any of the Finance Parties certified copies of all policies, certificates of entry and other documents relating to the Insurances (including, without limitation, receipts for premiums, calls or contributions) and shall procure that letters of undertaking in such industry-standard form as the Security Trustee, the Owners or if applicable, any of the Finance Parties may approve (acting reasonably) shall be issued to the Security Trustee, the Owners and, if applicable, the Finance Parties by the brokers through which the Insurances are placed (or, in the case of protection and indemnity or war risks associations, by their managers). If the Vessel is at any time during the Agreement Term insured under any form of fleet cover, the Charterers shall procure that those letters of undertaking contain confirmation that the brokers, underwriters or association (as the case may be) will not set off claims relating to the Vessel against premiums, calls or contributions in respect of any other vessel or other insurance, and that the insurance cover of the Vessel will not be cancelled by reason of non-payment of premiums, calls or contributions relating to any other vessel or other insurance. Failing receipt of those confirmations, the Charterers will instruct the brokers, underwriters or association concerned to issue a separate policy or certificate for the Vessel in the sole name of the Charterers or of the Charterers' brokers as agents for the Charterers.
- (l) The Charterers shall promptly provide the Security Trustee and/or the Owners and if applicable, any of the Finance Parties with full information regarding any casualty or other accident or damage to the Vessel which exceed the Threshold Amount which claims in aggregate is or reasonably like to exceed the Threshold Amount and promptly upon the request of the Security Trustee and the Owners, provide information and promptly execute such documents as may be required to enable the Security Trustee and/or the Owners to comply with the insurance provisions of the Finance Documents.
- (m) The Charterers agree that, at any time after the occurrence of a Termination Event which is continuing, the Security Trustee and the Owners or if applicable, any of the Finance Parties shall be entitled to collect, sue for,

recover and give a good discharge for all claims in respect of any of the Insurances; to pay collecting brokers the customary commission on all sums collected in respect of those claims; to compromise all such claims or refer them to arbitration or any other form of judicial or non-judicial determination; and otherwise to deal with such claims in such manner as the Security Trustee and the Owners and if applicable, any of the Finance Parties shall in their discretion think fit.

- (n) Whether or not a Termination Event shall have occurred, the proceeds of any claim under any of the Insurances in respect of a Total Loss shall be paid and applied in accordance with Clause 53 (*Total Loss*).
- (o) In the event of any claim in respect of any of the Insurances (other than in respect of a Total Loss), if the Charterers shall fail to reach agreement with any of the brokers, underwriters or associations for the immediate restoration of the Vessel, or for payment to third parties, within such time as the Security Trustee and the Owners may in good faith stipulate, the Security Trustee and the Owners shall be entitled to require payment to itself and if applicable, any of the Finance Parties. In the event of any dispute arising between the Charterers and any broker, underwriter or association with respect to any obligation to make any payment to the Charterers or to the Security Trustee and the Owners and/or if applicable, any of the Finance Parties under or in connection with any of the Insurances, or with respect to the amount of any such payment, the Security Trustee, the Owners and/or if applicable, any of the Finance Parties shall be entitled to settle that dispute directly with the broker, underwriter or association concerned. Any such settlement shall be binding on the Charterers.
- (p)
  - (i) The Security Trustee and the Owners agree that any amounts which may become due under any protection and indemnity entry or insurance shall be paid to the Charterers to reimburse the Charterers for, and in discharge of, the loss, damage or expense in respect of which they shall have become due, unless, at the time the amount in question becomes due, a Termination Event shall have occurred and is continuing, in which event the Security Trustee and the Owners shall be entitled to receive the amounts in question and to apply them either in reduction of any amount owed by the Charterers pursuant to paragraph (d) of Clause 49 (*Termination Events*) or, at the option of the Security Trustee and the Owners, to the discharge of the liability in respect of which they were paid.
  - (ii) Without prejudice to the forgoing and subject to the terms of the Finance Documents (if any), all other claims in relation to the Insurances (other than in respect of a Total Loss), shall, unless and until the occurrence of a Termination Event which is continuing, in which event all claims under the relevant policy shall be payable directly to the Security Trustee and the Owners, be payable as follows:

- (A) a claim in respect of any one casualty where the aggregate claim against all insurers does not exceed the Threshold Amount, prior to adjustment for any franchise or deductible under the terms of the relevant policy, shall be paid directly to the Charterers (as agent for the Owners) for the repair, salvage or other charges involved or as a reimbursement if the Charterers fully repaired the damage to the satisfaction of the Security Trustee and the Owners (acting reasonably) and paid all of the salvage or other charges;
- (B) a claim in respect of any one casualty where the aggregate claim against all insurers exceeds the Threshold Amount prior to adjustment for any franchise or deductible under the terms of the relevant policy, shall, subject to the prior written consent of the Security Trustee and the Owners (such consent not to be unreasonably withheld), be paid to the Charterers as and when the Vessel is restored to her former state and condition and the liability in respect of which the insurance loss is payable is discharged, and provided that the insurers may with such consent make payment on account of repairs in the course of being effected, but, in the absence of such prior written consent shall be payable directly to the Security Trustee and the Owners.

- (q) The Charterers shall not settle, compromise or abandon any claim under or in connection with any of the Insurances (other than a claim of less than the Threshold Amount arising other than from a Total Loss in the absence of any Termination Event that is continuing) without the prior written consent of the Security Trustee and the Owners (such consent not to be unreasonably withheld).
- (r) If the Charterers fail to effect or keep in force the Insurances, the Security Trustee and the Owners may (but shall not be obliged to) effect and/or keep in force such insurances on the Vessel and such entries in protection and indemnity or war risks associations as the Security Trustee and the Owners in their discretion consider desirable, and the Security Trustee and/or the Owners may (but shall not be obliged to) pay any unpaid premiums, calls or contributions. The Charterers will reimburse the Security Trustee and the Owners from time to time within ten (10) Business Days of a demand for all such premiums, calls or contributions paid by the Security Trustee and the Owners.
- (s) The Charterers shall comply strictly with the requirements of any legislation relating to pollution or protection of the environment which may from time to time be applicable to the Vessel in any jurisdiction in which the Vessel shall trade and in particular the Charterers shall comply strictly with the requirements of the United States Oil Pollution Act 1990 (the "**Act**") if the Vessel is to trade in the United States of America and Exclusive Economic Zone (as defined in the Act). Before any such trade is commenced and during the entire period during which such trade is carried on, the Charterers shall:
- (i) pay any additional premiums required to maintain protection and indemnity cover for oil pollution up to the limit available to the Charterers for the Vessel in the market; and
  - (ii) make all such quarterly or other voyage declarations as may from time to time be required by the Vessel's protection and indemnity association in order to maintain such cover, and promptly deliver to the Owners copies of such declarations; and
  - (iii) submit the Vessel to such additional periodic, classification, structural or other surveys which may be required by the Vessel's protection and indemnity insurers to maintain cover for such trade and promptly deliver to the Owners copies of reports made in respect of such surveys; and
  - (iv) implement any recommendations contained in the reports issued following the surveys referred to in paragraph (iii) above within the relevant time limits contained in such reports, and provide evidence satisfactory to the Security Trustee and the Owners that the protection and indemnity insurers are satisfied that this has been done; and
  - (v) in addition to the foregoing (if such trade is in the United States of America and Exclusive Economic Zone):

- (A) obtain and retain a certificate of financial responsibility under the Act in form and substance satisfactory to the United States Coast Guard and provide the Security Trustee and the Owners with evidence of the same; and
  - (B) procure that the protection and indemnity insurances do not contain a US Trading Exclusion Clause or any other analogous provision and provide the Owners with evidence that this is so; and
  - (C) comply strictly with any operational or structural regulations issued from time to time by any relevant authorities under the Act so that at all times the Vessel falls within the provisions which limit strict liability under the Act for oil pollution.
- (vi) The Security Trustee and/or the Owners shall at any date be at liberty to take out an Innocent Owners' Interest Insurance in relation to the Vessel in any amount and on such terms and conditions as the Security Trustee and the Owners may from time to time decide, and the Charterers shall from time to time upon the Security Trustee's and/or the Owners' demand (A) pay the relevant insurers directly for all costs, premiums and expenses payable or (B) reimburse the Security Trustee and the Owners for all costs, premiums and expenses paid or incurred by the Security Trustee and the Owners, in connection with any Innocent Owners' Interest Insurance.

## 42 Redelivery

- (a) Upon:
- (i) the occurrence of any overdue Termination Event which is continuing and if the Owners decide to withdraw the Vessel from the service of the Charterers pursuant to paragraph (c) of Clause 49 (*Termination Events*); or
  - (ii) the occurrence of a Termination pursuant to Clause 40(k) (*Hire*) and if the Termination Sum has not been paid in full in accordance with Clause 40(k) (*Hire*); or
  - (iii) the expiry of the Charter Period (and subject to no Total Loss having occurred, the Purchase Option, Call Option or the Early Termination Event having not been exercised (or fulfilled)),

unless the Owners are obliged to transfer title to the Vessel to the Charterers in accordance with this Charter, the Charterers shall, at their own cost and expense, redeliver or cause to be redelivered the Vessel to the Owners at a safe, ice free port where the Vessel would be afloat at all times in a ready safe berth or anchorage as selected by the Owners, in accordance with Clauses 43 (*Redelivery conditions*) and 44 (*Diver's inspection at redelivery*).

- (b) The Charterers warrant that they will not permit the Vessel to commence a voyage (including any preceding ballast voyage) which cannot reasonably be expected to be completed in time to allow redelivery of the Vessel within the Charter Period.

#### 43 Redelivery conditions

- (a) In addition to what has been agreed in Clauses 15 (*Redelivery*) (Part II) and 42 (*Redelivery*) in the circumstances described in Clause 42 (*Redelivery*), the condition of the Vessel shall at redelivery be as follows:
- (i) the Vessel shall be free of any overdue class and statutory recommendations affecting its trading certificates;
  - (ii) the Vessel must be redelivered with all equipment and spares or replacement items listed in the delivery inventory carried out pursuant to Clause 9 (*Inventories, Oil and Stores*) (Part II) and any spare parts on board or on order for any equipment installed on the Vessel following delivery and paid in full; all records, logs, plans, operating manuals and drawings, spare parts onboard shall be included at the time of redelivery in connection with a transfer of the Vessel or such other items as are then in the possession of the Charterers shall be delivered to the Owners;
  - (iii) the Vessel must be redelivered with all national and international trading certificates and hull/machinery survey positions for both class and statutory surveys free of any overdue recommendation and qualifications valid and un-extended for a period of at least three (3) months beyond the redelivery date;
  - (iv) all of the Vessel's ballast tank coatings to be maintained in "Fair" (as such term (or its equivalent) may be defined and/or interpreted in the relevant survey report) condition as appropriate for the Vessel's age at the time of redelivery, fair wear and tear excepted;
  - (v) the Vessel shall have passed any flag or class surveys or inspections due within three (3) months after the date of redelivery and have its continuous survey system up to date;
  - (vi) the Vessel must be re-delivered with accommodation and common spaces for crew and officers substantially in the same condition as at the Actual Delivery Date, free of damage over and above fair wear and tear; with cargo spaces generally fit to carry the cargoes originally designed and intended for the Vessel; with main propulsion equipment, auxiliary equipment, cargo handling equipment, navigational equipment, etc., in such operating condition as provided for in this Charter, fair wear and tear excepted;
  - (vii) the Vessel shall be free and clear of all liens other than those created by or on the instructions of the Owners;

- (viii) the condition of the cargo holds to be in accordance with the maintenance regime undertaken by the Charterers during the Charter Period since delivery with allowance for legitimate cargoes carried since the last major maintenance programme;
  - (ix) a final joint report from the surveyors appointed by the Owners and the Charterers respectively shall be carried out as to the condition of the Vessel and a list of agreed deficiencies if any shall be drawn up;
  - (x) the anti-fouling coating system applied at the last scheduled dry-docking shall be in accordance with prevailing regulations at the time of application;
  - (xi) the funnel markings and name (unless being maintained by the Owner following redelivery) shall be painted out by the Charterers; and
  - (xii) in addition and without prejudice to Clause 43(a)(ii), all remaining bunkers on the Vessel shall be in compliance with all applicable laws, including without limitation, the global sulphur limit imposed by the International Maritime Organization (IMO); and such remaining bunkers shall be sufficient to at least cover a voyage to the next bunkering port.
- (b) At redelivery, the Charterers shall ensure that the Vessel shall meet the following performance levels (which where relevant shall be determined by reference to the Vessel's log books):
- (i) all equipment controlling the habitability of the accommodation and service areas to be in proper working order, fair wear and tear excepted; and
  - (ii) available deadweight to be within one per cent (1%) of that achieved at delivery (as the same may be adjusted as a result of any upgrading of the Vessel carried out in accordance with this Charter (such adjustment to be agreed between the Owners and Charterers at the time such upgrading work is to be undertaken)).
- (c) The Owners and Charterers shall each appoint (at their own expense) surveyors for the purpose of determining and agreeing in writing the condition of the Vessel at redelivery.
- (d) If the Vessel is not in the condition or does not meet the performance criteria required by this Clause 43, a list of deficiencies together with the costs of repairing/remedying such deficiencies shall be agreed by the respective surveyors.
- (e) The Charterers shall be obliged to repair any class items restricting the operation or trading of the Vessel prior to redelivery.
- (f) The Charterers shall be obliged to repair/remedy all such other deficiencies as are necessary to put the Vessel into the return condition required by this Clause 43.

- (g) The cost of making any repairs/remedial work referred to in paragraph (f) above shall be for the Charterers' account.
- (h) Provided that a Purchase Option, Call Option or Early Termination Event has not then been exercised by the Charterers by the Call Option Expiry Date or fulfilled (as the case may be), the Owners shall be entitled to remarket the Vessel and in connection therewith:
  - (i) the Owners shall be entitled at their cost, to place representatives on board the Vessel, subject to signing of a standard P&I indemnity letter; and
  - (ii) the Charterers shall provide all reasonable co-operation to the Owners.

**44 Diver's inspection at redelivery**

- (a) Unless the Vessel is returned in dry-dock, a diver's inspection is required to be performed at the time of redelivery.
- (b) The Charterers shall, at the written request of the Owners, arrange at the Charterers' expense for an underwater inspection by a diver approved by the Classification Society immediately prior to the redelivery.
- (c) A video film of the inspection shall be made. The extent of the inspection and the conditions under which it is performed shall be to the satisfaction of the Classification Society.
- (d) If damage to the underwater parts is found, the Charterers shall arrange, at their time and costs, for the Vessel to be dry-docked and repairs carried out to the satisfaction of the Classification Society.
- (e) If the conditions at the port of redelivery are unsuitable for such diver's inspection, the Charterers shall take the Vessel (in Owners' time but at Charterers' expense) to a suitable alternative place nearest to the redelivery port unless an alternative solution is agreed.
- (f) Without limiting the generality of paragraph (b)(iv) of Clause 55 (*Fees and expenses*), all costs relating to any diver's inspection shall be borne by the Charterers.

**45 Owners' mortgage; Owners transfers**

- (a) The Charterers:
  - (i) acknowledge that the Owners and the Collateral Owners are entitled without the prior written consent of the Charterers, and do intend to enter or have entered into certain funding arrangements with the Finance Parties in order to finance part of the Owners' Cost (the "**Financing Arrangements**"), which Financing Arrangements may be secured, inter alia, by ship mortgages over the Vessel and (along with other related matters) the relevant Finance Documents;

- (ii) irrevocably consent to any assignment in favour of the Finance Parties of any Transaction Documents pursuant to the relevant Finance Documents; and
  - (iii) without limiting the generality of Clause 48(bb) (*Charterers' undertakings*), undertake to execute, provide or procure the execution or provision (as the case may be) of such further information or document as in the opinion of the Owners and/or the Finance Parties, acting in good faith, are necessary to effect the assignment referred to in paragraph (ii) above and any assignment (by way of security) by the Owners of their rights in the Transaction Documents in favour of any Finance Party.
- (b) Without limiting the Charterers' obligations under this Clause and without prejudice to any other provisions in this Charter, provided that the Charterers at all times perform their obligations under this Charter and in the absence of any Termination Event that is continuing:
- (i) the Owners will not disturb or interfere with the Charterers' quiet possession and enjoyment of the Vessel; and
  - (ii) if required by the Charterers, the Owners will procure that the Finance Parties provide a quiet enjoyment agreement (in a form reasonably acceptable to the Charterers) to the Charterers prior to the creation of any mortgages over the Vessel pursuant to any Financing Arrangements.
- (c) Provided that the Owners will not disturb or interfere with the Charterers' quiet possession and enjoyment of the Vessel (subject to the Charterers performing their obligations under this Charter at all times and the absence of any Termination Event that is continuing), the Owners are entitled with the prior written consent of the Charterers (such consent not to be unreasonably withheld or delayed):
- (i) by delivering a notice (the "**Novation Notice**") to the Charterers, to notify the Charterers that the Owners sell the Vessel to a Financial Institution, and at the same time novate this Charter, to that Financial Institution. Following receipt by the Charterers of the Novation Notice, the rights and obligations of the Owners under the Transaction Documents shall be transferred by way of novation to that Financial Institution;
  - (ii) without prejudice to the foregoing, the Owners may assign, transfer or novate their rights under any Transaction Document, provided that the assignment, transfer or novation is to a Financial Institution in accordance with Clause 45(c) above; and
  - (iii) the Charterers shall provide all necessary assistance and use reasonable endeavours to obtain all necessary consents from any Sub-Charterer (if applicable) to facilitate the Owners' entry into such documents, assignment, novation and/or title transfer in accordance with this Clause,

and, for the avoidance of doubt, if no Termination Event has occurred and is then continuing, without any costs to the Charterers.

- (d) For the avoidance of doubt, the Owners shall retain the right not to proceed with any assignment, transfer or novation as contemplated in this Clause if any such assignment, transfer or novation would or is reasonably likely to result in the Owners (or any of their Affiliates) being in breach of any applicable Sanctions.

#### **46 Transport documents**

The Charterers shall use their standard documents, waybills and conditions of carriage in the carriage of goods. Such documents, waybills and standard conditions shall comply with compulsory applicable legislation.

#### **47 Charterers' representations and warranties**

- (a) The Charterers make the representations and warranties set out in this Clause 47 to the Owners on the date of this Charter, the Pre-positioning Date and on the Actual Delivery Date:
- (i) each Obligor is a corporation or (as the case may be) limited liability company, duly incorporated or formed in good standing and validly existing under the laws of its jurisdiction of incorporation or formation (as the case may be), and has the power to own its assets and carry on its business as it is being conducted;
  - (ii) subject to the Legal Reservations, all of the following:
    - (A) the obligations expressed to be assumed by each Obligor in the Transaction Documents to which it is a party are legal, valid, binding and enforceable obligations; and
    - (B) (without limiting the generality of Clause 47(a)(v)(A)) each Security Document to which it is a party creates the Security Interests which that Security Document purports to create and those Security Interests are valid and effective;
  - (iii) the entry into and performance by each Obligor of, and the transactions contemplated by each Transaction Document to which it is a party do not conflict with:
    - (A) any law or regulation applicable to it;
    - (B) its constitutional documents; or
    - (C) any document binding on it or any of its assets or constitute a default or termination event (howsoever described) under any such agreement or instrument;
  - (iv) all of the following:

- (A) each Obligor has the power to enter into, perform and deliver, and have taken all necessary action to authorise its entry into, performance and delivery of the Transaction Documents to which it is a party and the transactions contemplated thereunder; and
  - (B) in respect of each Obligor, no limit on the powers of such Obligor will be exceeded as a result of the proposed transaction, grant of security or giving of guarantees or indemnities contemplated by the Transaction Documents to which it is a party;
- (v) all consents, licences, approvals, authorisations, filings and registrations required:
- (A) to enable each Obligor to lawfully enter into, exercise its rights and comply with its obligations in each Transaction Document to which it is a party or to enable the Owners to enforce and exercise all its rights under the Transaction Documents; and
  - (B) to make each Transaction Document to which any Obligor is a party admissible in evidence in its Relevant Jurisdiction,
- have been obtained or effected and are in full force and effect;
- (vi) subject to Legal Reservations, all of the following:
- (A) the choice of governing law of any Transaction Document will be recognised and enforced in the Relevant Jurisdictions of each relevant Obligor; and
  - (B) any judgment obtained in relation to any Transaction Document in the jurisdiction of the governing law of that Transaction Document will be recognised and enforced in the Relevant Jurisdictions of each relevant Obligor.
- (vii) no corporate action, legal proceeding or other procedure or step described in Clause 49(a)(vii) or creditors' process described in Clause 49(a)(viii) has been taken or, to the knowledge of the Charterers, threatened in relation to an Obligor; and none of the circumstances described in Clause 49(a)(vi) applies to an Obligor;
- (viii) under the laws of the Relevant Jurisdictions of each Obligor, it is not necessary that any Transaction Document to which such Obligor is a 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 Transaction Document or the transactions contemplated thereby;
- (ix) no Obligor is required to make any deduction for or on account of Tax from any payment it may make under each Transaction Document to which it is a party;

- (x) all of the following:
  - (A) no Termination Event is continuing or might reasonably be expected to result from any Obligor's entry into and performance of each Transaction Document to which such Obligor is a party; and
  - (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 (howsoever described) under any other agreement or instrument which is binding on any of the Obligor or to which its assets are subject;
- (xi) save as disclosed in writing to the Owners prior to the date of this Charter:
  - (A) all material information provided to the Owners by or on behalf of any of the Obligors on or before the date of this Charter and not superseded before that date is accurate and not misleading in any material respect and all projections provided to the Owners on or before the date of this Charter have been prepared in good faith on the basis of assumptions which were reasonable at the time at which they were prepared and supplied;
  - (B) all other written information provided by any of the Obligors (including its advisers) to the Owners was true, complete and accurate in all material respects as at the date it was provided and is not misleading in any respect;
  - (C) the copy of the Initial Sub-Charter provided to the Owners is a true and complete copy;
  - (D) no amendments or additions to the Initial Sub-Charter provided to the Owners have been agreed nor have any rights thereunder been waived; and
  - (E) there has been no material breach of any Sub-Charter nor has there been any Sub-Charter Termination Event;
- (xii) all of the following:
  - (A) the Original Financial Statements were prepared in accordance with GAAP consistently applied;
  - (B) the audited Original Financial Statements fairly present the Group's financial condition and results of operations during the relevant financial year;
  - (C) there has been no material adverse change in any Obligor's assets, business or financial condition (or the assets,

business or consolidated financial condition of the Group, in the case of the Charter Guarantor) since the date of the Original Financial Statements;

- (D) the Charter Guarantor's most recent financial statements delivered pursuant to Clause 48(x):
    - (1) have been prepared in accordance with GAAP as applied to the Original Financial Statements; and
    - (2) fairly present its consolidated financial condition as at the end of, and its consolidated results of operations for, the period to which they relate; and
  - (E) since the date of the most recent financial statements delivered pursuant to Clause 48(y) there has been no material adverse change in the assets, business or financial condition of any of the Obligors.
- (xiii) all of the following:
- (A) no litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which has or have (to the best of its knowledge and belief) been started or threatened against any Obligor and in respect of the Charter Guarantor, which will or may reasonably be expected to have a Material Adverse Effect; and
  - (B) no judgment or order of a court, arbitral body or agency which might reasonably be expected to have a Material Adverse Effect has been made against any Obligor;
- (xiv) none of the Obligors has breached any law or regulation which (in respect of the Charter Guarantor) such breach has or is reasonably likely to have a Material Adverse Effect;
- (xv) all of the following:
- (A) each of the Obligors is in compliance with Clause 48(c) and to the best of its knowledge and belief (having made due and careful enquiry) no circumstances have occurred which would prevent such compliance; and
  - (B) no Environmental Claim has been commenced or (to the best of its knowledge and belief (having made due and careful enquiry)) is threatened against any of the Obligors and in respect of the Charter Guarantor, which will or may reasonably be expected to have a Material Adverse Effect;
- (xvi) all of the following:
- (A) none of the Obligors is overdue in the filing of any Tax returns or is overdue in the payment of any amount in

respect of Tax, save in the case of Taxes which are being contested in good faith; and

- (B) no claims or investigations are being, or are reasonably likely to be, made or conducted against any of the Obligors with respect to Taxes.
- (xvii) all of the following:
- (A) no Security Interest exists over all or any of the present or future assets of the Charterers other than Permitted Security Interests; and
  - (B) the Charterers do not have any Financial Indebtedness outstanding other than (i) as permitted by this Charter; (ii) the aggregate amount of which is not more than one million Dollars (US\$1,000,000), and (iii) any such Financial Indebtedness is subordinated to all Financial Indebtedness incurred under the Transaction Documents pursuant to a subordination agreement in favour of the Owners or such other arrangement acceptable to the Owners;
- (xviii) subject to Legal Reservations, the payment obligations of each Obligor under each Transaction Document to which it is a party rank at least *pari passu* with the claims of all other unsecured and unsubordinated creditors of such Obligor, except for obligations mandatorily preferred by law applying to companies generally;
- (xix) subject to Legal Reservations, all of the following:
- (A) it is not necessary under the Relevant Jurisdictions of any of the Obligors:
    - (1) in order to enable the Owners to enforce its rights under any Transaction Document; or
    - (2) by reason of the execution of any Transaction Document or the performance by it of its obligations under any Transaction Document,that the Owners should be licensed, qualified or otherwise entitled to carry on business in any of the Relevant Jurisdictions of any of the Obligors; and
  - (B) the Owners are not or will not be deemed to be resident, domiciled or carrying on business in any of the Relevant Jurisdictions of any of the Obligors by reason only of the execution, performance and/or enforcement of any Transaction Document;
- (xx) the Charterers are not aware of any material facts or circumstances which have not been disclosed to the Owners and which might, if disclosed, have changed the decision of a person willing to enter into

a lease financing transaction of the nature contemplated by the MOA and this Charter with the Charterers.

- (xxi) all of the following:
  - (A) the copies of any Transaction Documents or Management Agreements (together the "**Relevant Documents**") provided or to be provided by the Charterers to the Owners in accordance with Clause 36 (*Conditions precedent and conditions subsequent*) are, or will be, true and accurate copies of the originals and represent, or will represent, the full agreement between the parties to those Relevant Documents in relation to the subject matter of those Relevant Documents;
  - (B) there are no commissions, rebates, premiums or other payments due or to become due in connection with the subject matter of the Relevant Documents other than in the ordinary course of business or as disclosed to, and approved in writing by, the Owners; and
  - (C) there is no dispute under any of the Relevant Documents as between the parties to any such document;
- (xxii) none of the Obligors nor any of its assets has any right to immunity from set-off, legal proceedings, attachment prior to judgment, other attachment or execution of judgment on the grounds of sovereign immunity or otherwise;
- (xxiii) all of the following:
  - (A) all information supplied by an Obligor or (with an Obligor's knowledge) on its behalf to an Approved Broker for the purposes of a valuation in evidence of a Market Value in accordance with this Charter was true and accurate as at the date it was supplied or (if appropriate) as at the date (if any) at which it is stated to be given;
  - (B) no Obligor has omitted to supply any information to an Approved Broker in its possession or knowledge which, if disclosed, would adversely affect any such valuation; and
  - (C) to the best of each Obligor's knowledge, there has been no change to the factual information supplied in relation to any such valuation between the date such information was supplied and the date of that valuation which renders that information untrue or misleading in any material respect;
- (xxiv) each of the Obligors is resident for Tax purposes only in its jurisdiction of incorporation or formation (as the case may be);
- (xxv) each Obligor, or any Affiliate of any of them and their respective directors, officers, employees and agents are not in breach of AML

Laws, Anti-Terrorism Financing Laws and/or Business Ethics Laws and each of the Obligors have instituted and maintained systems, controls, policies and procedures designed to:

- (A) prevent and detect incidences of bribery and corruption, money laundering and terrorism financing; and
- (B) promote and achieve compliance with AML Laws, Anti-Terrorism Financing Laws and Business Ethics Laws;

(xxvi)

- (A) each Obligor, any Affiliate of any of them and their respective directors, officers and employees;
- (B) to the best knowledge of the Charterers, as at the date of this Charter, the Initial Sub-Charter and the respective directors of the Initial Sub-Charterer; and
- (C) to the best knowledge of the Charterers, as at the date any other Sub-Charter is entered into, any Sub-Charterer and the respective directors of such Sub-Charterer,

are in compliance with all Sanctions laws, and none of them have been or are currently being investigated on compliance with Sanctions, they have not received notice or are aware of any claim, action, suit or proceeding against any of them with respect to Sanctions and they have not taken any action to evade the application of Sanctions, provided that if after the date of this Charter the Charterers become aware of any non-compliance or breach by the Initial Sub-Charterers or any Sub-Charterer or their respective directors of any Sanctions laws, or of the Initial Sub-Charterers or any Sub-Charterer or their respective directors becoming subject of any claim, action, suit or proceeding against them with respect to Sanctions, the Charterers shall immediately provide written notice to the Owners to inform the Owners of such breach, non-compliance or event (as the case may be);

(xxvii)

- (A) no Obligor or any Affiliate of any of them nor any of their respective directors, officers or employees; and
- (B) to the best knowledge of the Charterers, as at the date of this Charter, no Initial Sub-Charterer nor the respective directors of the Initial Sub-Charterer; and
- (C) to the best knowledge of the Charterers, as at the date any other Sub-Charter is entered into, no Sub-Charterer nor the respective directors of such Sub-Charterer,

are a Restricted Party; and

- (D) each Obligor or any Affiliate of any of them and their respective directors, officers and employees;
- (E) to the best knowledge of the Charterers, as at the date of this Charter, the Initial Sub-Charterer and the respective directors of the Initial Sub-Charterer; and
- (F) to the best knowledge of the Charterers, as at the date any other Sub-Charter is entered into, any Sub-Charterer and the respective directors of such Sub-Charterer,

are in compliance with all Sanctions laws, and none of them have been or are currently being investigated on compliance with Sanctions, they have not received notice or are aware of any claim, action, suit or proceeding against any of them with respect to Sanctions and they have not taken any action to evade the application of Sanctions, provided that if after the date of this Charter the Charterers become aware that the Initial Sub-Charterers or any Sub-Charterer or any of their respective directors become a Restricted Party or of any non-compliance or breach of any of them of any Sanctions laws, or of the Initial Sub-Charterers or any Sub-Charterer or their respective directors becoming subject of any claim, action, suit or proceeding against them with respect to Sanctions, the Charterers shall immediately provide written notice to the Owners to inform the Owners of such breach, non-compliance or event (as the case may be); and

(xxviii) none of the Obligors is a US Tax Obligor, nor has it established a place of business or is otherwise conducting business in the United States of America.

- (b) Each representation and warranty in sub-paragraphs (a)(i) to (a)(vi), (a)(x)(B), (a)(xi)(B) to (a)(xviii), (a)(xxii), (a)(xxiii), (a)(xxv), (a)(xxvi), (a)(xxvii) and (a)(xxviii) above is deemed to be repeated by the Charterers by reference to the facts and circumstances then existing on the each day on which Hire is payable under this Charter.

#### 48 Charterers' undertakings

The Charterers hereby undertake to the Owners that they will comply in full and procure compliance (where applicable) with the following undertakings throughout the Agreement Term:

- (a) the Charterers shall (and shall procure that each other Obligor) promptly:
  - (i) obtain, comply with and do all that is necessary to maintain in full force and effect; and
  - (ii) supply certified copies to the Charterers of,

any authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration required under any law or regulation of a Relevant Jurisdiction to:

- (A) enable any Obligor to perform its obligations under any Sub-Charter, the Management Agreements and the Transaction Documents to which it is a party;
- (B) ensure the legality, validity, enforceability or admissibility in evidence of any Transaction Document; and
- (C) enable any Obligor to carry on its business where failure to do so has or is reasonably likely to have a Material Adverse Effect;

(b) all of the following:

(i)

- (A) the Charterers shall comply;
- (B) the Charterers shall procure that each other Obligor and each Affiliate of any of them will comply; and
- (C) the Charterers shall use best endeavours to procure that each Sub-Charterer and Sub-Charter Guarantor and their respective directors shall comply,

in all respects with all laws to which it may be subject;

(ii) the Charterers shall and shall procure that each other Obligor and each Affiliate of any of them (in each case above, including procuring or as the case may be, using best endeavours to procure the respective officers, directors and employees of the relevant entity to do the same) will:

- (A) comply with all AML Laws, Anti-Terrorism Financing Laws and Business Ethics Laws;
- (B) maintain systems, controls, policies and procedures designed to promote and achieve ongoing compliance with AML Laws, Anti-Terrorism Financing Laws and Business Ethics Laws;
- (C) not use, or permit or authorize any person to directly or indirectly use, the Purchase Price for any purpose that would breach any AML Laws, Anti-Terrorism Financing Laws or Business Ethics Laws; and
- (D) in respect of the Charterers, not lend, invest, contribute or otherwise make available the Purchase Price to or for any other person in a manner which would result in a violation of AML Laws, Anti-Terrorism Financing Laws or Business Ethics Laws;

(iii) the Charterers shall:

- (A) comply and shall procure that each other Obligor comply; and
- (B) in respect of any Sub-Charter, they shall use best endeavours to procure that as at the date of that Sub-Charter, the Sub-Charterers party to such Sub-Charter,

comply with all laws and regulations in respect of Sanctions, and in particular, they shall effect and maintain a sanctions compliance policy to ensure compliance with all such laws and regulations implemented from time to time;

- (iv) the Charterers shall not permit or authorise, and shall prevent the Vessel from being employed, operated or managed in any manner which (i) is contrary to any Sanctions and in particular, the Vessel shall not be used by or to benefit any party which is a target of Sanctions and/or is a Restricted Party or call any port in North Korea, Iran or Syria or trade to any area or country where trading the Vessel to such area or country would constitute or reasonably be expected to constitute a breach of any Sanctions or published boycotts imposed by any of the United Nations, the European Union, the United States of America, the United Kingdom or the People's Republic of China, (ii) would result or reasonably be expected to result in any Obligor or the Owners becoming a Restricted Party or (iii) would trigger the operation of any sanctions limitation or exclusion clause in any insurance documentation;

(v)

- (A) they shall, and shall use best endeavours to procure that any other Obligor, Sub-Charterers or Sub-Charter Guarantor shall, promptly notify the Owners of any non-compliance, by:

(1) any Obligor or each Affiliate of any of them or their respective officers, directors and employees;

(2) the Initial Sub-Charterers, any Sub-Charterer or Sub-Charter Guarantor or any of their respective directors.

with all laws and regulations relating to Sanctions (including but not limited to notifying the Owners in writing immediately upon being aware that:

- (I) any Obligor or each Affiliate of any of them or its shareholders, directors, officers or employees; or
- (II) the Initial Sub-Charterers, any Sub-Charterer or Sub-Charter Guarantor or any of their respective directors,

is a Restricted Party or has otherwise become a target of Sanctions) as well as provide all information (once available) in relation to its business and operations which may be relevant for the purposes of ascertaining whether any of the aforesaid parties are in compliance with such laws; and

(B) they shall, and shall use best endeavours to procure that any other Obligor shall, promptly notify the Owners of any non-compliance, by any Obligor or, each Affiliate of any of them or their respective officers, directors, employees, consultants, agents or intermediaries, with all laws and regulations relating to Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and/or Business Ethics Laws as well as provide all information (once available) in relation to its business and operations which may be relevant for the purposes of ascertaining whether any of the aforesaid parties are in compliance with such laws.

(c) the Charterers shall and shall procure that the Obligors shall:

- (i) comply with all Environmental Laws;
- (ii) obtain, maintain and ensure compliance with all requisite Environmental Approvals; and
- (iii) implement procedures to monitor compliance with and to prevent liability under any Environmental Law;

where failure to do so has or is likely to have a Material Adverse Effect;

(d) the Charterers shall promptly upon becoming aware of the same, inform the Owners in writing of:

- (i) any Environmental Claim against any of the Obligors or the Vessel which is current, pending or threatened and which has or is likely to have a Material Adverse Effect; and
- (ii) any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against any of the Obligors or the Vessel which has or is likely to have a Material Adverse Effect;

(e) all of the following:

- (i) the Charterers shall (and shall procure that each other Obligor will) pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that:

(A) such payment is being contested in good faith;

- (B) 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 Owners under Clause 48(x); and
  - (C) such payment can be lawfully withheld.
- (ii) the Charterers may not (and no other Obligor may) change its residence for Tax purposes.
  - (iii) the Charterers will ensure that no Obligor shall become a US Tax Obligor;
- (f) the Charterers shall and shall procure that each Obligor shall maintain its jurisdiction of incorporation or formation (as the case may be) as at the date of this Charter (or in respect of an Obligor that becomes an Obligor after the date of this Charter, as at the date on which it becomes an Obligor under this Charter), and the Charterers shall from time to time (but, provided no Termination Event has occurred and is continuing, not more than once every calendar year), if applicable and if requested by the Owners (acting reasonably), provide the Owners with evidence in form and substance satisfactory to the Owners that each Obligor remains in good standing;
  - (g) the Charterers shall ensure that at all times any unsecured and unsubordinated claims of the Owners against it under the Transaction Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies;
  - (h) the Charterers will procure that any Approved Manager shall enter into a Manager's Undertaking prior to its appointment as a manager for the Vessel;
  - (i) except for any Permitted Security Interests, the Charterers will not create or permit to subsist any Security Interest or other third party rights over any of their present or future rights and interests in or towards the Vessel;
  - (j) the Charterers shall not enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset;
  - (k) the Charterers shall not enter into any transaction with any person except on arm's length terms and for full market value save for any fees, costs and expenses payable under the Transaction Documents in the amounts set out in the Transaction Documents or agreed by the Owners;
  - (l) the Charterers shall not (and shall procure that no other Obligor will) enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction, **provided that** in the case of the Charter Guarantor, such amalgamation, demerger, merger, consolidation or corporate reconstruction is permitted without restrictions so long as:
    - (i) the Charter Guarantor remains the surviving entity of any such process;

- (ii) no Termination Event has occurred at the relevant time or would be triggered as a result of such process; and
  - (iii) the process of any such further amalgamation, demerger, merger, consolidation or corporate reconstruction does not have a Material Adverse Effect;
- (m) the Charterers shall not (and shall procure that no other Obligor will) materially change the nature and scope of its business from that carried on at the date of this Charter;
- (n) the Charterers shall not cease or threaten to cease to carry on all or, in the reasonable opinion of the Owners, any material part of the Charterers' business;
- (o) the Charterers shall not acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them) or incorporate a company;
- (p) the Charterers shall not:
- (i) enter into, invest in or acquire (or agree to acquire) any shares, stocks, securities or other interest in any Joint Venture; or
  - (ii) transfer any assets or lend to or guarantee or give an indemnity for or give security for the obligations of a Joint Venture or maintain the solvency of or provide working capital to any Joint Venture (or agree to do any of the foregoing);
- (q) the Charterers shall not incur or allow to remain outstanding any Financial Indebtedness (other than (i) as permitted by this Charter; (ii) the aggregate amount of which is not more than one million Dollars (US\$1,000,000) (iii) any such Financial Indebtedness is subordinated to all Financial Indebtedness incurred under the Transaction Documents pursuant to a subordination agreement in favour of the Owners or such other arrangement acceptable to the Owners; and (iv) without prejudice to the foregoing provisions of this Clause, incur any liability to any third party which is in the Owners' opinion of a substantial nature);
- (r) the Charterers shall and shall procure that the Charter Guarantor shall undertake that all loans made to the Charterers (including but not limited to any Shareholder Loan), all claims of the Charter Guarantor or any member of the Group against the Charterers and all sums owed by the Charterers to any other member of the Group are specifically and absolutely subordinated to the interests of the Owners under the Transaction Documents pursuant to a subordination agreement in favour of the Owners or such other arrangement acceptable to the Owners and no principal or interest is to be paid by the Charterers in relation to such loans or other indebtedness during the Charter Period;
- (s) the Charterers shall not be a creditor in respect of any Financial Indebtedness;

- (t) the Charterers shall not incur or allow to remain outstanding any guarantee in respect of any obligation of any person save in accordance with the provisions of this Charter;
- (u) the Charterers shall not, and shall procure that the Charter Guarantor shall not, at such time when a Termination Event is continuing or would occur immediately after the making of the payment:
  - (i) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital);
  - (ii) repay or distribute any dividend or share premium reserve;
  - (iii) pay any management, advisory or other fee to or to the order of any of the shareholders of the Holding Company;
  - (iv) in relation to the Charterers only, make any payment of any kind under any Financial Indebtedness owed to any member of the Group which is subordinated to all Financial Indebtedness incurred under the Transaction Documents pursuant to a subordination agreement in favour of the Owners or such other arrangement acceptable to the Owners;
  - (v) redeem, repurchase, defease, retire or repay any of its share capital or resolve to do so; or
  - (vi) issue any new shares in its share capital or resolve to do so;
- (v) at such time when a Potential Termination Event or Termination Event has occurred and is continuing, the Charterers will permit the inspection of its financial records and accounts from time to time by the Owners or its nominee;
- (w) the Charterers will, when directed by the Owners to do so upon the occurrence of a Termination Event which is continuing, procure that any Sub-Charterer or Sub-Charter Guarantor shall credit all payments of charterhire of each Sub-Charter and Sub-Charter Guarantee and all other amounts payable thereunder directly to the Owners' Account;
- (x) in respect of the Charter Guarantor, the Charterers will supply or cause to be supplied to the Owners as soon as the same become available, but in any event within:
  - (i) one hundred and twenty (120) days after the end of each of the Charter Guarantor's financial years, the audited financial report of the Charter Guarantor for that financial year and management annual financial report extracts from the Charter Guarantor's audited financial report for that financial year; and
  - (ii) sixty (60) days after the end of each of the Charter Guarantor's financial half-years, the unaudited consolidated financial statements

of the Charter Guarantor of that financial half-year and management annual financial report extracts from the Charter Guarantor's unaudited consolidated financial statements of that financial half-year;

- (y) each set of financial statements delivered by the Charterers under paragraph (y) above:
  - (i) shall be in the English language;
  - (ii) shall be certified by a director or the Chief Financial Officer of the relevant company as fairly presenting its financial condition as at the date as at which those financial statements were drawn up; and
  - (iii) shall be prepared using GAAP, 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, it notifies the Owners that there has been a change in GAAP, the accounting practices or reference periods and its auditors deliver to the Owners:
    - (A) a description of any change necessary for those financial statements to reflect the GAAP, accounting practices and reference periods upon which the Original Financial Statements were prepared; and
    - (B) sufficient information, in form and substance as may be reasonably required by the Owners, to enable the Owners to determine whether Clause 75 (*Financial Covenants*) has been complied with and make an accurate comparison between the financial position indicated in those financial statements and the Original Financial Statements,

any reference in this Charter to those 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;

- (z) the Charterers shall supply to the Owners:
  - (i)
    - (A)
      - (1) at the same time as they are dispatched, copies of all documents dispatched by the Charterers or any other Obligor (save for the Charter Guarantor) to its shareholders generally (or any class of them) or dispatched by the Charterers or any other Obligor to its creditors generally (or any class of them); and
      - (2) at the same time as they are dispatched, copies of all documents dispatched by the Charter Guarantor

to its shareholders generally or dispatched by the Charterers or any other Obligor to its creditors generally;

- (B) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending:
    - (1) against any Obligor;
    - (2) against any other member of the Group where the aggregate amount claimed by any party (ignoring any counterclaim or defence of set-off) exceeds or which has or is likely to have a Material Adverse Effect; or
    - (3) involving the Vessel where the aggregate amount claimed by any party (ignoring any counterclaim or defence of set-off) exceeds or may reasonably be expected to exceed the Threshold Amount;
  - (C) promptly upon becoming aware of them, the details of any judgment or order of a court, arbitral body, arbitral tribunal or agency or any order or sanction of any governmental or other regulatory body which is made against:
    - (1) any Obligor; or
    - (2) any other member of the Group where the amount claimed by any party (ignoring any counterclaim or defence of set-off) exceeds or may reasonably be expected to exceed the Threshold Amount;
  - (D) promptly, such information and documents as the Owners may reasonably require about the Security Assets and compliance of the Obligors with the terms of any Security Documents (including without limitation cash flow analyses and details of the operating costs of the Vessel); and
  - (E) promptly on request, such further information regarding the financial condition, assets and operations of any Obligor or any other member of the Group as the Owners or any Finance Party may reasonably request.
- (ii)
- (A) upon the request of the Owners and at the cost of the Charterers, on or before 31 July in each calendar year, supply or procure the supply to the Owners of all information necessary in order for the Owners, any of their Affiliates or a Finance Party to comply with its obligations under the Poseidon Principles in respect of the preceding calendar 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, each relating to the Vessel for the preceding calendar year, provided that the Owners shall not publicly disclose such information with the identity of the relevant Vessel without the prior written consent of the Charterers and, for the avoidance of doubt, such information shall be subject to Clause 78 (*Confidentiality*) but the Charterers acknowledge that, in accordance with the Poseidon Principles, such information will form part of the information published regarding the Owners', any of their Affiliates' or a Finance Party's portfolio climate alignment.

(B) For the purposes of this Clause 48(z)(ii):

**"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 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.

(aa) the Charterers shall promptly upon receipt provide to the Owners copies of any notice of charter renewal, cancellation or termination issued by the Initial Sub-Charterer under the Initial Sub-Charter, and will disclose all information in relation to each Sub-Charter and each Sub-Charterers to the Owners upon the Owners' reasonable request (including any information in relation to any Sub-Charterers' fulfilment of their obligations pursuant to the relevant Sub-Charter);

(bb) the Charterers will (and will procure that each Obligor will):

(i) from time to time and at their own costs and expenses, do and perform such other and further acts and execute and deliver any and all such other agreements, instruments and documents as may be required by law or requested by the Owners or the Finance Parties (as the case may be, in either case, acting reasonably) to establish, maintain and protect the rights and remedies of the Owners and/or the Finance Parties (as the case may be) and to carry out and effect the intent and purpose of this Charter, the other Transaction Documents and, to the extent consistent with the terms of this Charter, the Finance Documents (as applicable); and

(ii) if applicable:

(A) acknowledge and consent to the creation of any Finance Document required by any Finance Party; and

- (B) to the extent consistent with the terms of this Charter, enter into any document, notice or acknowledgement reasonably required by any Finance Party for the purposes of ensuring any relevant Security Interest remains valid and in full force and effect;
- (cc) the Charterers will, forthwith execute and deliver any and all such other agreements, instruments and documents as may be required by law or deemed necessary by the Owners to ensure that each Sub-Charter remains in effect, so that all obligations previously owed by each Sub-Charterers to the Charterers (then as registered owners) under the relevant Sub-Charter shall continue to be owed to the Charterers throughout the duration thereof;
- (dd) the Charterers will deliver or procure the delivery to the Owners of such Valuation Reports each from an Approved Broker for purposes of determining Market Value from time to time in accordance with Clause 74 (*Value Maintenance Covenants*);
- (ee) the Charterers will notify the Owners as soon as they become aware of:
- (i) a Potential Termination Event or a Termination Event and will keep the Owners fully up-to-date with all developments and will, if so requested by the Owners, provide any such certificate signed by a director on behalf of the Charterers, confirming that there exists no Potential Termination Event or Termination Event;
  - (ii) any Sub-Charter Termination Event and any event or circumstance which may entitle any party to a Sub-Charter to exercise its right to terminate, cancel or suspend such Sub-Charter, or otherwise results or is capable of resulting in such Sub-Charter ceasing to be in full force and effect, and provide to the Owners all documents and information in respect of such event or circumstance;
  - (iii) any cancellation, termination, rescission, expiration, cessation of remaining in in full force and effect or otherwise coming to an end of any Sub-Charter;
  - (iv) any detention or arrest of the Vessel;
  - (v) any damage or alteration of the Vessel where the costs to repair such damage or to make such alteration will exceed or is reasonably likely to exceed the Threshold Amount; and
  - (vi) any negotiations between an Obligor with one or more of its creditors with a view to rescheduling any of its indebtedness, by reason of actual or anticipated financial difficulties.
- (ff) the Charterers will not, without the prior written consent of the Owners, (x) novate or terminate the Sub-Charter, or (y) materially amend, vary, supplement, supersede or waive any term of, any Sub-Charter (for the purposes of this clause, any amendment, variation, supplement, supercession

or waiver in connection with hire, payment terms, off-hire provisions, charter duration or termination shall be deemed as material);

(gg) the Charterers shall ensure that there shall be no change in the legal or beneficial ownership, shareholding or management control of the Charterers (including any material change in the composition of the board of directors of the Charterers) from that advised to the Owners by the Charterers at the date of this Charter (and, in particular, reflected in the officer's certificate of the Charterers provided to the Owners pursuant to the MOA or this Charter); and

(hh) the Charterers will keep the Vessel registered in the name of the Owners as legal owner of the Vessel under the laws and flag of an Approved Flag, and shall not do or permit to be done anything, or omit to do anything which would result in:

(i) such registration being forfeited or imperilled; or

(ii) the Vessel being required to be registered under any other law or flag (other than the Approved Flag),

and save with the prior written consent of the Owners, the Charterers shall not register the Vessel or permit her registration under any other law or flag (other than the Approved Flag), provided always that if at any time the laws or regulations of any Approved Flag require the Owners to re-domicile or change their residency to another jurisdiction before the Vessel may be registered under that flag then the prior written consent of the Owners (not to be unreasonably withheld) for any proposed change in flag to that Approved Flag shall be obtained. Any change of flag to an Approved Flag after the date of this Charter may only be undertaken (A) subject to any prevailing laws and regulations; (B) at no cost to the Owners and (C) at such time when no Termination Event has occurred and is continuing. The Charterers shall pay or reimburse (as the case may be) the Owners in respect of all documented costs, fees, expenses and/or taxes which are payable to effect any such change of flag).

(ii) 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 Charter;

(ii) any change in the status of an Obligor (or of a Holding Company of an Obligor) after the date of this Charter;

(iii) any change in (A) the composition of the shareholders of an Obligor or its Holding Company, in each case not being a listed company in any stock exchange or (B) the shareholders which individually holds more than twenty-five per cent (25%) of an Obligor being a company listed in any stock exchange, after the date of this Charter;

(iv) a proposed assignment or transfer by the Owners of any of its rights and obligations under this Charter to any other party;  
or

(v) the Owners' internal compliance policies related to "know your customer" checks,

obliges the Owners to comply with "know your customer" or similar checks under all applicable laws, regulations and internal policies in circumstances where the necessary information is not already available to it, the Charterers shall promptly upon the request of the Owners supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Owners in order for the Owners to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations and internal policies pursuant to the transactions contemplated in the Transaction Documents (such documentation and evidence may include, without limitation, evidence of incorporation from the relevant registry of companies (or equivalent), a certificate of goodstanding (if relevant), a director's certificate (or equivalent) setting out the names of directors (or equivalent officials), copies of passports of directors (or equivalent officials) and articles of association or other equivalent constitutional documents);

(jj) the Charterers shall (and shall procure that each other Obligor will) promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Owners may reasonably specify (and in such form as the Owners may reasonably require in favour of the Owners or its nominee(s)):

(i) to perfect any Security Interest created or intended to be created under or evidenced by the Security Documents (which may include the execution of a mortgage, charge, assignment or other Security Interest 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 Owners provided by or pursuant to the Transaction Documents or by law;

(ii) in respect of the Charterers, to confer on the Owners a Security Interest over any property and assets of the Charterers located in any jurisdiction equivalent or similar to the Security Interest intended to be conferred by or pursuant to the Security Documents; and/or

(iii) to facilitate the realisation of the assets which are, or are intended to be, the subject of the Security Documents,

the Charterers shall (and shall procure that each other Obligor will) 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 Owners by or pursuant to the Transaction Documents;

(kk) the Charterers shall ensure that, at all times during the Agreement Term, the credit balance of the Operating Account is not less than the aggregate Minimum Cash Balance and that no amounts may be withdrawn or transferred

from the Operating Account without the Owners' prior written consent following the occurrence of any Termination Event;

- (ll) the Charterers shall supply to the Owners during the Agreement Term on a half-yearly basis from the Actual Delivery Date, with reports in form and substance satisfactory to the Owners (acting reasonably) in respect of the Vessel's employment status, management and pooling arrangements at that time;
- (mm) the Charterers shall procure that the Account Bank provides to the Owners and that the Owners are provided access to any information on the Operating Account, including but not limited to written statements of accounts showing all entries made to the credit and debit of the Operating Account and any other information required by the Owners showing that any Earning has been paid into the Operating Account in full and on time; and
- (nn)
  - (i) the Charterers shall permit the Owners to access class records and inspection records of the Vessel during the Agreement Term and the Charterers shall provide copies of any vessel certificates of the Vessel upon the Owners' request; and
  - (ii) the Charterers shall permit the Owners (by surveyors or other persons appointed by them for that purpose):
    - (A) in the absence of a Potential Termination Event or Termination Event, to board the Vessel once a year without interference to the operation of the Vessel; and
    - (B) upon the occurrence of a Potential Termination Event or Termination Event, to board the Vessel at any time, to inspect the Vessel's condition or to satisfy themselves about proposed or executed repairs and the Charterers shall afford all proper facilities for such inspections. All documented costs and expenses arising from such inspection shall be for the Charterer's account.
- (oo) no later than the second (2<sup>nd</sup>) anniversary of the Actual Delivery Date, the Charterers shall pay to the Owners a cash collateral (the "**Cash Collateral**"), which shall be paid to the Owners' Account or any other account nominated by the Owners, equal to the Day One Cash Collateral Amount which shall be:
  - (i) refunded by the Owners to the Charterers without interest if:
    - (A) the Initial Sub-Charterer exercises the Initial Sub-Charter Optional Term such that the charter period under the Initial Sub-Charter is extended to a date falling on or after the Expiry Date; or
    - (B) the Charterers enter into an Approved Charter for the Vessel and the rights and interests of the Charterers in such

Approved Charter is assigned to the Owners on terms reasonably acceptable to the Owners;

- (ii) reduced pro rata if none of the conditions set out in Clause 48(oo)(i) has been met but any Sub-Charter for the Vessel (which is not an Approved Charter) has been entered into by the Charterers with an Approved Charterer, with:
- (A) a daily charterhire rate between (and inclusive of) thirteen thousand five hundred Dollars (US\$13,500) to (and exclusive of) sixteen thousand five hundred Dollars (US\$16,500) and for the avoidance of doubt, if such daily charterhire rate exceeds sixteen thousand and five hundred Dollars (US\$16,500), then for the purposes of calculating the Cash Collateral Refund Amount in this Clause 48(oo)(ii), the daily charterhire rate is deemed to be sixteen thousand and five hundred Dollars (US\$16,500); and
- (B) the fixed charter period of such Sub-Charter shall be for a minimum period of one (1) year,

with the amount of each reduction to the Cash Collateral pursuant to this Clause 48(oo)(ii) (each, a "**Cash Collateral Refund Amount**") to be determined as follows:

$$A = (B/C) \times D$$

Where:

**A** is the Cash Collateral Refund Amount in United States Dollars;

**B** is the gross revenue receivable under such sub-charter based on the daily charterhire rate multiplied by the number of days during the fixed charter period ending in any event on the Expiry Date;

**C** is the aggregate amount of charter hire receivable by the Charterers from the Initial Sub-Charterers during the Initial Sub-Charter Optional Term (based on the Daily Initial Sub-Charter Optional Term Rate multiplied by the number of days during the Initial Sub-Charter Optional Term); and

**D** is the Day One Cash Collateral Amount.

Following a determination of a Cash Collateral Refund Amount by the Owners, the Owners shall refund that Cash Collateral Refund Amount to the Charterers without interest, **provided that** the aggregate amount of that Cash Collateral Refund Amount that may be refunded to the Charterers in accordance with this Clause 48(oo)(ii) and all Cash Collateral Refund Amounts already previously refunded by the Owners shall not in any circumstances exceed the Day One Cash Collateral Amount.

(iii) retained by the Owners and not be refundable to the Charterers in respect of any sub-chartering arrangements entered into by the Charterers and permitted under this Agreement (other than the Initial Sub-Charter or any Sub-Charters referred to in Clause 48(oo)(i) and Clause 48(oo)(ii)), including if:

(A) a Sub-Charter for the Vessel (which is not an Approved Charter) has been entered into by the Charterers and a Sub-Charterer, but:

(1) such Sub-Charterer is not an Approved Charterer; or

(2) such Sub-Charter has a daily charter hire of less than thirteen thousand five hundred Dollars (US\$13,500); or

(B) no Sub-Charter for the Vessel has been entered into by the Charterers and a Sub-Charterer,

and the Cash Collateral shall be applied by the Owners:

(I) if a Call Option has been exercised by the Charterers in accordance with Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*), against and to reduce the Call Option Price payable by the Charterers at the expiry of the Charter Period;

(II) in the event of a Termination Event, Total Loss or an Early Termination Event, against and to reduce the Termination Sum payable by the Charterers;

(III) if a Purchase Option has been exercised and fulfilled in accordance with this Charter, against and to reduce the Purchase Option Price; and

(IV) in whole or in part, any other sums owing by the Charterers to the Owners from time to time.

(pp) if either of the following events occur:

(i) the Initial Sub-Charter is cancelled, rescinded, terminated, expires or otherwise ceases to be in full force and effect during the Initial Sub-Charter Optional Term; or

(ii) any subsequent Sub-Charter is cancelled, repudiated, rescinded, terminated before its natural expiration under the terms of such Sub-Charter,

and the Charterers have received any refund from the Owners in accordance with Clause 48(oo) such that the amount of the Cash Collateral at such time is less than the Day One Cash Collateral, the Charterers shall immediately provide a further deposit in the amount of the shortfall and deposit the same

in the Owners' Account or any other account nominated by the Owners, for the purpose of and in order to restore the Cash Collateral to the amount of the Day One Cash Collateral.

#### 49 Termination Events

- (a) Each of the following events shall constitute a Termination Event:
- (i)
    - (A) an Obligor fails to pay on the due date (or, in the case of sums expressed to be payable on demand, within three (3) Business Days of the Owners' demand) any sum payable pursuant to the Transaction Document to which it is a party;
    - (B) no Termination Event shall occur under Clause 49(a)(i)(A) in relation to a failure to pay any Hire on the relevant due date if such Obligor can demonstrate to the reasonable satisfaction of the Owners that all necessary instructions were given to effect such payment and the non-receipt thereof is attributable solely to an administrative or technical error or an error in the banking system and payment of such Hire is made within three (3) Business Days of its original due date;
  - (ii) any Obligor fails duly to perform or comply with any of the obligations in a Transaction Document expressed or to be assumed by or procured by the Charterers under or relating to:
    - (A) Clause 41 (*Insurance*), Clause 74 (*Financial Covenants*) or Clause 48(b) (*AML Laws etc. and Sanctions*); or
    - (B) Clause 38(a)(i) (*Further maintenance and operation*) which is not remedied within ten (10) days after the earlier of written notice from the Owners requesting action to remedy the same or the relevant Obligor becoming aware of the same;
  - (iii) any Obligor defaults under, or in the due and punctual observance and performance of, any other provision of a Transaction Document to which it is a party and where, in the opinion of the Owners, such default is capable of remedy (and for these purposes a breach by the Charterers of their obligations under Clause 36(b) (*Conditions precedent and conditions subsequent*), Clause 41 (*Insurance*) or Clause 48(b) (*AML Laws etc. and Sanctions*), shall be a default not capable of remedy), such default is not remedied to the Owners' satisfaction within fourteen (14) days after written notice from the Owners requesting action to remedy the same;
  - (iv) any representation or statement made by any Obligor in or pursuant to a Transaction Document to which it is a party or in any notice, certificate, instrument or statement contemplated thereby or made

or delivered pursuant hereto or thereto is, or proves to be, incorrect or misleading in any material respect when made or deemed to be repeated;

- (v) all of the following:
  - (A) any Financial Indebtedness of an Obligor is not paid when due nor within any originally applicable grace period;
  - (B) any Financial Indebtedness of an Obligor 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 an Obligor is cancelled or suspended by a creditor of an Obligor as a result of an event of default (however described); and
  - (D) any creditor of an Obligor becomes entitled to declare any Financial Indebtedness of an Obligor due and payable prior to its specified maturity as a result of an event of default (however described),

**provided that** no Termination Event will occur under this Clause 49(a)(v) if, the aggregate amount of such Financial Indebtedness referred to in this Clause 49(a)(v) (i) in respect of the Charter Guarantor, is less than ten million Dollars (US\$10,000,000) and (ii) in respect of the Charterers, is less than five hundred thousand Dollars (US\$500,000);

- (vi) any of the following:
  - (A) an Obligor:
    - (1) is unable or admits inability to pay its debts as they fall due;
    - (2) is deemed to, or is declared to, be unable to pay its debts under applicable law;
    - (3) suspends or threatens to suspend making payments on any of its debts; or
    - (4) other than the Charter Guarantor, 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 Charter Guarantor, any of its Subsidiaries or any of their respective directors or authorised representatives by reason of actual or anticipated financial difficulties take any steps (whether by submitting or presenting a document

setting out a proposal or proposed terms or otherwise) with more than 35% (by value) of creditors of the Group (taken as a whole) with a view to obtaining any form of moratorium, suspension or deferral of payments or reorganisation of debt (or certain debt), provided that this Clause 49(a)(vi)(B) shall not apply where the relevant steps are being taken solely with the Owners or any of the Owners' Subsidiaries;

- (C) the value of the assets of an Obligor is less than its liabilities (taking into account contingent and prospective liabilities); or
  - (D) a moratorium is declared in respect of any indebtedness of an Obligor. If a moratorium occurs, the ending of the moratorium will not remedy any Termination Event caused by that moratorium;
- (vii) any corporate action, legal proceedings or other procedure or step is taken in relation to:
- (A) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration, bankruptcy or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of an Obligor;
  - (B) a composition, compromise, assignment or arrangement with any creditor of an Obligor;
  - (C) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager, trustee or other similar officer in respect of an Obligor or any of its assets; or
  - (D) enforcement of any Security Interest over any assets of an Obligor,
- or any analogous procedure or step is taken in any jurisdiction. This Clause 49(a)(vii) shall not apply to (i) any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within twenty one (21) days of commencement or (ii) any arrest or detention of the Vessel from which the Vessel is released within twenty one (21) days from the date of that arrest or detention;
- (viii) any expropriation, attachment, sequestration, distress or execution (or any analogous process in any jurisdiction) affects any asset or assets of an Obligor and is not discharged within twenty one (21) days.
  - (ix) any Obligor ceases or threatens to cease, to carry on all or, any material part of such Obligor's business;

- (x) any of the following:
- (A) it is or becomes unlawful for an Obligor to perform any of its obligations under the Transaction Documents or any Security Interest under a Security Document ceases to be effective;
  - (B) any obligation or obligations of any Obligor under any Transaction Documents are not or cease to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Owners under the Transaction Documents; or
  - (C) any Transaction Document ceases to be in full force and effect or any Security Interest under a Security Document ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it (other than the Owners) to be ineffective,
- and no agreement is reached between the Owners and the Charterers to agree an alternative arrangement within thirty (30) days from the date of occurrence of any of the events stated above;
- (xi) the authority or ability of an 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 an Obligor or any of its assets **provided that** rescission or repudiation of a Sub-Charter by a Sub-Charterer with the prior written consent of the Owners, would not constitute a Termination Event;
- (xii) an Obligor rescinds or purports to rescind or repudiates or purports to repudiate a Transaction Document (in relation to a Sub-Charter, without the Owner's prior written consent) or any of the Security Interests under a Security Document or evinces an intention to rescind or repudiate a Transaction Document or any of the Security Interests under a Security Document;
- (xiii) any of the conditions in Clause 36(b) is not satisfied within the specified time;
- (xiv) any authorisation, approval, consent, licence, exemption, filing or registration or other requirement of any governmental, judicial or other public body or authority which is now, or which at any time during the Agreement Term becomes, necessary to enable any Obligor to comply with any of its obligations or undertakings contained in a Transaction Document to which it is a party is not obtained or is modified, revoked, suspended, withdrawn or withheld or does not remain in full force and effect and in any such case the same is not remedied within such reasonable time and by such measures as the Owners may approve;

- (xv) the Charter Guarantor gives notice to the Owners to determine any obligations under the Charter Guarantee;
- (xvi) any litigation, arbitration or administrative proceedings or investigations of, or before, any court, arbitral body, arbitral tribunal or agency are started or threatened, or any judgment or order of a court, arbitral body, arbitral tribunal, agency or other tribunal or any order or sanction of any governmental or other regulatory body is made, in relation to the Transaction Documents or the transactions contemplated in the Transaction Documents or against an Obligor or its assets which have, or has, or are, or is, reasonably likely to have a Material Adverse Effect;
- (xvii) for any reason whatsoever, the Vessel ceases to:
  - (A) comply with the ISM Code or the ISPS Code; or
  - (B) be managed by the Approved Manager in accordance with the Management Agreement or otherwise on terms in all respects approved by the Owners,

in each case, which is not remedied within three (3) Business Days after the earlier of written notice from the Owners requesting action to remedy the same or the Charterers becoming aware of the same;
- (xviii) any event or circumstance occurs which the Owners reasonably believe has or is reasonably likely to have a Material Adverse Effect;
- (xix)
  - (A) any of the Obligors or any Affiliate of any of them or any of their respective directors, officers or employees becomes a Restricted Party or becomes owned or controlled by, or acts directly or indirectly on behalf of, a Restricted Party or any of such persons becomes the owner or controller of a Restricted Party;
  - (B) any proceeds of the Purchase Price are made available, directly or indirectly, to or for the benefit of a Restricted Party or otherwise is, directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions; or
  - (C) any of the Obligors or any Affiliate of any of them or any of their respective directors, officers or employees is not in compliance with all Sanctions; or
  - (D) the Vessel is employed, operated or managed in any manner which (i) requires it to call at any port in North Korea, Iran or Syria, or any area or country where trading the Vessel to such port or area or country would constitute or reasonably be expected to constitute a breach of any Sanctions, (ii) is contrary to any Sanctions and in particular, the Vessel is used by or to benefit any party which is a

target of Sanctions and/or is a Restricted Party, (iii) would result or reasonably be expected to result in any Obligors, Sub-Charterer, Sub-Charter Guarantor or the Owners becoming a Restricted Party, or (iv) would trigger the operation of any Sanctions limitation or exclusion clause in any insurance documentation; or

- (xx) at such time when there is a change in the legal or beneficial ownership, shareholding or management control of the Charterers (including any material change in the composition of the board of directors of the Charterers) from that advised to the Owners by the Charterers at the date of this Charter (and, in particular, reflected in the officer's certificate of the Charterers provided to the Owners pursuant to the MOA or this Charter);
- (xxi) the Initial Sub-Charter is cancelled, repudiated, rescinded, terminated, expires or otherwise ceases to be in full force and effect prior to the third (3<sup>rd</sup>) anniversary of the Actual Delivery Date, **provided that** it shall not constitute a Termination Event under this clause if the Charterers, within forty five (45) days after the date that the Initial Sub-Charter is cancelled, repudiated, rescinded, terminated, expires or otherwise ceases to be in full force and effect, deliver the vessel into (and not just fix) a substitute Sub-Charter for the Vessel, with material terms and conditions satisfactory to the Owners and for the purposes of this clause any of the following requirements shall be deemed to be material:
- (A) such Sub-Charter shall be entered into with an Approved Sub-Charterer and shall not be on a bareboat charter basis unless approved by the Owners (acting reasonably);
  - (B) the rate of daily charter hire under such Sub-Charter shall be no less than thirty six thousand five hundred Dollars (US\$36,500);
  - (C) the fixed charter period of such Sub-Charter (without optional extensions) shall end on a date on or after the Initial Sub-Charter Fixed Term,
- in addition, (i) the Charterers shall provide the Owners with such executed sub-charter agreement and issued "on-hire" certificate evidencing the delivery of the Vessel into such Sub-Charter; and (ii) the Charterers shall assign the rights of any such Sub-Charter to the Owners on terms and conditions satisfactory to the Owners;
- (xxii) any "Termination Event" (as such term is defined under any Collateral Charter) occurs under any Collateral Charter; or
- (xxiii) a "Termination Event" (as such term is defined under the Anthea Y Charter) in accordance with Clause 49(a)(i) of the Anthea Y Charter has occurred and is continuing; or

- (xxiv) the Charterers (as sellers) fail to perform or comply with its undertaking provided to the Owners (as buyers) in accordance with Clause 19(b) of the MOA.
- (b) A Termination Event shall constitute (as the case may be) either a repudiatory breach of, or breach of condition by the Charterers under, this Charter or an agreed terminating event the occurrence of which will (in any such case) entitle the Owners to exercise all or any of the remedies set out below in this Clause 49.
- (c) At any time after a Termination Event shall have occurred and be continuing following the lapse of any applicable grace period as specified in paragraph (a) above, the Owners may:
- (i) at their option and by delivering to the Charterers a Termination Notice, terminate this Charter with immediate effect or on the date specified in such Termination Notice, and withdraw the Vessel from the service of the Charterers without noting any protest and without interference by any court or any other formality whatsoever, whereupon the Vessel shall no longer be in the possession of the Charterers with the consent of the Owners, and the Charterers shall redeliver the Vessel to the Owners in accordance with Clauses 42 (*Redelivery*) and 43 (*Redelivery conditions*);
  - (ii) enforce any Security Interest created pursuant to the relevant Transaction Documents; and
  - (iii) forfeit the refund of the Cash Collateral (which the Charterers irrevocably agree the Owners are entitled to do at any time after a Termination Event has occurred and is continuing) and apply the Cash Collateral against any amount of the Termination Sum payable and owing by the Charterers.
- (d) On the date falling no later than fifteen (15) days after the Termination Payment Date in respect of any termination of the chartering of the Vessel under this Charter in accordance with paragraph (c) above, the Charterers shall pay to the Owners an amount equal to the Termination Sum. For the avoidance of doubt, interest shall continue to accrue on the Termination Sum pursuant to paragraph (i) of Clause 40 (*Hire*) from the Termination Payment Date to the date of actual payment.
- (e) Following any termination to which this Clause 49 applies, all sums payable in accordance with paragraph (d) above shall be paid to such account or accounts as the Owners may direct and shall be applied by the Owners in the following order:
- (i) firstly, against the Termination Sum; and
  - (ii) secondly, in accordance with Clause 4.2.1(d) to (e) of the Security Trust Deed.

- (f) If the chartering of the Vessel or, as the case may be, the obligation of the Owners to deliver and charter the Vessel to the Charterers is terminated in accordance with the terms of this Charter, the obligation of the Charterers to pay Hire shall cease once the Charterers have made the payment pursuant to paragraph (d) above or Clause 40(k) (*Hire*) to the satisfaction of the Owners, whereupon the Owners shall arrange for title of the Vessel to be transferred to the Charterers in accordance with paragraphs (e) to (h) of Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*).
- (g) Without prejudice to the forgoing or to any other rights of the Owners under this Charter, at any time after a Termination Notice is served under Clause 49(c) (*Termination Events*), the Owners may, acting in their sole discretion without prejudice to the Charterers' obligations under Clause 43 (*Redelivery conditions*), retake possession of the Vessel and, the Charterers agree that the Owners, for such purpose, may put into force and exercise all their rights and entitlements at law and may enter upon any premises belonging to or in the occupation or under the control of the Charterers where the Vessel may be located as well as giving instructions to the Charterers' servants or agents for this purpose, provided that the Owners shall not be entitled to exercise their rights under this Clause if the Charterers have made the payment pursuant to Clause 49(d) (*Termination Events*) to the satisfaction of the Owners and the Owners have transferred title to the Vessel to the Charterers (or its nominee) in accordance with Clauses 52(e) (*Purchase Obligation, Call Option, Early Termination Event and Transfer of title*).
- (h) Following any termination to which this Clause 49 applies, if the Charterers have not paid to the Owners the Termination Sum on the date falling no later than fifteen (15) days after the applicable Termination Payment Date (and consequently the Owners have not transferred title to the Vessel to the Charterers (or its nominee) in accordance with Clause 52(e) (*Purchase Obligation, Early Termination Event and Transfer of title*), the Owners shall be entitled (but not obliged) to sell the Vessel and apply the proceeds of a sale of the Vessel received or receivable, net of any fees, commissions, documented costs, disbursements or other expenses incurred by the Owners as a result of the Owners arranging the proposed sale (the "**Net Proceeds**"), against the Termination Sum and:
- (i) if the Net Proceeds do not exceed the Termination Sum, claim from the Charterers for any shortfall together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof to the date of actual payment; or
  - (ii) if the Net Proceeds exceed the Termination Sum, any surplus shall be applied in the order set out in clause 4.2.1(d) to (e) of the Security Trust Deed,

**provided that** in the event:

- (A) the Owners have not yet entered into any agreement for the sale, charter or employment of the Vessel;

- (B) the Charterers furnish the Owners with an Offer no later than the date falling thirty (30) days after the Termination Payment Date (or such later date as may be agreed by the Owners, the "Latest MOA Date"); and
- (C) the potential buyer which has made the Offer (the "Potential Buyer") is acceptable to the Owners (acting reasonably, such acceptance not to be unreasonably withheld or delayed),

the Owners shall, subject to the entry into of a memorandum of agreement for the Vessel between the Potential Buyer and the Owners which shall be on terms acceptable to the Owners (the "**Potential Buyer MOA**") by the Latest MOA Date, sell the Vessel to the Potential Buyer in accordance with the terms of the Potential Buyer MOA. For the avoidance of doubt, the Owners may at its sole discretion (acting reasonably) proceed to complete any sale, charter or employment of the Vessel arranged by the Owners notwithstanding the Offer furnished by the Charterers. The proceeds of such sale shall, for the avoidance of any doubt, be applied in accordance with this Clause 49(h)(i) and (ii) as above.

For the purposes of this Clause 49(h):

"**Offer**" means a firm offer for the purchase of the Vessel:

- (i) for a purchase price in cash (payable on delivery and acceptance of the Vessel) not less than the Relevant Amount; and
- (ii) on customary terms for sale and purchase of commercial vessels of similar type.

"**Relevant Amount**" means the aggregate of the Termination Sum to be determined by the Owners payable on the delivery date of the Vessel under any Potential Buyer MOA and to the extent not already included within such Termination Sum, any actual or estimated costs associated with the entry into the Potential Buyer MOA by the Potential Buyer and the conclusion of the transaction and the delivery of the Vessel thereunder, including any brokers' fees or commission.

- (i) For the avoidance of doubt, the Charterers' obligation to pay the Termination Sum (and any of their other obligations under the Transaction Documents) shall not be affected irrespective of the Owners' ability to complete the sale of the Vessel referred to in Clause 49(h) above.
- (j) Save as otherwise expressly provided in this Charter, the Charterers shall not have the right to terminate this Charter any time prior to the expiration of the Agreement Term. The rights conferred upon the Owners by the provisions of this Clause 49 are cumulative and in addition to any rights which they may otherwise have in law or in equity or by virtue of the provisions of this Charter.

**Sub-chartering and assignment**

- (a) The Charterers shall not without the prior written consent of the Owners (such consent not to be unreasonably withheld):
- (i) let the Vessel on demise charter for any period;
  - (ii) enter into any time or consecutive voyage charter in respect of the Vessel which exceeds 12 months in duration (with or without optional extensions);
  - (iii) except as may be permitted under any Sub-Charter, de-activate or lay up the Vessel; or
  - (iv) assign their rights under this Charter.
- (b) The Charterers acknowledge that any sub-chartering permitted in accordance with Clause 50(a) above shall additionally be subject (amongst other things) to the following conditions:
- (i) the Owners being satisfied that the Charterers shall retain operational control of the Vessel (either directly or through any Approved Managers); and
  - (ii) all charterhire and any other sums to be received by the Charterers in connection with the Sub-Charter or any such sub-chartering shall be paid into the Operating Account.
- (c) Without prejudice to anything contained in this Clause 50, the Charterers shall only enter into any sub-charter for the Vessel which is for a purpose for which the Vessel is suited and with a sub-charterer who is not a Restricted Party and in each case, the Charterers shall assign to the Owners all their earnings arising out of and in connection with such sub-charter and all their rights and interest of any such sub-charter upon such terms and conditions as the Owners may require and the Charterers shall serve a notice on any sub-charterer and shall use reasonable endeavours to obtain a written acknowledgement of such earnings assignment from such sub-charterer in such form as is required by the Owners or any Finance Party (as the case may be).
- (d) The Charterers shall, without prejudice to the Owners' rights under any Transaction Document, procure that all Earnings (including any Earnings pursuant to the Sub-Charters) are remitted to the Operating Account.
- (e) Without prejudice to anything contained in this Clause 50, the Vessel shall not be employed, operated or managed in any manner which:
- (i) is contrary to any Sanctions and in particular, the Vessel shall not be used by or to benefit any party which is a target of Sanctions and/or is a Restricted Party or reach any port in North Korea, Iran, Syria or any area or country where trading the Vessel to such area or country would constitute or reasonably be expected to constitute a breach of any Sanctions or published boycotts imposed by any of the United

Nations, the European Union, the United States of America, the United Kingdom or the People's Republic of China;

- (ii) would result or reasonably be expected to result in any Obligor, any Sub-Charter or the Owners becoming a Restricted Party; or
- (iii) would trigger the operation of any Sanctions limitation or exclusion clause in any insurance documentation.

**51 Name of Vessel**

Provided that the Charterers have obtained the prior written consent of the Owners (such consent not to be unreasonably withheld) but always subject to the provisions of any Sub-Charter:

- (i) the name of the Vessel may be chosen by the Charterers provided that the name chosen must be commercially sensible (not to be politically or commercially inappropriate); and
- (ii) the Vessel may be painted in the colours, display the funnel insignia and fly the house flag as required by the Charterers.

**52 Purchase Option, Call Option, Early Termination Event and Transfer of Title**

Purchase Option

- (a) Subject to:
  - (i) no Total Loss under Clause 53 (*Total loss*) having occurred;
  - (ii) no Termination Event under Clause 49 (*Termination Events*) having occurred and being continuing; and
  - (iii) the Charterers' delivery of the Purchase Option Notice to the Owners at least sixty (60) days prior to the proposed Purchase Option Date,

the Charterers may purchase the Vessel on any Purchase Option Date for the Purchase Option Price.

Call Option

- (b) Subject to:
  - (i) no Total Loss under Clause 53 (*Total loss*) having occurred;
  - (ii) no Termination Event under Clause 49 (*Termination Events*) having occurred and being continuing; and
  - (iii) the Charterers' delivery of the Call Option Notice to the Owners prior to the Call Option Expiry Date,

the Charterers may exercise the Call Option to purchase the Vessel on the Expiry Date for the Call Option Price.

(c)

- (i) If:
  - (A) neither the Purchase Option nor the Call Option has been exercised by the Call Option Expiry Date; or
  - (B) the Call Option has been exercised but the Call Option Price has not been paid in accordance with the terms of this Charter,the Charterers shall, no later than the Expiry Date, pay to the Owners the Option Premium in full.
- (ii) In the event that Clause 52(c) is applicable and the Option Premium is not paid by the Expiry Date, the Owners shall be entitled (but not obliged) at the Charterers' cost to:
  - (A) withdraw the Vessel from the service of the Charterers without noting any protest and without interference by any court or any other formality whatsoever, whereupon the Vessel shall no longer be in the possession of the Charterers with the consent of the Owners, and the Charterers shall redeliver the Vessel to the Owners in accordance with Clauses 42 (*Redelivery*) and 43 (*Redelivery conditions*); and
  - (B) remarket the Vessel for sale or deliver the Vessel into any sub-charter and any proceeds from such sale or earnings from any sub-charterer shall not be used to apply against the Option Premium due and payable.

Early Termination Event

- (d) If, at any time during the Agreement Term, any of the following events occur:
- (A) a Charter Guarantor Change of Control Event occurs (save for a Delisting Event prior to which the Charterers have provided additional security as may be required by the Owners and which is in form and substance acceptable to the Owners);
  - (B)
    - (1) the Initial Sub-Charterer, any Sub-Charterer or Sub-Charter Guarantor or any of their respective directors, officers or employees becomes a Restricted Party or becomes owned or controlled by or acts directly or indirectly on behalf of, a Restricted Party or any of such persons becomes the owner or controller of a Restricted Party; or
    - (2) the Initial Sub-Charterer, any Sub-Charterer or Sub-Charter Guarantor or any of their respective directors, officers or employees is not in compliance with all Sanctions,

unless within sixty (60) days of the occurrence of any event set out in Clause 52(d)(B)(1) and 52(d)(B)(2) (each, a "**Sub-Charter Event**") (or such shorter period as permitted by any applicable authority), the relevant Sub-Charter and any Sub-Charter Guarantee relative to the applicable Sub-Charter Event are terminated and the Charterers enter into a replacement Sub-Charter (and if applicable any replacement Sub-Charter Guarantee) in form and substance and with counterparties acceptable to the Owners (acting reasonably);

then:

- (i) the Charterers shall immediately notify the Owners;
- (ii) subject to no Total Loss under Clause 53 (*Total loss*) having occurred and no Termination Event under Clause 49 (*Termination Events*) having occurred and being continuing, and regardless of whether the notice referred to in Clause 52(d)(i) above has been received by the Charterers, the Owners may (but shall not be obliged to) provide the Charterers with its intention to terminate the Charter and require the transfer of title to the Vessel from the Owners to the Charterers in exchange for payment by the Charterers to the Owners of the Termination Sum on such date specified by the Owners; and
- (iii) the Charterers shall pay to the Owners the Termination Sum on the Termination Payment Date as specified by the Owners pursuant to Clause 52(d)(ii).

For the avoidance of doubt, Hire shall in any event continue to be payable for the full period and this Charter shall otherwise continue to be in full force and effect until the Termination Sum has been received in full by the Owners.

#### Transfer of Title

- (e) Upon (1) in respect of a Purchase Option, the Call Option or an Early Termination Event, the full payment of the Purchase Option Price, the Call Option Price or the Termination Sum (as the case may be), (2) the full payment of the Termination Sum in accordance with Clause 40(k) (*Hire*), or (3) the full payment of the Termination Sum in accordance with Clause 49(d) (*Termination Events*) and any other sums payable by the Charterers to the Owners under this Charter and in each case, without any double counting, subject to compliance with the other conditions set out in this Clause 52, the Owners shall:
- (i) transfer title to and ownership of the Vessel to the Charterers (or their nominee) by delivering to the Charterers (in each case at the Charterers' costs):
    - (A) a duly executed and notarised, legalised and/or apostilled (as applicable) bill of sale in such form as is required by an Approved Flag or such other flag the Charterers select; and
    - (B) the Title Transfer PDA; and
    - (C) any additional document as may be required by the Vessel's flag to register title in the ownership of the Charterers, provided that any requirements for any additional documents are being notified to the Owners reasonably in advance to allow the Owners sufficient time to review, sign, notarise and/or legalise (where required) and deliver such additional documents;
  - (ii) procure the deletion of any mortgage or prior Security Interest in relation to the Vessel (including the Security Interest in relation to the Share Pledge and Account Pledge) at the Charterers' costs,

**provided always** that prior to such transfer or deletion (as the case may be), the Owners shall have received the letter of indemnity as referred to in paragraph (h) below from the Charterers, and the Charterers shall have performed all their obligations in connection herewith and with the Vessel, including without limitation the full payment of all Unpaid Sums and any sums pursuant to Clause 58 (*Further Indemnities*).

- (f) The transfer in accordance with paragraph (e) above shall be made in all respects at the Charterers' expense on an "as is, where is" basis and the Owners shall give the Charterers (or their nominee) no representations, warranties, agreements or guarantees whatsoever concerning or in connection with the Vessel, the Insurances, the Vessel's condition, state or class or anything related to the Vessel, expressed or implied, statutory or otherwise.
- (g) The Owners shall have no responsibility for the registrability of a bill of sale referred to in paragraph (e) above executed by the Owners, as far as such bill of sale is prescribed in forms generally acceptable to the Vessel's registry at the date of execution of such bill of sale.
- (h) The Charterers shall, immediately prior to the receipt of the bill of sale referred to in paragraph (e) above, furnish the Owners with a letter of indemnity (in a form satisfactory to the Owners) whereby the Charterers shall state that, among other things, the Owners have and will have no interest, concern or connection with the Vessel after the date of such letter and that the Charterers shall indemnify the Owners and keep the Owners indemnified forever against any claims made by any person arising in connection with the Vessel prior to the date the title of the Vessel is transferred to the Charterers.
- (i) If the chartering of the Vessel is terminated in accordance with this Clause 52, the obligation of the Charterers to pay the Hire shall cease only once the Charterers have paid the relevant Purchase Option Price, Call Option Price, or the Termination Sum (as applicable) and any other sums payable by the Charterers to the Owners as required hereunder to the satisfaction of the Owners.

**53 Total Loss**

- (a) If circumstances exist giving rise to a Total Loss, the Charterers shall promptly notify the Owners of the facts of such Total Loss. If the Charterers wish to proceed on the basis of a Total Loss and advise the Owners thereof, the Owners shall agree to the Vessel being treated as a Total Loss for all purposes of this Charter. The Owners shall thereupon abandon the Vessel to the Charterers and/or execute such documents as may be required to enable the Charterers to abandon the Vessel to insurers and claim a Total Loss. Without prejudice to the obligations of the Charterers to pay to the Owners all monies then due or thereafter to become due under this Charter including but not limited to the Charterers' obligation to pay the Termination Sum on the Settlement Date in accordance with Clause 53(b) and 53(c) below, if the Vessel shall become a Total Loss during the Charter Period, the Charter Period shall end on the Settlement Date.
- (b) If the Vessel becomes a Total Loss during the Charter Period, the Charterers shall, on the Settlement Date, pay to the Owners the amount calculated in accordance with paragraph (c) below.
- (c) On the Settlement Date, the Charterers shall pay to the Owners an amount equal to the Termination Sum as at the Settlement Date. The foregoing obligations of the Charterers under this paragraph (c) shall apply regardless

of whether or not any moneys are payable under any Insurances in respect of the Vessel, regardless of the amount payable thereunder, regardless of the cause of the Total Loss and regardless of whether or not any of the said compensation shall become payable.

- (d) All Total Loss Proceeds shall be paid to such account or accounts as the Owners may direct and shall be applied towards satisfaction of the Termination Sum and any other sums due and payable under the Transaction Documents. To the extent that there is any surplus after such application, any such surplus shall be applied in the order set out in Clause 4.2.1(d) to (e) of the Security Trust Deed.
- (e) The Charterers shall, at the Owners' request, provide satisfactory evidence, in the reasonable opinion of the Owners, as to the date on which the constructive total loss of the Vessel occurred pursuant to the definition of Total Loss.
- (f) The Charterers shall continue to pay Hire on the days and in the amounts required under this Charter notwithstanding that the Vessel shall become a Total Loss **provided always** that no further instalments of Hire shall become due and payable after the Charterers have made the payment pursuant to paragraph (c) above.

#### **54 Appointment of Approved Manager**

- (a) The Charterers covenant not to appoint anyone other than the Approved Manager as managers or sub-managers of the Vessel without the prior written consent of the Owners (such consent not to be unreasonably withheld).
- (b) Without prejudice to the foregoing, the Owners shall be entitled, but without obligation, to replace the Approved Managers with such other ship management company at the Charterers' costs upon the occurrence of a Termination Event which is continuing.

#### **55 Fees and expenses**

- (a) The Charterers shall, on or prior to the Actual Delivery Date, pay to the Owners the Arrangement Fee. The Parties agree that the Arrangement Fee may be paid by way of deduction of the same from the Purchase Price payable by the Owners (as buyers) to the Charterers (as sellers) under the MOA. The Arrangement Fee shall not be refundable in any circumstance whatsoever.
- (b) In addition to the Arrangement Fee, the Charterers shall bear all documented costs, fees (including documented legal fees) and disbursements reasonably incurred by the Owners and the Charterers in connection with:
  - (i) the negotiation, preparation, finalisation and execution of this Charter and the other Transaction Documents;
  - (ii) the delivery or redelivery of the Vessel under the MOA and this Charter;
  - (iii) all Registration Costs;

- (iv) preparation or procurement of any survey, inspection, Valuation Report (subject to paragraph (dd) of Clause 48 (*Charterers' undertakings*)), tax or insurance advice; and
- (v) such other activities relevant to the transaction contemplated herein.

**56 Stamp duties and taxes**

- (a) The Charterers shall pay promptly but in any event within ten (10) Business Days (or other period as may be agreed by both parties) of demand by the Owners:
  - (i) an amount equal to the loss, liability or documented cost which the Owners determine will be or has been (directly or indirectly) suffered for or on account of Tax by the Owners in respect of a Transaction Document, together with any interest, penalties, costs and expenses payable or incurred; and
  - (ii) all stamp, documentary or other like duties and taxes to which this Charter and the other Transaction Documents may be subject or give rise, whether before or after the delivery of the Vessel by the Charterers to the Owners pursuant to the MOA as well as any duties imposed in any relevant jurisdiction upon running stores, provisions and supplies furnished by the Owners from abroad to be stocked on board the Vessel and also from the payment of export duties, if any, to be imposed upon the Vessel as a whole or upon any of its parts or equipment, and shall indemnify the Owners on demand against any and all liabilities with respect to or resulting from any delay on the part of the Charterers to pay such duties or taxes.
- (b) All amounts set out or expressed in a Transaction Document to be payable to the Owners which constitute the consideration for any supply for Indirect Tax purposes shall be deemed to be exclusive of any Indirect Tax. If any Indirect Tax is chargeable on any supply made by the Owners to the Charterers in connection with a Transaction Document, the Charterers shall pay to the Owners an amount equal to the amount of the Indirect Tax (in addition to and at the same time as paying any other consideration for such supply).
- (c) Where a Transaction Document requires Charterers to reimburse or indemnify the Owners for any documented costs or expenses, the Charterers shall also at the same time reimburse or indemnify (as the case may be) the Owners against all Indirect Tax incurred by the Owners in respect of the documented costs or expenses save to the extent the Owners reasonably determines that they are entitled to credit or repayment in respect of the Indirect Tax from the relevant tax authority.
- (d) For the avoidance of doubt, the Charterers shall and shall procure that the Charter Guarantor shall, indemnify, protect, defend and hold harmless any Tax incurred by the Owners relating to, resulting from or arising out of or in connection with, directly or indirectly from the acts listed in Clause 58(a)(ii)(A)(*Further Indemnities*).

## 57 Operational notifiable events

The Charterers shall immediately notify the Owners of the occurrence of any of the following events:

- (a) any requirement or recommendation imposed by the Classification Society or any competent authority which is not promptly complied with within any applicable grace period agreed by the Classification Society or such competent authority (as the case may be);
- (b) whenever the Vessel is:
  - (i) arrested or detained, for a period of at least one (1) day; or
  - (ii) confiscated, seized, requisitioned, impounded or forfeited,by any government or other competent authorities or any other persons and the release of the Vessel following such arrest, confiscation, seizure, requisition, impoundment, forfeiture or detention;
- (c) in the event of a fire requiring the use of fixed fire systems or collision / grounding and the costs of such damage will or is reasonably likely to exceed the Threshold Amount;
- (d) (by email) whenever the Vessel is planned for dry-docking, whether in accordance with Clause 10(g) (Part II) or any Sub-Charter and whether routine or emergency;
- (e) the Vessel is taken under tow, save for any routine towage (including when leaving or entering a port);
- (f) whenever a Classification Society or flag authority refuses to issue or withdraw trading certification, and any actual or threatened withdrawal, suspension, cancellation or modification of:
  - (i) the Safety Management Certificate (as such term is defined pursuant to the ISM Code);
  - (ii) the Approved Technical Manager's current Document of Compliance (as such term is defined pursuant to the ISM Code);
  - (iii) the ISSC of the Vessel; or
  - (iv) the IAPPC of the Vessel;
- (g) any claim for breach of the ISM Code or the ISPS Code being made against the Charterers, the ISM Company, an Approved Manager or otherwise in connection with the Vessel, save that in respect of the Sub-Charterers, unless such breach does not affect the operation of the Vessel in all respects;
- (h) any exercise of any lien on the Vessel or her Earnings; or
- (i) any incident of, repair of, damage to or alteration of the Vessel the costs of which exceeds or may reasonably likely to exceed the Threshold Amount.

**Further indemnities**

- (a) Whether or not any of the transactions contemplated hereby are consummated, the Charterers shall and shall procure that the Charter Guarantor shall, in addition to the provisions under Clause 17 (*Indemnity*) (Part II) of this Charter, indemnify, protect, defend and hold harmless the Owners, any Collateral Owners, the Security Trustee, their respective Affiliates and the Finance Parties and their respective officers, directors, agents and employees (collectively, the "**Indemnitees**") throughout the Agreement Term from, against and in respect of, any and all liabilities, obligations, losses, damages, penalties, fines, documented fees, claims, tax, actions, proceedings, judgement, order or other sanction, lien, salvage, general average, suits, documented costs, expenses and disbursements, including reasonable legal fees and expenses, of whatsoever kind and nature (collectively, the "**Expenses**"), imposed on, suffered or incurred by any Indemnitee, in any way relating to, resulting from or arising out of or in connection with, in each case, directly or indirectly, any one or more of the following:
- (i) this Charter, the Initial MOA (and any document delivered thereunder) and any other Transaction Documents and any amendment, supplement or modification thereof or thereto requested by the Charterers;
  - (ii) the Vessel or any part thereof, including with respect to:
    - (A) the ownership of, manufacture, design, possession, use or non-use, operation, maintenance, sub-chartering, testing, repair, overhaul, condition, alteration, modification, addition, improvement, storage, seaworthiness, replacement, repair of the Vessel or any part (including, in each case, latent or other defects, whether or not discoverable and any claim for patent, trademark, or copyright infringement and all liabilities, obligations, losses, damages and claims in any way relating to or arising out of spillage of cargo or fuel, out of injury to persons, properties or the environment or strict liability in tort);
    - (B) any claim or penalty arising out of Sanctions or violations of applicable law by any of the Obligors or Sub-Charterers;
    - (C) death or property damage of shippers or others;
    - (D) any liens in respect of the Vessel or any part thereof;
    - (E) any registration and/or tonnage fees (whether periodic or not) in respect of the Vessel payable to any registry of ships and any service fees payable to any service provider in relation to maintaining such registration at any registry of ships; or

(F) any Environmental Claim which may arise in connection with the Vessel,

unless directly and solely caused by the gross negligence or wilful misconduct of an Indemnitee provided that at that time no Potential Termination Event or Termination Event has occurred and there is no breach or contributory negligence of an Obligor;

- (iii) any breach of or failure to perform or observe, or any other non-compliance with, any covenant or agreement or other obligation to be performed by the Obligor under any Transaction Document to which it is a party or the falsity of any representation or warranty of the Obligor in any Transaction Document to which it is a party or the occurrence of any Potential Termination Event or Termination Event;
- (iv) in preventing or attempting to prevent the arrest, confiscation, seizure, taking and execution, requisition, impounding, forfeiture or detention of the Vessel, or in securing or attempting to secure the release of the Vessel in connection with the exercise of the rights of a holder of a lien created by any of the Obligor;
- (v) incurred or suffered by the Owners in:
  - (A) procuring the delivery of the Vessel to the Charterers under Clause 35 (*Delivery*), including the determining of Market Value prior to the delivery of the Vessel under the MOA;
  - (B) recovering possession of the Vessel following termination of this Charter under Clause 49 (*Termination Events*) or earlier termination of this Charter and arranging for transfer of title of the Vessel under this Charter;
  - (C) in connection with any Sub-Charter Termination Event; or
  - (D) effecting the transfer of title from the Owners to the Charterers under any provision of this Charter;
- (vi) arising from the Master or officers of the Vessel or the Charterers' or their respective agents signing bills of lading or other documents;
- (vii) in connection with:
  - (A) the arrest, seizure, taking into custody or other detention by any court or other tribunal or by any governmental entity; or
  - (B) subjection to distress by reason of any process, claim, exercise of any rights conferred by a lien or by any other action whatsoever, of the Vessel which are expended, suffered or incurred as a result of or in connection with any claim or against, or liability of, the Charterers or any other member of the Charterers' group or any Approved

Managers, together with any documented costs and expenses or other outgoings which may be paid or incurred by the Owners in releasing the Vessel from any such arrest, seizure, custody, detention or distress.

- (b) The Charterers shall and shall procure that the Charter Guarantor shall pay to the Owners promptly on the Owners' written demand within ten (10) Business Days the amount of all documented costs and expenses (including legal fees) incurred by the Owners in connection with the enforcement of, or the preservation of any rights under, any Transaction Document including (without limitation) (i) any documented losses, costs and expenses which the Owners may from time to time sustain, incur or become liable for by reason of the Owners being deemed by any court or authority to be an operator, or in any way concerned in the operation, of the Vessel and (ii) collecting and recovering the proceeds of any claim under any of the Insurances.

**59 Further assurances and undertakings**

Each party shall make all applications and execute all other documents and do all other acts and things as may be necessary to implement and to carry out their obligations under, and the intent of, this Charter.

**60 Cumulative rights**

The rights, powers and remedies provided in this Charter are cumulative and not exclusive of any rights, powers or remedies at law or in equity unless specifically otherwise stated.

**61 No waiver**

No delay, failure or forbearance by a party to exercise (in whole or in part) any right, power or remedy under, or in connection with, this Charter will operate as a waiver. No waiver of any breach of any provision of this Charter will be effective unless that waiver is in writing and signed by the party against whom that waiver is claimed. No waiver of any breach will be, or be deemed to be, a waiver of any other or subsequent breach.

**62 Entire Agreement**

- (a) This Charter may not be amended, altered or modified except by a written instrument executed by each of the Parties.
- (b) This Charter contains all the understandings and agreements of whatsoever kind and nature existing between the parties in respect of this Charter, the rights, interests, undertakings agreements and obligations of the parties to this Charter and shall supersede all previous and contemporaneous negotiations and agreements but shall be read in conjunction with the MOA.

**63 Invalidity**

If any term or provision of this Charter or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable the remainder of this Charter or application of such term or provision to persons or circumstances (other

than those as to which it is already invalid or unenforceable) shall (to the extent that such invalidity or unenforceability does not materially affect the operation of this Charter) not be affected thereby and each term and provision of this Charter shall be valid and be enforceable to the fullest extent permitted by law.

**64 English language**

All notices, communications and financial statements and reports under or in connection with this Charter and the other Transaction Documents shall be in English language or, if in any other language, shall be accompanied by a translation into English. In the event of any conflict between the English text and the text in any other language, the English text shall prevail.

**65 No partnership**

Nothing in this Charter creates, constitutes or evidences any partnership, joint venture, agency, trust or employer/employee relationship between the parties, and neither party may make, or allow to be made any representation that any such relationship exists between the parties. Neither party shall have the authority to act for, or incur any obligation on behalf of, the other party, except as expressly provided in this Charter.

**66 Notices**

- (a) Any notices to be given to the Owners under this Charter shall be sent in writing by registered letter, facsimile or email and addressed to:

**Sea 253 Leasing Co. Limited**

c/o CMB Financial Leasing Co., Ltd.

Address: 21F, China Merchants Bank Building, No. 1088, Lujiazui Ring Road, Shanghai, China 200120

Email: xiao\_yue@cmbchina.com / zyzlsceb@cmbchina.com

Tel No.: +86 21 6106 1534

Attention: Yue XIAO (Nicholas), Shipping Leasing Department

or to such other address, facsimile number or email address as the Owners may notify to the Charterers in accordance with this Clause 66.

- (b) Any notices to be given to the Charterers under this Charter shall be sent in writing by registered letter, facsimile or email and addressed to:

**Global Ship Lease 70 LLC**

c/o Technomar Shipping Inc.

Address: 3-5 Menandrou Street, Kifissia, 14561, Athens, Greece

Email: finance@technomar.gr with copy to (i) legalconfidential@technomar.gr and (ii) tpsaropoulos@technomar.gr

Attention: Legal Department / Mr. Tassos Psaropoulos

or to such other address, facsimile number or email address as the Charterers may notify to the Owners in accordance with this Clause 66.

(c)

- (i) Any such notice shall be deemed to have reached the party to whom it was addressed, when dispatched and acknowledged received (in case of a facsimile or an email) or when delivered (in case of a registered letter). A notice or other such communication received on a non-working day or after business hours in the place of receipt shall be deemed to be served on the next following working day in such place.
- (ii) Any communication or document to be made or delivered by one party to another under or in connection with the Transaction 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:
  - (A) 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
  - (B) 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.
- (iii) Any such electronic communication or delivery as specified in paragraph (ii) above to be made between an Obligor and the Owners 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.
- (iv) Any such electronic communication or delivery as specified in paragraph (ii) 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 Owners only if it is addressed in such a manner as the Owners shall specify for this purpose.
- (v) Any electronic communication or document which becomes effective, in accordance with paragraph (iv) 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

Charter shall be deemed only to become effective on the following day.

- (vi) Any reference in a Transaction 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 paragraph (c).

**67 Conflicts**

Unless stated otherwise, in the event of there being any conflict between the provisions of Clauses 1 (*Definitions*) (Part II) to 31 (*Notices*) (Part II) and the provisions of Clauses 32 (*Definitions*) to 76 (*FATCA*), the provisions of Clauses 32 (*Definitions*) to 76 (*FATCA*) shall prevail.

**68 Survival of Charterers' obligations**

The termination of this Charter for any cause whatsoever shall not affect the right of the Owners to recover from the Charterers any money due to the Owners in consequence thereof and all other rights of the Owners (including but not limited to any rights, benefits or indemnities which are provided to continue after the termination of this Charter) are reserved hereunder.

**69 Counterparts**

This Charter may be executed in any number of counterparts and any single counterpart or set of counterparts signed, in either case, by all the Parties shall be deemed to constitute a full and original agreement for all purposes.

**70 Third Parties Act**

- (a) The Security Trustee and any person which is an Indemnitee or a Finance Party from time to time and is not a party to this Charter shall be entitled to enforce such terms of this Charter as provided for in this Charter in relation to the obligations of the Charterers to the Security Trustee, such Indemnitee or (as the case may be) Finance Party, subject to the provisions of Clause 71 (*Law and dispute resolution*) and the Third Parties Act. The Third Parties Act applies to this Charter as set out in this Clause 70.
- (b) Save as provided above, a person who is not a party to this Charter has no right under the Third Parties Act to enforce or to enjoy the benefit of any term of this Charter.

**71 Law and dispute resolution**

- (a) This Charter and any non-contractual obligations arising from or in connection with it are in all respects governed by and shall be interpreted in accordance with English law and any dispute arising out of or in connection with this Agreement shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.

- (b) The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.
- (c) The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the fourteen (14) days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both the Owners and the Charterers as if the sole arbitrator had been appointed by agreement.
- (d) Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.
- (e) In cases where neither the claim nor any counterclaim exceeds the sum of US\$100,000 the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

## **72 Waiver of immunity**

- (a) To the extent that the Charterers may in any jurisdiction claim for themselves or their assets or revenues immunity from any proceedings, suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Charterers or their assets or revenues, the Charterers agree not to claim and irrevocably waive such immunity to the full extent permitted by the laws of such jurisdiction.
- (b) The Charterers consent generally in respect of any proceedings to the giving of any relief and the issue of any process in connection with such proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such proceedings. The Charterers agree that in any proceedings in England this waiver shall have the fullest scope permitted by the English State Immunity Act 1978 and that this waiver is intended to be irrevocable for the purposes of such Act.

## **73 Set-off**

Following the occurrence of a Termination Event which is continuing, the Owners may set off any matured and/or contingent obligation due from the Charterers under the Transaction Documents against any obligation (whether matured or not) owed by the Owners to the Charterers, regardless of the place of payment or currency of either obligation. If the obligations are in different currencies, the Owners may convert either

obligation at a market rate of exchange in their usual course of business for the purpose of the set-off.

74

#### Value Maintenance Covenants

(a) In this Clause 74:

"**Value Maintenance Ratio**" means the ratio (expressed as a percentage) of:

- (i) the Market Value of the Vessel; to
- (ii) the aggregate of the Cost Balance then applicable as at the next applicable Hire Payment Date.

"**Value Maintenance Threshold**" means the ratio (expressed as a percentage) of:

- (A) at any time from the Actual Delivery Date up to and including the third (3<sup>rd</sup>) anniversary thereof, one hundred and thirty five per cent. (135%); and
- (B) at any time after the third (3<sup>rd</sup>) anniversary of the Actual Delivery Date, one hundred and thirty per cent. (130%).

(b)

(i) For the purposes of testing the Value Maintenance Ratio on a Valuation Date, the Market Value shall be determined by the Owners based on the most recent Valuation Report provided to the Owners in accordance with the requirements under this Clause 74 **provided that**:

- (A) in the absence of a Termination Event which is continuing, the Charterers shall arrange, deliver to the Owners and bear the cost of the issuance of each such Valuation Report once every six (6) months during the Charter Period, and any additional Valuation Report shall be at the Owners' cost; and
- (B) upon the occurrence of a Termination Event that is continuing, the Charterers shall arrange, deliver to the Owners and bear the cost of the issuance of all Valuation Reports as may be required by the Owners (acting in their sole discretion),

**provided further that** if the Charterers fail to deliver any Valuation Report in accordance with the requirements under this Clause 74, the Owners shall be entitled to arrange a Valuation Report at the Charterers' cost.

(ii) Each Valuation Report to be provided by the Charterers to the Owners for the purpose of sub-paragraph (i) above shall:

- (A) be issued by an Approved Broker on the relevant Valuation Date;

- (B) be made without physical inspection of the Vessel and on a desktop, charter-free basis;
  - (C) on the basis of a sale for prompt delivery for cash at arm's length on normal commercial terms as between a willing seller and a willing buyer; and
  - (D) upon occurrence of a Termination Event which is continuing, be delivered to the Owners within thirty (30) days from the day requested by the Owners to the Charterers in writing.
- (iii) If an Approved Broker determines that the Market Value shall fall within a range, the valuation as determined by such Approved Broker should be the lower value of such range.
  - (iv) Each valuation shall be provided by an Approved Broker in US Dollars.
  - (v) The Owners may test the Value Maintenance Ratio on any Valuation Date in accordance with the methodology described in sub-paragraph (b) above.
  - (vi) If, after conducting testing the Value Maintenance Ratio on the relevant Valuation Date, the Owners determine that the Value Maintenance Ratio is less than the Value Maintenance Threshold, then the Charterers shall, within thirty (30) days of the Owners' notice to the Charterers of the same, provide cash collateral in the amount of the shortfall and deposit the same in the Operating Account or any other account nominated by the Owners, for the purpose of and in order to restore the Value Maintenance Ratio to the Value Maintenance Threshold. For the avoidance of doubt, the Minimum Cash Balance shall not at any time be included in the determination of any satisfaction of the Value Maintenance Threshold. The Market Value of the Vessel shall be determined one (1) month following the provision of such cash collateral at the Charterers' cost and, if the Value Maintenance Threshold is evidenced to be met, the Owners shall immediately release such cash collateral to the Charterers and, if the Value Maintenance Threshold is not met as at such time, the Market Value of the Vessel shall be determined each month thereafter at the Charterers' cost.

## 75 Financial covenants

- (a) The Charterers shall procure that the Charter Guarantor will ensure that at all times during the Agreement Term, maintain the Free Liquidity in an amount of twenty million US Dollars (US\$20,000,000).

For the purpose of this Clause 74(a), the following term has the meanings ascribed to them below:

**"Free Liquidity"** means, on a date of calculation, on a consolidated basis, the aggregate of the unencumbered cash balances held by the Charter

Guarantor as evidenced by the Charter Guarantor's latest financial statements delivered pursuant to Clause 48(y).

- (b) Each of the financial covenants as set out in this Clause 75 shall be calculated in accordance with GAAP and tested by reference to each of the financial statements in respect of the Charter Guarantor delivered pursuant to Clause 48(x).
- (c) The Charterers shall supply and shall procure that the Charter Guarantor shall supply to the Owners a Compliance Certificate with each set of financial statements delivered pursuant to paragraph (b) above setting out (in reasonable detail) computations as to compliance with Clause 75 (*Financial Covenants*) as at the date as at which those financial statements were drawn up.
- (d) Each Compliance Certificate shall be signed by a director or the Chief Financial Officer of the Charter Guarantor.
- (e) If at any time any other Financial Indebtedness of the Charter Guarantor and/or any of its Subsidiaries shall include any financial covenant in respect of the Charter Guarantor (whether set forth as a covenant, undertaking, event of default, restriction or other such provision) (a "**Financial Covenant**") that would be more beneficial to the Owners than any analogous provision contained in this Charter (an "**Additional Financial Covenant**"), then such Additional Financial Covenant shall be deemed automatically incorporated into the terms of this Charter (an "**MFN Amendment**"). Such MFN Amendment shall be reversed and the financial covenants restored to those that were in effect immediately prior to an MFN Amendment when (i) such other financial indebtedness containing the Additional Financial Covenant is repaid in full other than as a result of or in connection with an actual event of default (howsoever defined); or (ii) the original terms of an Additional Financial Covenant provided that it has ceased to apply. The Charterers shall promptly notify the Owners of any change or event that requires the incorporation or reverse of an MFN Amendment. The Charterers agree that it will, and will procure that the Charter Guarantor will, promptly enter into such necessary documentation as may be required to amend and supplement the Charter Guarantee and this Charter so as to reflect and incorporate such new or amended financial covenants that are more favourable to the Owners in accordance with this clause.

## 76 FATCA

- (a) Subject to Clause 76(c) below, the Charterers shall (and shall procure that each Obligor will) and the Owners shall, within ten (10) Business Days of a reasonable request by a Party:
  - (i) confirm to such Party whether it is:
    - (A) a FATCA Exempt Party; or
    - (B) not a FATCA Exempt Party; and

- (ii) supply to such Party such forms, documentation and other information relating to its status under FATCA as such party reasonably requests for the purposes of its compliance with FATCA; and
  - (iii) supply to such Party such forms, documentation and other information relating to its status as such Party request for the purposes of its compliance with any other law, regulation, or exchange of information regime.
- (b) If a Party confirms to the other Party pursuant to Clause 76(a)(i) 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 the other Party promptly.
- (c) Clause 76(a) shall not oblige the Owners to do anything, and Clause 76(a)(iii) 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 fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with Clause 76(a)(i) or Clause 76(a)(ii) (including, for the avoidance of doubt, where Clause 76(c) applies), then such Party shall be treated for the purposes of the Transaction 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.
- (e) 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.
- (f) 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 Charterer and the Owners and the Owners shall notify the Owners.

## **77 Day Count Convention**

Any interest, commission or fee accruing under a Transaction 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.

78 **Confidentiality**

- (a) The Parties shall maintain the information provided in connection with the Transaction Documents strictly confidential and agree to disclose to no person other than:
- (i) its board of directors, employees (only on a need to know basis), and shareholders, professional advisors (including the legal and accounting advisors and auditors) and rating agencies;
  - (ii) as may be required to be disclosed under applicable law or regulations or for the purpose of legal proceedings;
  - (iii) in the case of the Owners, (1) to any of its Affiliate (more than one of them, collectively, the "**Permitted Parties**"), any Finance Party or other actual or potential financier providing funding for the acquisition or refinancing of the Vessel (provided the same have entered into similar confidentiality arrangements), (2) to professional advisers, auditors, insurers or insurance brokers and service providers of the Permitted Parties who are under a duty of confidentiality to the Permitted Parties and (3) as required by any law or any government, quasi-government, administrative, regulatory or supervisory body or authority, court or tribunal with jurisdiction over any of the Permitted Parties;
  - (iv) in the case of the Charterers, to any Sub-Charterers (but subject always to paragraph (b) below) in respect of obtaining any consent required under the terms of any relevant Sub-Charter;
  - (v) any Approved Managers, the classification society and flag authorities, in each case as may be necessary in connection with the transactions contemplated hereunder; and
  - (vi) any person which is a classification society or other entity which the Owners, any of their Affiliates or a Finance Party has engaged to make the calculations necessary to enable the Owners, any of their Affiliates or a Finance Party to comply with their reporting obligations under the Poseidon Principles (as defined under Clause 48(z)(ii)(B)).
- (b) Any other disclosure by each Party shall be subject to the prior written consent of the other Party, provided that the Charterers may disclose any information provided in connection with the Transaction Documents to their sub-contractors and any Sub-Charterers, in each case subject to the procurement of a confidentiality undertaking (in form and substance satisfactory to the Owners) from such sub-contractor or Sub-Charterers.



Schedule 2

FORM OF TITLE TRANSFER PROTOCOL OF DELIVERY AND ACCEPTANCE

**PROTOCOL OF DELIVERY AND ACCEPTANCE**

m.v. "GSL SYROS"

**SEA 253 LEASING CO. LIMITED**, a company incorporated in Hong Kong with its registered address at 27/F Three Exchange Square 8, Connaught Place, Central, Hong Kong (the "Owners") deliver to **GLOBAL SHIP LEASE 70 LLC**, a company incorporated in Liberia with its registered address at 80 Broad Street, Monrovia, Liberia (the "Bareboat Charterers") the Vessel described below and the Bareboat Charterers accept delivery of, title and risk to the Vessel pursuant to the terms and conditions of the bareboat charter dated 2021 (as may be amended and supplemented from time to time) and made between (1) the Owners and (2) the Bareboat Charterers.

Name of Vessel: m.v. "GSL SYROS"

Flag: [ ]

Place of Registration: [ ]

IMO Number: 9437062

Gross Registered Tonnage: [ ]

Net Registered Tonnage: [ ]

Dated:

At:        hours ([ ] time)

Place of delivery:

THE OWNERS  
**SEA 253 LEASING CO. LIMITED**  
by:

THE BAREBOAT CHARTERERS  
**GLOBAL SHIP LEASE 70 LLC**  
by:

\_\_\_\_\_  
Name:

Title:

Date:

\_\_\_\_\_  
Name:

Title:

Date:

**SIGNATURE PAGE**  
**ADDITIONAL CLAUSES**  
**TO BAREBOAT CHARTER FOR THE VESSEL "BALBINA" TO BE RENAMED**  
**"GSL SYROS"**

**THE OWNERS**  
**SEA 253 LEASING CO. LIMITED**  
by:

/s/ Joan Tan Li Xin

---

Name: Tan Li Xin, Joan  
Title: Attorney-in-fact  
Date: 26 August 2021

**THE CHARTERERS**  
**GLOBAL SHIP LEASE 70 LLC**  
by:

/s/ Aglaia Lida Papadi

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Name: Aglaia Lida Papadi  
Title: Attorney-in-fact  
Date: 26 August 2021

# SALEFORM 2012

Norwegian Shipbrokers' Association's  
Memorandum of Agreement for sale and purchase of ships

- 1 Dated: 26 August 2021
- 2 **GLOBAL SHIP LEASE 70 LLC, a company incorporated in Liberia with its registered address at 80 Broad Street, Monrovia, Liberia**  
(Name of sellers), hereinafter called the "Sellers", have agreed to sell, and
- 3 **SEA 253 LEASING CO. LIMITED, a company incorporated in Hong Kong with its registered office at 27/F Three Exchange Square 8, Connaught Place, Central, Hong Kong** (Name of buyers), hereinafter called the "Buyers", have agreed to buy:
- 4 Name of vessel: "**Balbina**" to be renamed "**GSL Syros**"
- 5 IMO Number: **9437062**
- 6 Classification Society: **DNV GL**
- 7 Class Notation: **100 A5 E Container ship BWM DG IW LC RSCS**  
~~MC E AUT EP-D RCP (1025/75)~~
- 8 Year of Build: **2010** Builder/Yard: **Zhejiang Ouhua Shipbuilding Co., Ltd., PRC**
- 9 Flag: **Republic of Portugal (bareboat charter registration only); Hamburg, Germany (as underlying registry)**  
Place of Registration: **Madeira (bareboat charter registration only); Germany – Leer (as underlying registry)**
- GT/NT: **52,726 / 32,613**
- 10 hereinafter called the "Vessel", on the following terms and conditions:
- 11 **Definitions**
- 12 "Banking Days" are days on which banks are open both in the country of the currency stipulated for  
13 the Purchase Price in Clause 1 (Purchase Price) and in the place of closing stipulated in Clause 8  
14 (Documentation) and **Shanghai, Singapore, Athens, Hamburg, Copenhagen, Hong Kong and London** (add additional jurisdictions as appropriate).
- 15 "Buyers' Nominated Flag State" means **Liberia** (state flag state).
- 16 "Class" means the class notation referred to above.
- 17 "Classification Society" means the Society referred to above.
- 18 ~~"Deposit" shall have the meaning given in Clause 2 (Deposit)~~
- 19 ~~"Deposit Holder" means (state name and location of Deposit Holder) or, if left blank, the~~  
20 ~~Sellers' Bank, which shall hold and release the Deposit in accordance with this Agreement.~~
- 21 "In writing" or "written" means a letter handed over from the Sellers to the Buyers or vice versa, a

- 22 registered letter, e-mail or telefax.
- 23 "Parties" means the Sellers and the Buyers.
- 24 "Purchase Price" means the price for the Vessel as stated in Clause 1 (Purchase Price).

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25 ~~"Sellers' Account" means (state details of bank account) at the Sellers' Bank.~~

26 ~~"Sellers' Bank" means (state name of bank, branch and details) or, if left blank, the bank~~  
27 ~~notified by the Sellers to the Buyers for receipt of the balance of the Purchase Price.~~

## 28 **1. Purchase Price**

29 The Purchase Price is **the lower of (a) the Market Value and (b) USD50,000,000 (fifty million United States Dollars).** ~~(state currency and~~  
30 ~~amount both in words and figures).~~

## 30 **2. Deposit**

**No deposit for the Purchase Price is payable.**

31 ~~As security for the correct fulfilment of this Agreement the Buyers shall lodge a deposit of~~  
32 ~~% (per cent) or, if left blank, 10% (ten per cent), of the Purchase Price (the~~  
33 ~~"Deposit") in an interest bearing account for the Parties with the Deposit Holder within three (3)~~  
34 ~~Banking Days after the date that:~~

35 ~~(i) this Agreement has been signed by the Parties and exchanged in original or by~~  
36 ~~e-mail or telefax; and~~

37 ~~(ii) the Deposit Holder has confirmed in writing to the Parties that the account has been~~  
38 ~~opened.~~

39 ~~The Deposit shall be released in accordance with joint written instructions of the Parties.~~  
40 ~~Interest, if any, shall be credited to the Buyers. Any fee charged for holding and releasing the~~  
41 ~~Deposit shall be borne equally by the Parties. The Parties shall provide to the Deposit Holder~~  
42 ~~all necessary documentation to open and maintain the account without delay.~~

## 43 **3. Payment**

**See Additional Clause 22 (Payment).**

44 ~~On delivery of the Vessel, but not later than three (3) Banking Days after the date that Notice of~~  
45 ~~Readiness has been given in accordance with Clause 5 (Time and place of delivery and~~  
46 ~~notices):~~

47 ~~(i) the Deposit shall be released to the Sellers; and~~

48 ~~(ii) the balance of the Purchase Price and all other sums payable on delivery by the Buyers~~  
49 ~~to the Sellers under this Agreement shall be paid in full free of bank charges to the~~  
50 ~~Sellers' Account.~~

## 51 **4. Inspection**

52 ~~(a)\* The Buyers have inspected and accepted the Vessel's classification records. The Buyers~~  
53 ~~have also inspected the Vessel at/in (state place) on (state date) and have~~  
54 ~~accepted the Vessel following this inspection and the sale is outright and definite, subject only~~  
55 ~~to the terms and conditions of this Agreement.~~

56 ~~(b)\* The Buyers shall have the right to inspect the Vessel's classification records and declare~~  
57 ~~whether same are accepted or not within (state date/period).~~

58 ~~The Sellers shall make the Vessel available for inspection at/in (state place/range) within~~  
59 ~~(state date/period).~~

60 ~~The Buyers shall undertake the inspection without undue delay to the Vessel. Should the~~  
61 ~~Buyers cause undue delay they shall compensate the Sellers for the losses thereby incurred.~~

62 ~~The Buyers shall inspect the Vessel without opening up and without cost to the Sellers.~~

63 ~~During the inspection, the Vessel's deck and engine log books shall be made available for~~  
64 ~~examination by the Buyers.~~

65 ~~The sale shall become outright and definite, subject only to the terms and conditions of this~~  
66 ~~Agreement, provided that the Sellers receive written notice of acceptance of the Vessel from~~  
67 ~~the Buyers within seventy two (72) hours after completion of such inspection or after the~~  
68 ~~date/last day of the period stated in Line 59, whichever is earlier.~~

69 ~~Should the Buyers fail to undertake the inspection as scheduled and/or notice of acceptance of~~  
70 ~~the Vessel's classification records and/or of the Vessel not be received by the Sellers as~~  
71 ~~aforesaid, the Deposit together with interest earned, if any, shall be released immediately to the~~  
72 ~~Buyers, whereafter this Agreement shall be null and void.~~

73 ~~\*4(a) and 4(b) are alternatives; delete whichever is not applicable. In the absence of deletions,~~  
74 ~~alternative 4(a) shall apply.~~

## 75 **5. Time and place of delivery and notices**

76 (a) The Vessel shall be delivered and taken over safely afloat at sea or a safe and accessible berth or  
77 anchorage ~~at/in~~ **(subject to the trading limits as permitted under the Bareboat Charter)** (state place/range) in the Sellers' option and as  
agreed by the Parties, provided that the Vessel shall not be delivered in a place that causes the Buyers to incur tax liabilities that the  
Buyers would not have incurred had the sale been completed in international waters.

78 ~~Notice of Readiness shall not be tendered before: (date)~~

79 Cancelling Date (see Clauses 5(c), 6 (a)(i), 6 (a) (iii) and 14): **10 October 2021 or such later date as the Buyers may agree.**

80 (b) ~~The Sellers shall keep the Buyers well informed of the Vessel's itinerary and shall,~~ **immediately upon receipt, provide to the Buyers**  
**copies of any notices received from the Initial Sellers under clause 5(b) of the Initial MOA, and**

81 ~~provide the Buyers with twenty (20), ten (10), five (5) and three (3)~~ **two (2) Banking dDays' notice prior to the proposed Pre-positioning**  
**Date and** ~~of the date the~~

82 ~~Sellers intend to tender Notice of Readiness and of the intended date and place of delivery.~~

83 ~~When the Vessel is at the place of delivery and physically ready for delivery in accordance with~~  
84 ~~this Agreement, the Sellers shall give the Buyers a written Notice of Readiness for delivery.~~

85 (c) If the Sellers anticipate that, notwithstanding the exercise of due diligence by them, the  
86 Vessel will not be ready for delivery by the Cancelling Date they may notify the Buyers in writing  
87 stating the date when they anticipate that the Vessel will be ready for delivery and proposing a  
88 new Cancelling Date. Upon receipt of such notification the Buyers shall have the option of  
89 either cancelling this Agreement in accordance with Clause 14 (Sellers' Default) within three (3)  
90 Banking Days of receipt of the notice or of accepting the new date as the new Cancelling Date.

91 If the Buyers have not declared their option within three (3) Banking Days of receipt of the  
92 Sellers' notification or if the Buyers accept the new date, the date proposed in the Sellers'  
93 notification shall be deemed to be the new Cancelling Date and shall be substituted for the  
94 Cancelling Date stipulated in line 79.

95 If this Agreement is maintained with the new Cancelling Date all other terms and conditions  
96 hereof including those contained in Clauses 5(b) and 5(d) shall remain unaltered and in full  
97 force and effect.

98 (d) Cancellation, failure to cancel or acceptance of the new Cancelling Date shall be entirely  
99 without prejudice to any claim for damages the Buyers may have under Clause 14 (Sellers'  
100 Default) for the Vessel not being ready by the original Cancelling Date.

101 (e) Should the Vessel become an actual, constructive or compromised total loss before delivery  
102 ~~the Deposit together with interest earned, if any, shall be released immediately to the Buyers~~  
103 ~~whereafter this the Agreement shall be null and void~~ **provided that the Sellers shall indemnify the Buyers in accordance with the terms**  
**set out in Clause 21, notwithstanding that this Agreement becomes null and void as a result of the Vessel being a total loss.**

## 104 **6. Divers Inspection / Drydocking**

**The Vessel will be delivered without drydocking.**

105 ~~(a)\*~~

106 ~~(i) The Buyers shall have the option at their cost and expense to arrange for an underwater~~  
107 ~~inspection by a diver approved by the Classification Society prior to the delivery of the~~  
108 ~~Vessel. Such option shall be declared latest nine (9) days prior to the Vessel's intended~~  
109 ~~date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this~~  
110 ~~Agreement. The Sellers shall at their cost and expense make the Vessel available for~~  
111 ~~such inspection. This inspection shall be carried out without undue delay and in the~~  
112 ~~presence of a Classification Society surveyor arranged for by the Sellers and paid for by~~  
113 ~~the Buyers. The Buyers' representative(s) shall have the right to be present at the diver's~~  
114 ~~inspection as observer(s) only without interfering with the work or decisions of the~~  
115 ~~Classification Society surveyor. The extent of the inspection and the conditions under~~  
116 ~~which it is performed shall be to the satisfaction of the Classification Society. If the~~  
117 ~~conditions at the place of delivery are unsuitable for such inspection, the Sellers shall at~~  
118 ~~their cost and expense make the Vessel available at a suitable alternative place near to~~  
119 ~~the delivery port, in which event the Cancelling Date shall be extended by the additional~~  
120 ~~time required for such positioning and the subsequent re-positioning. The Sellers may~~  
121 ~~not tender Notice of Readiness prior to completion of the underwater inspection.~~

122 ~~(ii) If the rudder, propeller, bottom or other underwater parts below the deepest load line are~~  
123 ~~found broken, damaged or defective so as to affect the Vessel's class, then (1) unless~~  
124 ~~repairs can be carried out afloat to the satisfaction of the Classification Society, the~~  
125 ~~Sellers shall arrange for the Vessel to be drydocked at their expense for inspection by~~  
126 ~~the Classification Society of the Vessel's underwater parts below the deepest load line,~~  
127 ~~the extent of the inspection being in accordance with the Classification Society's rules (2)~~  
128 ~~such defects shall be made good by the Sellers at their cost and expense to the~~  
129 ~~satisfaction of the Classification Society without condition/recommendation\*\* and (3) the~~  
130 ~~Sellers shall pay for the underwater inspection and the Classification Society's~~  
131 ~~attendance.~~

132 ~~Notwithstanding anything to the contrary in this Agreement, if the Classification Society~~

133 do not require the aforementioned defects to be rectified before the next class  
134 drydocking survey, the Sellers shall be entitled to deliver the Vessel with these defects  
135 against a deduction from the Purchase Price of the estimated direct cost (of labour and  
136 materials) of carrying out the repairs to the satisfaction of the Classification Society,  
137 whereafter the Buyers shall have no further rights whatsoever in respect of the defects  
138 and/or repairs. The estimated direct cost of the repairs shall be the average of quotes  
139 for the repair work obtained from two reputable independent shipyards at or in the  
140 vicinity of the port of delivery, one to be obtained by each of the Parties within two (2)  
141 Banking Days from the date of the imposition of the condition/recommendation, unless  
142 the Parties agree otherwise. Should either of the Parties fail to obtain such a quote within  
143 the stipulated time then the quote duly obtained by the other Party shall be the sole basis  
144 for the estimate of the direct repair costs. The Sellers may not tender Notice of  
145 Readiness prior to such estimate having been established.

146 (iii) If the Vessel is to be drydocked pursuant to Clause 6(a)(ii) and no suitable dry docking  
147 facilities are available at the port of delivery, the Sellers shall take the Vessel to a port  
148 where suitable drydocking facilities are available, whether within or outside the delivery  
149 range as per Clause 5(a). Once drydocking has taken place the Sellers shall deliver the  
150 Vessel at a port within the delivery range as per Clause 5(a) which shall, for the purpose  
151 of this Clause, become the new port of delivery. In such event the Cancelling Date shall  
152 be extended by the additional time required for the drydocking and extra steaming, but  
153 limited to a maximum of fourteen (14) days.

154 (b)\* The Sellers shall place the Vessel in drydock at the port of delivery for inspection by the  
155 Classification Society of the Vessel's underwater parts below the deepest load line, the extent  
156 of the inspection being in accordance with the Classification Society's rules. If the rudder,  
157 propeller, bottom or other underwater parts below the deepest load line are found broken,  
158 damaged or defective so as to affect the Vessel's class, such defects shall be made good at the  
159 Sellers' cost and expense to the satisfaction of the Classification Society without  
160 condition/recommendation\*\*. In such event the Sellers are also to pay for the costs and  
161 expenses in connection with putting the Vessel in and taking her out of drydock, including the  
162 drydock dues and the Classification Society's fees. The Sellers shall also pay for these costs  
163 and expenses if parts of the tailshaft system are condemned or found defective or broken so as  
164 to affect the Vessel's class. In all other cases, the Buyers shall pay the aforesaid costs and  
165 expenses, dues and fees.

166 (c) If the Vessel is drydocked pursuant to Clause 6 (a)(ii) or 6 (b) above:

167 (i) The Classification Society may require survey of the tailshaft system, the extent of the  
168 survey being to the satisfaction of the Classification surveyor. If such survey is  
169 not required by the Classification Society, the Buyers shall have the option to require the  
170 tailshaft to be drawn and surveyed by the Classification Society, the extent of the survey  
171 being in accordance with the Classification Society's rules for tailshaft survey and  
172 consistent with the current stage of the Vessel's survey cycle. The Buyers shall declare  
173 whether they require the tailshaft to be drawn and surveyed not later than by the  
174 completion of the inspection by the Classification Society. The drawing and refitting of  
175 the tailshaft shall be arranged by the Sellers. Should any parts of the tailshaft system be  
176 condemned or found defective so as to affect the Vessel's class, those parts shall be  
177 renewed or made good at the Sellers' cost and expense to the satisfaction of  
178 Classification Society without condition/recommendation\*\*.

179 (ii) The costs and expenses relating to the survey of the tailshaft system shall be borne by  
180 the Buyers unless the Classification Society requires such survey to be carried out or if

181 parts of the system are condemned or found defective or broken so as to affect the  
182 Vessel's class, in which case the Sellers shall pay these costs and expenses.

183 (iii) The Buyers' representative(s) shall have the right to be present in the drydock, as  
184 observer(s) only without interfering with the work or decisions of the Classification  
185 Society surveyor.

186 (iv) The Buyers shall have the right to have the underwater parts of the Vessel cleaned  
187 and painted at their risk, cost and expense without interfering with the Sellers' or the  
188 Classification Society surveyor's work, if any, and without affecting the Vessel's timely  
189 delivery. If, however, the Buyers' work in drydock is still in progress when the  
190 Sellers have completed the work which the Sellers are required to do, the additional  
191 docking time needed to complete the Buyers' work shall be for the Buyers' risk, cost and  
192 expense. In the event that the Buyers' work requires such additional time, the Sellers  
193 may upon completion of the Sellers' work tender Notice of Readiness for delivery whilst  
194 the Vessel is still in drydock and, notwithstanding Clause 5(a), the Buyers shall be  
195 obliged to take delivery in accordance with Clause 3 (Payment), whether the Vessel is in  
196 drydock or not.

197 \*6 (a) and 6 (b) are alternatives; delete whichever is not applicable. In the absence of deletions,  
198 alternative 6 (a) shall apply.

199 \*\*Notes or memoranda, if any, in the surveyor's report which are accepted by the Classification  
200 Society without condition/recommendation are not to be taken into account.

## 201 7. Spares, bunkers and other items

202 The Sellers shall deliver the Vessel to the Buyers with everything belonging to her on board  
203 and on shore. All spare parts and spare equipment including spare tail-end shaft(s) and/or  
204 spare propeller(s)/propeller blade(s), if any, belonging to the Vessel at the time of ~~inspection~~ **delivery**  
205 used or unused, whether on board or not shall become the Buyers' property., ~~but spares on~~  
206 ~~order are excluded. Forwarding charges, if any, shall be for the Buyers' account.~~ The Sellers  
207 are not required to replace spare parts including spare tail-end shaft(s) and spare  
208 propeller(s)/propeller blade(s) which are taken out of spare and used as replacement prior to  
209 delivery, but the replaced items shall be the property of the Buyers. Unused stores and  
210 provisions shall be included in the sale and be taken over by the Buyers without extra payment.

211 ~~Library and forms exclusively for use in the Sellers' vessel(s) and captain's, officers' and crew's~~  
212 ~~personal belongings including the slop chest are excluded from the sale without compensation,~~  
213 ~~as well as the following additional items: (include list)~~

214 ~~Items on board which are on hire or owned by third parties, listed as follows, are excluded from~~  
215 ~~the sale without compensation: (include list)~~

216 ~~Items on board at the time of inspection which are on hire or owned by third parties, not listed~~  
217 ~~above, shall be replaced or procured by the Sellers prior to delivery at their cost and expense.~~ **Any remaining bunkers and unused**  
**lubricating and hydraulic oils and greases in storage tanks and unopened drums shall remain the property of the Sellers or the**  
**Initial Sub-Charterers but remain on board the Vessel on or after delivery and no payment shall be required by the Buyers in**  
**respect thereof.**

218 The Buyers shall take over remaining bunkers and unused lubricating and hydraulic oils and  
219 greases in storage tanks and unopened drums and pay either:

220 (a) \*the actual net price (excluding barging expenses) as evidenced by invoices or vouchers; or

221 ~~(b) \*the current net market price (excluding barging expenses) at the port and date of delivery~~  
222 ~~of the Vessel or, if unavailable, at the nearest bunkering port,~~

223 ~~for the quantities taken over.~~

224 ~~Payment under this Clause shall be made at the same time and place and in the same~~  
225 ~~currency as the Purchase Price.~~

226 ~~"inspection" in this Clause 7, shall mean the Buyers' inspection according to Clause 4(a) or 4(b)~~  
227 ~~(Inspection), if applicable. If the Vessel is taken over without inspection, the date of this~~  
228 ~~Agreement shall be the relevant date.~~

229 ~~\*(a) and (b) are alternatives, delete whichever is not applicable. In the absence of deletions~~  
230 ~~alternative (a) shall apply.~~

## 231 **8. Documentation**

**(See Additional Clause 24 (Conditions Precedent))**

232 ~~The place of closing:~~

233 ~~(a) In exchange for payment of the Purchase Price the Sellers shall provide the Buyers with the~~  
234 ~~following delivery documents:~~

235 ~~(i) Legal Bill(s) of Sale in a form recordable in the Buyers' Nominated Flag State,~~  
236 ~~transferring title of the Vessel and stating that the Vessel is free from all mortgages,~~  
237 ~~encumbrances and maritime liens or any other debts whatsoever, duly notarially attested~~  
238 ~~and legalised or apostilled, as required by the Buyers' Nominated Flag State;~~

239 ~~(ii) Evidence that all necessary corporate, shareholder and other action has been taken by~~  
240 ~~the Sellers to authorise the execution, delivery and performance of this Agreement;~~

241 ~~(iii) Power of Attorney of the Sellers appointing one or more representatives to act on behalf~~  
242 ~~of the Sellers in the performance of this Agreement, duly notarially attested and legalised~~  
243 ~~or apostilled (as appropriate);~~

244 ~~(iv) Certificate or Transcript of Registry issued by the competent authorities of the flag state~~  
245 ~~on the date of delivery evidencing the Sellers' ownership of the Vessel and that the~~  
246 ~~Vessel is free from registered encumbrances and mortgages, to be faxed or e mailed by~~  
247 ~~such authority to the closing meeting with the original to be sent to the Buyers as soon as~~  
248 ~~possible after delivery of the Vessel;~~

249 ~~(v) Declaration of Class or (depending on the Classification Society) a Class Maintenance~~  
250 ~~Certificate issued within three (3) Banking Days prior to delivery confirming that the~~  
251 ~~Vessel is in Class free of condition/recommendation;~~

252 ~~(vi) Certificate of Deletion of the Vessel from the Vessel's registry or other official evidence of~~  
253 ~~deletion appropriate to the Vessel's registry at the time of delivery, or, in the event that~~  
254 ~~the registry does not as a matter of practice issue such documentation immediately, a~~  
255 ~~written undertaking by the Sellers to effect deletion from the Vessel's registry forthwith~~  
256 ~~and provide a certificate or other official evidence of deletion to the Buyers promptly and~~  
257 ~~latest within four (4) weeks after the Purchase Price has been paid and the Vessel has~~  
258 ~~been delivered;~~

259 ~~(vii) A copy of the Vessel's Continuous Synopsis Record certifying the date on which the~~  
260 ~~Vessel ceased to be registered with the Vessel's registry, or, in the event that the registry~~  
261 ~~does not as a matter of practice issue such certificate immediately, a written undertaking~~  
262 ~~from the Sellers to provide the copy of this certificate promptly upon it being issued~~  
263 ~~together with evidence of submission by the Sellers of a duly executed Form 2 stating the~~  
264 ~~date on which the Vessel shall cease to be registered with the Vessel's registry;~~

265 ~~(viii) Commercial Invoice for the Vessel;~~

266 ~~(ix) Commercial Invoice(s) for bunkers, lubricating and hydraulic oils and greases;~~

267 ~~(x) A copy of the Sellers' letter to their satellite communication provider cancelling the~~  
268 ~~Vessel's communications contract which is to be sent immediately after delivery of the~~  
269 ~~Vessel;~~

270 ~~(xi) Any additional documents as may reasonably be required by the competent authorities of~~  
271 ~~the Buyers' Nominated Flag State for the purpose of registering the Vessel, provided the~~  
272 ~~Buyers notify the Sellers of any such documents as soon as possible after the date of~~  
273 ~~this Agreement; and~~

274 ~~(xii) The Sellers' letter of confirmation that to the best of their knowledge, the Vessel is not~~  
275 ~~black listed by any nation or international organisation.~~

276 ~~(b) At the time of delivery the Buyers shall provide the Sellers with:~~

277 ~~(i) Evidence that all necessary corporate, shareholder and other action has been taken by~~  
278 ~~the Buyers to authorise the execution, delivery and performance of this Agreement; and~~

279 ~~(ii) Power of Attorney of the Buyers appointing one or more representatives to act on behalf~~  
280 ~~of the Buyers in the performance of this Agreement, duly notarially attested and legalised~~  
281 ~~or apostilled (as appropriate).~~

282 ~~(c) If any of the documents listed in Sub clauses (a) and (b) above are not in the English~~  
283 ~~language they shall be accompanied by an English translation by an authorised translator or~~  
284 ~~certified by a lawyer qualified to practice in the country of the translated language.~~

285 ~~(d) The Parties shall to the extent possible exchange copies, drafts or samples of the~~  
286 ~~documents listed in Sub clause (a) and Sub clause (b) above for review and comment by the~~  
287 ~~other party not later than (state number of days), or if left blank, nine (9) days prior to the~~  
288 ~~Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to~~  
289 ~~Clause 5(b) of this Agreement.~~

290 ~~(e) Concurrent with the exchange of documents in Sub clause (a) and Sub clause (b) above,~~  
291 ~~the Sellers shall also hand to the Buyers the classification certificate(s) as well as all plans,~~  
292 ~~drawings and manuals, (excluding ISM/ISPS manuals), which are on board the Vessel. Other~~  
293 ~~certificates which are on board the Vessel shall also be handed over to the Buyers unless~~  
294 ~~the Sellers are required to retain same, in which case the Buyers have the right to take copies.~~

295 ~~(f) Other technical documentation which may be in the Sellers' possession shall promptly after~~  
296 ~~delivery be forwarded to the Buyers at their expense, if they so request. The Sellers may keep~~  
297 ~~the Vessel's log books but the Buyers have the right to take copies of same.~~

298 ~~(g) The Parties shall sign and deliver to each other a Protocol of Delivery and Acceptance~~

299 ~~confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.~~

## 300 **9. Encumbrances**

301 The Sellers warrant that the Vessel, at the time of delivery, is free from all charters (other than the Bareboat Charter and the Initial  
302 Sub-Charter (as defined in the Bareboat Charter)),  
303 encumbrances, mortgages and maritime liens or any other debts whatsoever, and is not subject  
304 to Port State or other administrative detentions. The Sellers hereby undertake to indemnify the  
305 Buyers against all consequences of claims made against the Vessel which have been incurred  
prior to the time of delivery.

## 306 **10. Taxes, fees and expenses**

307 Any taxes, fees and **documented** expenses in connection with the purchase and registration in the Buyers'  
308 Nominated Flag State, **any Registration Costs and any** shall be for the Buyers' account, whereas similar charges in connection  
309 with the closing of the Sellers' register shall be for the Sellers' account.

## 310 **11. Condition on delivery**

### **See also Clause 20 (Delivery under this Agreement and the Bareboat Charter)**

311 The Vessel with everything belonging to her shall be at the Sellers' risk and expense until she is  
312 delivered to the Buyers, but subject to the terms and conditions of this Agreement she shall be  
313 delivered and taken over "as **is where is**" ~~she was~~ at the time of **delivery**; ~~inspection, fair wear and tear excepted.~~

314 However, the Vessel shall be delivered ~~free of cargo and~~ free of stowaways with her Class  
315 maintained without **any conditions that are overdue** ~~condition/recommendation\*~~, free of average damage affecting the Vessel's  
316 class, and with her classification certificates and national certificates, as well as all other  
317 certificates the Vessel had at the time of ~~inspection~~ **delivery**, valid and unextended without **any conditions that are overdue**  
318 ~~condition/recommendation\*~~ by the Classification Society or the relevant authorities at the time  
319 of delivery.

320 "inspection" in this Clause 11, shall mean the Buyers' inspection according to Clause 4(a) or  
321 4(b) (Inspections), if applicable. If the Vessel is taken over without inspection, the date of this  
322 Agreement shall be the relevant date.

323 \*Notes and memoranda, if any, in the surveyor's report which are accepted by the Classification  
324 Society without condition/recommendation are not to be taken into account.

## 325 **12. Name/markings**

### **Not applicable**

326 ~~Upon delivery the Buyers undertake to change the name of the Vessel and alter funnel~~  
327 ~~markings.~~

328 **13. Buyers' default**

329 ~~Should the Deposit not be lodged in accordance with Clause 2 (Deposit), the Sellers have the~~  
330 ~~right to cancel this Agreement, and they shall be entitled to claim compensation for their losses~~  
331 ~~and for all expenses incurred together with interest.~~

332 Should the Purchase Price **Relevant Amount** not be paid in accordance with Clause ~~213~~ (Payment) **as the sole and direct result of the**  
**Buyers' acts or omissions and such non-payment has not been remedied within three (3) Banking Days of such failure to pay,**

333 the Sellers have the right to cancel this Agreement, in which case **this Agreement will become void without liability to either the Buyers or the**  
**Sellers,** the Deposit together with interest

334 earned, if any, shall be released to the Sellers. If the Deposit does not cover their loss, the

335 Sellers shall be entitled to claim further compensation for their losses and for all expenses

336 incurred together with interest.

337 **14. Sellers' default**

338 Should the Sellers fail to give Notice of Readiness in accordance with Clause 5(b) or fail to be  
339 ready to validly complete a legal transfer by the Cancelling Date the Buyers shall have the  
340 option of cancelling this Agreement. ~~If after Notice of Readiness has been given but before~~  
341 ~~the Buyers have taken delivery, the Vessel ceases to be physically ready for delivery and is not~~  
342 ~~made physically ready again by the Cancelling Date and new Notice of Readiness given, the~~  
343 ~~Buyers shall retain their option to cancel. In the event that the Buyers elect to cancel this~~  
344 ~~Agreement, the Deposit together with interest earned, if any, shall be released to them~~  
345 ~~immediately.~~

346 ~~Should the Sellers fail to give Notice of Readiness by the Cancelling Date or fail to be ready to~~  
347 ~~validly complete a legal transfer as aforesaid they shall make due compensation to the Buyers~~  
348 ~~for their loss and for all expenses together with interest if their failure is due to proven~~  
349 ~~negligence and whether or not the Buyers cancel this Agreement.~~

350 **15. Buyers' representatives**

**Not applicable.**

351 ~~After this Agreement has been signed by the Parties and the Deposit has been lodged, the~~  
352 ~~Buyers have the right to place two (2) representatives on board the Vessel at their sole risk and~~  
353 ~~expense.~~

354 ~~These representatives are on board for the purpose of familiarisation and in the capacity of~~  
355 ~~observers only, and they shall not interfere in any respect with the operation of the Vessel. The~~  
356 ~~Buyers and the Buyers' representatives shall sign the Sellers' P&I Club's standard letter of~~  
357 ~~indemnity prior to their embarkation.~~

358 **16. Law and Arbitration**

**See Clause 25 (Law and dispute resolution)**

359 ~~(a) \*This Agreement shall be governed by and construed in accordance with English law and~~  
360 ~~any dispute arising out of or in connection with this Agreement shall be referred to arbitration in~~  
361 ~~London in accordance with the Arbitration Act 1996 or any statutory modification or re~~  
362 ~~enactment thereof save to the extent necessary to give effect to the provisions of this Clause.~~

363 ~~The arbitration shall be conducted in accordance with the London Maritime Arbitrators~~

364 Association (LMAA) Terms current at the time when the arbitration proceedings are  
365 commenced.

366 The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall  
367 appoint its arbitrator and send notice of such appointment in writing to the other party requiring  
368 the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and  
369 stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own  
370 arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the  
371 other party does not appoint its own arbitrator and give notice that it has done so within the  
372 fourteen (14) days specified, the party referring a dispute to arbitration may, without the  
373 requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator  
374 and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on  
375 both Parties as if the sole arbitrator had been appointed by agreement.

376 In cases where neither the claim nor any counterclaim exceeds the sum of US\$100,000 the  
377 arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at  
378 the time when the arbitration proceedings are commenced.

379 (b) \*This Agreement shall be governed by and construed in accordance with Title 9 of the  
380 United States Code and the substantive law (not including the choice of law rules) of the State  
381 of New York and any dispute arising out of or in connection with this Agreement shall be  
382 referred to three (3) persons at New York, one to be appointed by each of the parties hereto,  
383 and the third by the two so chosen; their decision or that of any two of them shall be final, and  
384 for the purposes of enforcing any award, judgment may be entered on an award by any court of  
385 competent jurisdiction. The proceedings shall be conducted in accordance with the rules of the  
386 Society of Maritime Arbitrators, Inc.

387 In cases where neither the claim nor any counterclaim exceeds the sum of US\$ 100,000 the  
388 arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the  
389 Society of Maritime Arbitrators, Inc.

390 (c) This Agreement shall be governed by and construed in accordance with the laws of  
391 (state place) and any dispute arising out of or in connection with this Agreement shall be  
392 referred to arbitration at (state place), subject to the procedures applicable there.

393 \*16(a), 16(b) and 16(c) are alternatives; delete whichever is not applicable. In the absence of  
394 deletions, alternative 16(a) shall apply.

## 395 17. Notices

396 All notices to be provided under this Agreement shall be in writing.

397 Contact details for recipients of notices are as follows:

398 For the Buyers:  
**SEA 253 LEASING CO. LIMITED**  
c/o CMB Financial Leasing Co., Ltd.  
Address: 21F, China Merchants Bank Building, No.1088, Lujiazui Ring Road, Shanghai, China 200120  
Email: xiao\_yue@cmbchina.com / zyzlsceb@cmbchina.com  
Tel No.: +86 21 6106 1534  
Attention: Yue XIAO (Nicholas), Shipping Leasing Department

399 For the Sellers:  
**GLOBAL SHIP LEASE 70 LLC**  
c/o Technomar Shipping Inc.  
Address: 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece

Email: [finance@technomar.gr](mailto:finance@technomar.gr)  
with a copy to:  
(a) [legalconfidential@technomar.gr](mailto:legalconfidential@technomar.gr); and  
(b) [tpsaropoulos@technomar.gr](mailto:tpsaropoulos@technomar.gr)

400 **18. Entire Agreement**

401 ~~The written terms of this Agreement comprise the entire agreement between the Buyers and~~  
402 ~~the Sellers in relation to the sale and purchase of the Vessel and supersede all previous~~  
403 ~~agreements whether oral or written between the Parties in relation thereto.~~

404 ~~Each of the Parties acknowledges that in entering into this Agreement it has not relied on and~~  
405 ~~shall have no right or remedy in respect of any statement, representation, assurance or~~  
406 ~~warranty (whether or not made negligently) other than as is expressly set out in this Agreement.~~

407 Any terms implied into this Agreement by any applicable statute or law are hereby excluded to  
408 the extent that such exclusion can legally be made. Nothing in this Clause shall limit or exclude  
409 any liability for fraud.

**Additional Clauses 19 to 26 (both inclusive) form an integral part of this Agreement. In the event of any inconsistency between (i) any terms set out in Clauses 1 to 18 of this Agreement and (ii) any terms set out in Additional Clauses (i.e., Clauses 19 to 26) of this Agreement, the terms of the Additional Clauses shall prevail.**

For and on behalf of the Sellers

For and on behalf of the Buyers

**GLOBAL SHIP LEASE 70 LLC**

**SEA 253 LEASING CO. LIMITED**

Name: Aglaia Lida Papadi

Name: Tan Li Xin, Joan

Title: Attorney-in-fact

Title: Attorney-in-fact

/s/ Aglaia Lida Papadi

/s/ Joan Tan Li Xin

**ADDITIONAL CLAUSES  
TO MEMORANDUM OF AGREEMENT FOR  
THE VESSEL "BALBINA" TO BE RENAMED "GSL SYROS"**

**19. Sellers' representations and undertaking**

(a) The Sellers represent and warrant that:

(i) on the Delivery Date, they are the legal and beneficial owners of the Vessel; and

(ii) as at the date hereof and on the Delivery Date:

i. none of the:

1. Sellers, any of its Affiliate (as defined in the Bareboat Charter), nor any of their respective directors, officers and employees are a Restricted Party; and

2. to the best knowledge of the Sellers, as at the date of this Agreement, neither the Initial Sub-Charterer nor the Initial Sellers or any of its respective directors,

is a Restricted Party; and

3. the Sellers, any of its Affiliate (as defined in the Bareboat Charter) and their respective directors, officers and employees; and

4. to the best knowledge of the Sellers, as at the date of this Agreement, the Initial Sub-Charterer and the respective directors of the Initial Sub-Charterer,

are in compliance with all Sanctions laws, and none of them have been or are currently being investigated on compliance with Sanctions, they have not received notice or are aware of any claim, action, suit or proceeding against any of them with respect to Sanctions and they have not taken any action to evade the application of Sanctions; and

(iii) no part of the Purchase Price nor the Vessel shall be made available, directly or indirectly, to or for the benefit of a Restricted Party nor shall they be otherwise directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions laws; and

(iv) the copy of each of the Initial MOA, the Initial Sub-Charter, the Side Agreement and the Deposit Holder Agreement provided to the Buyers prior to the date hereof is a true and complete copy of such document

and there have been no amendments, supplements or variations to the same, provided that any further amendments, supplements or variations on or prior to the Delivery Date shall be subject to the Buyers' written consent (which shall not be unreasonably withheld or delayed) and thereafter copies of any such further amendment, supplement or variation should be provided by the Sellers to the Buyers promptly.

- (b) The Sellers hereby undertake to the Buyers that the Sellers shall not without the Buyers' written consent sign or release:
  - (i) the protocol of delivery and acceptance under the Initial MOA; or
  - (ii) the Release Letter.

## 20. Delivery under this Agreement and the Bareboat Charter

- (a) The Vessel will, subject to the terms and conditions of this Agreement, be delivered by the Sellers to the Buyers under this Agreement.
- (b) Upon the delivery of the Vessel under this Agreement, the Vessel shall simultaneously be delivered to the Sellers as charterers pursuant to a bareboat charterparty dated on or about the date of this Agreement (the "**Bareboat Charter**") made or to be made (as the case may be) between the Buyers (as owners) and the Sellers (as charterers).
- (c) The Sellers shall be fully responsible for the Buyers' fulfilment of physical delivery as new owner of the Vessel to the Sellers (as charterers) under the Bareboat Charter. The Buyers' obligation to take delivery of the Vessel under this Agreement is subject to the Sellers (as charterers) taking delivery of the Vessel simultaneously under the Bareboat Charter.
- (d) If any of the Bareboat Charter, the Initial MOA or the Initial Sub-Charter is cancelled or the delivery of the Vessel does not take place under the Bareboat Charter by the Cancelling Date, this Agreement shall be null and void, **provided however** that Clause 14 (*Sellers' default*) and Clause 21 (*Indemnities*) below shall survive.

## 21. Indemnities

- (a) The Sellers shall pay such amounts to the Buyers in respect of all claims, documented expenses, liabilities, losses, fees (including but not limited to legal fees (which have been pre-approved by the Sellers provided no Termination Event has occurred), any Registration Costs, any vessel registration and any tonnage fees) suffered or incurred by or imposed on the Buyers arising from this Agreement, or resulting from the occurrence of a Termination Event which is continuing (as defined in the Bareboat Charter), or in connection with the delivery, registration and purchase of the Vessel by the Buyers whether prior to, during or after termination of this Agreement (including but not limited to the Delivery Date not occurring on the proposed

delivery date set out in the Payment Notice) and whether or not the Vessel is in the possession or the control of the Sellers or otherwise in relation to any non-delivery to or acceptance by the Sellers (as charterers) of the Vessel under the Bareboat Charter.

- (b) Notwithstanding anything to the contrary herein, any breach of the terms of this Agreement or termination of this Agreement pursuant to the terms hereof, the indemnities provided by the Sellers in favour of the Buyers shall continue in full force and effect.

## 22. Payment

- (a) The Sellers and the Buyers agree that the Relevant Amount shall, subject to Clause 23 (*Partial set-off of Purchase Price*) below (if applicable), be paid in full by the Buyers by depositing with the Initial Sellers' Bank (in a suspense account) in accordance with the Payment Notice, the Relevant Amount which shall be subsequently released to the Sellers or to such person(s) as may be nominated by the Sellers in accordance with paragraph (b) below. The Payment Notice shall be issued by the Sellers to the Buyers after all the Pre-positioning Date CPs have been satisfied or waived to the satisfaction of the Buyers, which shall be on or before the date falling two (2) Banking Days prior to the proposed Pre-positioning Date.
- (b) On or before the Pre-positioning Date if the Buyers have received evidence (which may be in the form of confirmation that an MT199 message is acceptable to the Sellers' Bank and the Buyers (the "**Conditional Payment Message**")) that the Relevant Amount will be held to the order of the Buyers, and to be released to such person(s) as may be nominated by the sellers upon presentation to the Initial Sellers' Bank of a copy (transmitted by fax, email or otherwise) of each of (i) the protocol of delivery and acceptance under the Initial MOA which is duly signed by an authorised signatory of the Initial Sellers and an authorised signatory of the Sellers evidencing the delivery by the Initial Sellers and acceptance by the Sellers of the Vessel under the Initial MOA and (ii) the Release Letter which is signed by an authorised signatory of the Sellers which is named in the Conditional Payment Message and approved by the Buyers, the Buyers shall deposit with the Initial Sellers' Bank the Relevant Amount to be so held and so released, **provided that** the Buyers' obligation to deposit with the Initial Sellers' Bank the Relevant Amount is always subject to the Buyers being satisfied that all of the Pre-Positioning Date CPs have been satisfied.
- (c) A transfer of funds by the Buyers to the Initial Sellers' Bank in accordance with paragraph (b) above shall constitute payment of the Purchase Price for the purposes of this Agreement and shall, as from the date of such transfer, constitute a valid and binding obligation upon the Sellers in respect of the repayment of the Relevant Amount in accordance with and in the manner contemplated by this Agreement (including but not limited to Clauses 22(d)), the Conditional Payment Message and the Release Letter. The Sellers agree to release, discharge, defend, indemnify, waive and hold harmless the Buyers from and against any liability, obligation or claim which may be

asserted, claimed or recovered against the Buyers for any reason directly arising out of the release or the failure to release (as the case may be) of any part of the Purchase Price by the Initial Sellers' Bank except if the same results from or is a direct consequence of the Buyers' failure to perform their obligations under or in breach of any provisions under this Agreement or the Bareboat Charter.

- (d) Without prejudice to any other provisions under this Agreement, the Sellers shall pay to the Buyers:
- (i) within five (5) Banking Days after the date on which any part of the Purchase Price is released in accordance with paragraph (b) above, and in accordance with the invoice to be issued by the Buyers to the Sellers for the same; and
  - (ii) if applicable, on demand by the Buyers on and after the Return Due Date in relation to any part of the Purchase Price which is or should be returned to the Buyers in accordance with the Conditional Payment Message (whether or not it is actually returned on the Return Due Date);

each as applicable, an amount equal to the interest accrued over the relevant Pre-positioning Period and calculated at the rate of Overnight LIBOR Rate plus 325 basis points over such part of the Purchase Price.

### **23. Partial set-off of Purchase Price**

The Sellers hereby consent, acknowledge and confirm that:

- (a) notwithstanding Clause 1 (*Purchase Price*), the amount due and payable from the Buyers to the Sellers in accordance with Clause 22 (*Payment*) shall be set off against the amount of Advance Hire (as defined in the Bareboat Charter) and the Arrangement Fee due from the Sellers (as charterers) to the Buyers (as owners) payable pursuant to the Bareboat Charter; and
- (b) for the avoidance of doubt, on the date of payment of the Relevant Amount, (A) the Buyers shall not be obliged to pay the Sellers and the Sellers shall not be entitled to receive from the Buyers an amount which is more than the difference between (i) the Purchase Price and (ii) the aggregate of the Advance Hire and the Arrangement Fee as set off in accordance with paragraph (a) above and (B) the Sellers shall not be obliged to pay the Buyers and the Buyers shall not be entitled to receive from the Sellers payments towards the Advance Hire as a result of this Clause 23 (*Partial set-off of Purchase Price*).

### **24. Conditions precedent**

- (a) Release of the Relevant Amount is conditional upon the Sellers providing the Buyers with the following delivery documents and evidence:

- (i) Two (2) original Legal Bill(s) of Sale in a form recordable in the Buyers' Nominated Flag State, transferring title of the Vessel from the Sellers to the Buyers and stating that the Vessel is free from all registered mortgages, encumbrances and maritime liens or any other debts whatsoever, duly notarially attested or acknowledged and (if required by the Buyers' Nominated Flag State) legalised or apostilled, as required by the Buyers' Nominated Flag State;
- (ii) Evidence that all necessary corporate, shareholder and other action has been taken by the Sellers to authorise the execution, delivery and performance of this Agreement;
- (iii) An original Power of Attorney of the Sellers appointing one or more representatives to act on behalf of the Sellers in the performance of this Agreement, duly notarially attested or acknowledged and (if required by the Buyers' Nominated Flag State) legalised or apostilled, as required by the Buyers' Nominated Flag State;
- (iv) A copy of Declaration of Class or (depending on the Classification Society) a Class Certificate issued within three (3) Banking Days prior to the Delivery Date confirming that the Vessel is in Class free of overdue condition;
- (v) All of the following:
  - (A) Evidence that on the Delivery Date the Vessel will be registered in the ownership of the Buyers as owners of all of the shares in the Vessel with the Buyers' Nominated Flag State; and
  - (B) A copy of the bill of sale to the Buyers referred to in Sub-clause (i) above marked "not released/non-negotiable".
- (vi) An original Commercial Invoice for the Vessel;
- (vii) Copies of the valuations to determine Market Value;
- (viii) Any additional documents as may reasonably be required by the competent authorities of the Buyers' Nominated Flag State for the purpose of registering the Vessel, provided the Buyers notify the Sellers of any such documents as soon as possible after the date of this Agreement;
- (ix) An original of the Sellers' letter of confirmation that to the best of their knowledge, the Vessel is not sanctioned, avoided, prohibited or proscribed by any nation or international organisation and the Vessel is eligible to trade lawfully worldwide;
- (x) An original certificate from a director / officer of the Sellers confirming that all copies of documents provided under this Agreement are true copies of such documents (or a pdf copy of the certificate together with confirmation from the Sellers that the original certificate will be despatched to the Buyers as soon as practicable);
- (xi) In respect of the Initial MOA:

- (A) a copy of the Initial MOA;
  - (B) a copy of the Deposit Holder Agreement (as defined in the Initial MOA);
  - (C) a copy of the Initial Sub-Charter;
  - (D) a copy of the Side Agreement; and
  - (E) written confirmation by the Sellers satisfactory to the Buyers that the Sellers have not exercised the option under the Side Agreement to cancel the Initial Sub-Charter and the Vessel will be delivered into the Initial Sub-Charter on the Delivery Date;
- (xii) Evidence that any difference in the Relevant Amount and the total amounts payable by the Sellers to the Initial Sellers under the Initial MOA have been or will be paid directly by the Sellers (or as the case may be, the Initial Sub-Charterers) to the Initial Sellers on the Delivery Date and such amounts will be released to the Initial Sellers no later than the time the Relevant Amount is released to the Initial Sellers under Clause 22(b) (*Payment*);
- (xiii) Copies of all documents listed at paragraphs 1, 2 and 3 of the Initial MOA Addendum, including but not limited to the protocol of delivery and acceptance under the Initial MOA which is duly signed by an authorised signatory of the Initial Sellers and an authorised signatory of the Sellers evidencing the delivery by the Initial Sellers and acceptance by the Sellers of the Vessel under the Initial MOA;
- (xiv) The Buyers being satisfied that, in their opinion,
- (A) the conditions precedent set out in:
    - (1) Clause 36(a) (*Conditions precedent and conditions subsequent*) of the Bareboat Charter have been satisfied on the Pre-positioning Date; and
    - (2) Clause 36(b) (*Conditions precedent and conditions subsequent*) of the Bareboat Charter have been satisfied on the Delivery Date or, in each case, such other date as the Sellers and Buyers may mutually agree;
  - (B) no Termination Event (as defined in the Bareboat Charter) or Potential Termination Event (as defined in the Bareboat Charter) is, in each case, continuing or would result from:
    - (1) the pre-positioning of the Relevant Amount; or
    - (2) the release of the Relevant Amount to the Sellers or its nominee; and
  - (C) the representations and warranties referred to in Clause 19 (*Sellers' representations*) hereof and clause 47 (*Charterers' representations and*

warranties) of the Bareboat Charter are true and correct on the Delivery Date.

The conditions set out in this Clause 24 are for the sole benefit of the Buyers and may be waived or deferred by the Buyers in whole or in part and with or without conditions. The foregoing is without prejudice to the Buyers' rights to require fulfilment of any such conditions by the Sellers in whole or in part at any time after the date of release of the Relevant Amount.

If the Buyers in their sole discretion agree to accept the delivery of the Vessel from the Sellers before all of the documents and evidence required under Clause 24(a) have been delivered to or to the order of the Buyers, the Sellers undertake to deliver all outstanding documents and evidence to or to the order of the Buyers no later than ten (10) Business Days after the date of delivery of the Vessel or such other later date as specified by the Buyers, acting in their sole discretion. The Buyers' acceptance of the delivery of the Vessel from the Sellers under this Agreement shall not, unless otherwise notified by the Buyers (acting in their sole discretion) to the Sellers in writing, be taken as a waiver of the Buyers' rights to require production of all the documents and evidence required under this Clause 24(a).

- (b) At the time of delivery the Buyers shall provide the Sellers with:
  - (i) the certified copy of the resolutions passed by the board of directors of the Buyers to authorise the execution, delivery and performance of this Agreement; and
  - (ii) (if applicable) the original Power of Attorney of the Buyers appointing one or more representatives to act on behalf of the Buyers in the performance of this Agreement (or a pdf copy of the Power of Attorney together with confirmation from the Buyers that the original will be despatched to the Sellers as soon as practicable).
- (c) If any of the documents listed in Sub-clauses (a) and (b) above are not in the English language they shall be accompanied by an English translation by an authorised translator or certified by a lawyer qualified to practice in the country of the translated language.
- (d) The Parties shall to the extent possible exchange copies, drafts or samples of the documents listed in Sub-clause (a) and Sub-clause (b) above for review and comment by the other party not later than nine (9) days prior to the Vessel's intended date of delivery as notified by the Sellers pursuant to Clause 5(b) of this Agreement.
- (e) Concurrent with the exchange of documents in Sub-clause (a) and Sub-clause (b) above, the Buyers shall gain title and ownership to the classification certificate(s) as well as all plans, drawings and manuals, which are on board the Vessel and shall remain on board the Vessel. Other certificates which are on board the Vessel shall also be handed over to the Buyers unless such certificates are required to remain on board, or the Sellers are required to retain same in their capacity as bareboat charterers, in which case the Sellers shall, upon the request of the Buyers, provide copies of the same at the expense of the Sellers.

- (f) Simultaneously with the release of the Relevant Amount the Parties shall sign and deliver to each other a Protocol of Delivery and Acceptance in the form as attached in Schedule 2 hereto confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.

**25. Law and dispute resolution**

- (a) This Agreement and any non-contractual obligations arising from or in connection with it are in all respects governed by and shall be interpreted in accordance with English law and any dispute arising out of or in connection with this Agreement shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.
- (b) The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.
- (c) The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the fourteen (14) days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both the Buyers and the Sellers as if the sole arbitrator had been appointed by agreement.
- (d) Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.
- (e) In cases where neither the claim nor any counterclaim exceeds the sum of US\$100,000 the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

**26. Further definitions**

In this Agreement:

**"Approved Broker"** has the meaning ascribed to it in the Bareboat Charter.

**"Bareboat Charter"** has the meaning ascribed to it in Clause 20(b).

**"Delivery Date"** means the date of delivery of the Vessel by the Sellers to the Buyers pursuant to this Agreement.

**"Delivery Date CPs"** means the conditions precedent set out in paragraphs 24(a)(i), 24(a)(vi), 24(a)(ix), 24(a)(xi)(E), 24(a)(xiii), 24(a)(xiv)(A)(2), 24(a)(xiv)(B)(2), 24(a)(xiv)(C), of Clause 24 (*Conditions precedent*).

**"Deposit Holder Agreement"** has the meaning given to it in the Initial MOA.

**"Initial MOA"** means the memorandum of agreement for the Vessel dated 12 May 2021 entered into between the Initial Sellers as sellers and the Initial Sub-Charterers as buyers, as amended by a nomination agreement dated 15 June 2021 entered into between the Initial Sellers as sellers, the Initial Sub-Charterers as initial buyers and the Sellers as the buyers' nominee, and an addendum no. 1 thereto dated 15 June 2021 (the **"Initial MOA Addendum"**), as may be further amended or supplemented from time to time.

**"Initial Sellers"** means ERB. 5.300TEU GmbH & Co. KG, a company incorporated in Germany with its registered address at Elbchausee 370, 22609, Hamburg, Germany.

**"Initial Sellers' Account"** has the meaning given to the term **"Sellers' Account"** in the Initial MOA.

**"Initial Sellers' Bank"** has the meaning given to the term **"Sellers' Bank"** in the Initial MOA.

**"Initial Sub-Charter"** means the time charterparty in respect of the Vessel dated 15 June 2021 between the Sellers and the Initial Sub-Charterers, with a daily hire rate at no less than thirty-six thousand five hundred Dollars (US\$36,500) for the fixed three year period from delivery and at no less than seventeen thousand two hundred and fifty Dollars (US\$17,250) for the optional three year period thereafter, as may be further amended or supplemented from time to time.

**"Initial Sub-Charterers"** means Maersk A/S, a company incorporated in Denmark with its registered address at Esplanaden 50, 1263 Copenhagen K, Denmark.

**"Market Value"** has the meaning ascribed to paragraph (a) of the definition of **"Market Value"** in the Bareboat Charter.

**"Overnight LIBOR Rate"** means, for any day, the rate per annum equal to the British Bankers Association LIBOR Rate (**"BBA LIBOR"**), as published by Thomson Reuters (or other commercially available source providing quotations of BBA LIBOR as designated by the Buyers from time to time) at approximately 11:00 a.m., London time, on such day for United States Dollar deposits (for delivery on such day) with a term equivalent to one (1) day.

**"Payment Notice"** means a notice of the relevant amounts payable by the Buyers under this Agreement to be issued by the Sellers to the Buyers, in substantially the form set out in Schedule 1 (*Form of Payment Notice*) hereto (or such other form as the Buyers may require).

**"Pre-positioning Date"** means date falling one (1) Banking Day prior to the proposed Delivery Date.

**"Pre-positioning Date CPs"** means the conditions precedent set out in Clause 24 (*Conditions precedent*) which are not the Delivery Date CPs.

**"Pre-positioning Period"** means:

- (a) if any part of the Purchase Price deposited with the Initial Sellers' Bank by the Buyers is released in accordance with paragraph (b) of Clause 22 (*Payment*), the period commencing from (and inclusive of) the Pre-positioning Date and ending on (and inclusive of) the date such part of the Purchase Price is released in accordance with paragraph (b) of Clause 22 (*Payment*); or
- (b) if any part of the Purchase Price deposited with the Initial Sellers' Bank by the Buyers is or should be returned to the Buyers in accordance with the Conditional Payment Message (whether or not it is actually returned on the Return Due Date), the period commencing from (and inclusive of) the Pre-positioning Date and ending on (and inclusive of) the date such part of the Purchase Price is returned to the Buyers in accordance with the Conditional Payment Message.

**"Release Letter"** means a release letter to be signed pursuant to the Conditional Payment Message in form and substance acceptable to the Buyers.

**"Relevant Amount"** means the Owners' Cost (as defined in the Bareboat Charter) less the Arrangement Fee (as defined in the Bareboat Charter).

**"Registration Costs"** has the meaning ascribed to it in the Bareboat Charter.

**"Restricted Countries"** means those countries subject to country-wide or territory-wide Sanctions and/or trade embargoes, in particular but not limited to pursuant to the U.S.'s Office of Foreign Asset Control of the U.S. Department of Treasury ("**OFAC**") including at the date of this Agreement, but without limitation, Iran, North Korea and Syria and any additional countries based on respective country-wide or territory-wide Sanctions being imposed by OFAC or any of the regulative bodies referred to in the definition of Restricted Party.

**"Restricted Party"** means a person or entity or any other parties (i) located, domiciled, resident or incorporated in Restricted Countries, and/or (ii) subject to any sanction administrated by the United Nations, the European Union, Switzerland, the United States and the OFAC, the United Kingdom, Her Majesty's Treasury ("**HMT**") and the Foreign and Commonwealth Office of the United Kingdom, the People's Republic of China and/or (iii) owned or controlled by or affiliated with persons, entities or any other parties as referred to in (i) and (ii).

**"Return Due Date"** means the date which is the thirteenth (13<sup>th</sup>) Banking Day after the Pre-positioning Date.

**"Sanctions"** means any sanctions, embargoes, freezing provisions, prohibitions or other restrictions relating to trading, doing business, investment, exporting, financing or making assets available (or other activities similar to or connected with any of the foregoing) imposed by law or regulation of the United Nations, United Kingdom, the United States of America (including, without limitation, CISADA and OFAC), the

People's Republic of China or the Council of the European Union or the jurisdiction of incorporation of the Buyers and the Sellers.

**"Side Agreement"** means the agreement relating to the Initial MOA dated 15 June 2021 entered into between the Initial Sub-Charterers and the Sellers.

**Schedule 1  
Form of Payment Notice**

To: **SEA 253 LEASING CO. LIMITED**

From: **GLOBAL SHIP LEASE 70 LLC**

2021

Dear Sirs

**One container vessel m.v. "Balbina" to be renamed "GSL Syros"  
- memorandum of agreement dated 2021 (the "MOA")**

1. We refer to the MOA. This is a Payment Notice.
2. Terms defined in the MOA shall have the same meaning in this Payment Notice unless given a different meaning in this Payment Notice.
3. Pursuant to Clause 5(b) of the MOA, we hereby give you notice of the proposed delivery date of the Vessel, being \_\_\_\_\_ 2021 and the proposed place of delivery of the Vessel, being [ ] in accordance with Clause 5(a) of the MOA.
4. We irrevocably request that you advance USD [●], being the Relevant Amount in respect of the Vessel, to the Initial Sellers' Account on \_\_\_\_\_ 2021, which is a Banking Day, by paying the advance in accordance with the MOA, to the Initial Sellers' Account, as follows:

Beneficiary Bank:	[●]
Swift Code:	[●]
Account #:	[●]
Name on Account:	[●]

5. We warrant that no Potential Termination Event or Termination Event (each as defined in the Bareboat Charter) has occurred or would result from the payment of the amounts requested above.

Yours faithfully

For and on behalf of  
**GLOBAL SHIP LEASE 70 LLC**

.....  
Name:  
Title:  
SINGAPORE/6308931.1 MOA Additional Clauses (Balbina)

**Schedule 2**  
**Form of Protocol of Delivery and Acceptance**

**Protocol of Delivery and Acceptance**

KNOW ALL MEN BY THESE PRESENTS, that Global Ship Lease 70 LLC of 80 Broad Street, Monrovia, Liberia (the "**Sellers**") have sold and do grant and deliver, at \_\_\_\_\_ hours (Shanghai Time) on \_\_\_\_\_ day of \_\_\_\_\_ 2021, unto Sea 253 Leasing Co. Limited of 27/F Three Exchange Square 8, Connaught Place, Central, Hong Kong (the "**Buyer**"), all rights, title and interest in and to one (1) second-hand vessel of name "Balbina" (to be renamed "GSL Syros") (IMO No. 9437062) of Liberia flag, of GRT 52,726 and NRT 32,613, together with all stores and equipment of whatever nature, now on board and on shore and on order, and free from all charters (other than the Bareboat Charter and the Initial Sub-Charter (each as defined in the MOA)), encumbrances, mortgages, maritime liens or any other debts whatsoever, pursuant to the Memorandum of Agreement dated \_\_\_\_\_ 2021 (the "**MOA**") between the Sellers and the Buyers and any addenda thereto.

The Buyers do hereby accept delivery, title and risks of and to the aforesaid vessel in pursuance of the terms and conditions of the MOA on the date and any addendum thereto and at the time and place stated above.

This PROTOCOL OF DELIVERY AND ACCEPTANCE 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 PROTOCOL OF DELIVERY AND ACCEPTANCE.

Seller

Buyer

**Global Ship Lease 70 LLC**

**Sea 253 Leasing Co. Limited**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

In witness of which the parties to this Agreement have executed this Agreement the day and year first before written.

**SELLERS**

Signed by Aglaia Lida Papadi ) /s/ Aglaia Lida Papadi  
as attorney-in-fact )  
for and on behalf of )  
GLOBAL SHIP LEASE 70 LLC )  
in the presence of: )

Witness signature: /s/ Chrisanthy Klisaris  
Name: Chrisanthy Klisaris  
Address: 3-5 Menandrou Str.,  
Kifissia, 14561, Athens,Greece

**BUYERS**

)  
)  
Signed by Tan Li Xin, Joan ) /s/ Tan Li Xin  
Attorney-in-fact )  
as duly authorised signatory )  
for and on behalf of )  
SEA 253 LEASING CO. LIMITED )  
in the presence of: )

Witness signature: /s/ Kanageswary d/o Rajandran  
Address: STEPHENSON HARWOOD LLP  
1 Raffles Place # 18-61 Tower 2  
Singapore 048616





# BARECON 2001

STANDARD BAREBOAT CHARTER PART I

1. Shipbroker N/A	2. Place and date 26 August 2021	
3. Owners/Place of business (Cl. 1) SEA 254 LEASING CO. LIMITED 27/F Three Exchange Square 8, Connaught Place, Central, Hong Kong	4. Bareboat Charterers/Place of business (Cl. 1) GLOBAL SHIP LEASE 71 LLC 80 Broad Street, Monrovia, Liberia	
5. Vessel's name, call sign and flag (Cl. 1 and 3) Name: "Barbara" to be renamed "GSL Tinos" Flag: Liberia		
6. Type of Vessel 5,470 TEU container vessel	7. GT/NT 52,726 / 32,613	
8. When/Where built 2010 Zhejiang Ouhua Shipbuilding Co., Ltd., PRC	9. Total DWT (abt.) in metric tons on summer freeboard 65,550	
10. Classification Society (Cl. 3)  DNV GL or any other generally recognised first class classification society that is a member of the International Association of Classification Societies (IACS) as selected by the Charterers and approved by the Owners (such approval not to be unreasonably withheld).	11. Date of last special survey by the Vessel's classification society January 2020	
12. Further particulars of Vessel (also indicate minimum number of months' validity of class certificates agreed acc. to Cl. 3) IMO Number: 9437050		
13. Port or Place of delivery (Cl. 3) As per MOA	14. Time for delivery (Cl. 4) N/A	15. Cancelling date (Cl. 5) N/A
16. Port or Place of redelivery (Cl. 15) See Additional Clause 42 (Redelivery)	17. No. of months' validity of trading and class certificates upon redelivery (Cl. 15) N/A	
18. Running days' notice if other than stated in Cl. 4 N/A	19. Frequency of dry-docking (Cl. 10(g)) In accordance with the normal procedure for vessels of the same type, size and age of the Vessel and as required by the Classification Society or flag state and not less than once every sixty (60) months	
20. Trading limits (Cl. 6) Trading worldwide via safe ports / safe berths / safe anchorages within International Navigating Limits (INL) or otherwise in accordance with the terms of this Charter, always afloat at any time of tide and subject to exclusions and limitations in Clause 41 (Insurance).		
21. Charter pPeriod (Cl. 2) Seventy-two (72) months commencing from the Actual Delivery Date	22. Charter hire (Cl. 11) See Additional Clause 40 (Hire)	
23. New class and other safety requirements (state percentage of Vessel's insurance value acc. to Box 29)(Cl. 10(a)(ii)) See Additional Clause 39(b) (Structural changes and alterations)		

24. Rate of interest payable acc. to Cl. 11 (f) and, if applicable, acc. to PART IV <b>See Additional Clause 40 (Hire)</b>	25. Currency and method of payment (Cl. 11) <b>US Dollars (see also Additional Clause 40 (Hire))</b>
26. Place of payment; also state beneficiary and bank account (Cl. 11) <b>See Additional Clause 40 (Hire)</b>	27. Bank guarantee/bond (sum and place) (Cl. 24) (optional) <b>N/A</b>
28. Mortgage(s), if any (state whether 12(a) or (b) applies; if 12(b) applies state date of Financial Instrument and name of Mortgagee(s)/Place of business) (Cl. 12)  <b>12(b) applies; form of Financial Instrument and name of Mortgagee to be determined</b>	29. Insurance (hull and machinery and war risks) (state value acc. to Cl. 13(f) or, if applicable, acc. to Cl. 14(k)) (also state if Cl. 14 applies)  <b>See Additional Clause 41 (Insurance)</b>
30. Additional insurance cover, if any, for Owners' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g)) <b>No limitation</b>	31. Additional insurance cover, if any, for Charterers' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g)) <b>No limitation</b>

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32. Latent defects (only to be filled in if period other than stated in Cl. 3) <b>N/A</b>	33. Brokerage commission and to whom payable (Cl. 27) <b>N/A</b>
34. Grace period (state number of clear banking days) (Cl. 28) <b>See Additional Clause 49 (Termination Events)</b>	35. Dispute Resolution (state 30(a), 30(b) or 30(c); if 30(c) agreed Place of Arbitration must be stated (Cl. 30) <b>See Additional Clause 71 (Law and dispute resolution)</b>
36. War cancellation (indicate countries agreed) (Cl. 26(f)) <b>N/A</b>	
37. Newbuilding Vessel (indicate with "yes" or "no" whether PART III applies) (optional) <b>No; Part III does not apply</b>	38. Name and place of Builders (only to be filled in if PART III applies) <b>N/A</b>
39. Vessel's Yard Building No. (only to be filled in if PART III applies) <b>N/A</b>	40. Date of Building Contract (only to be filled in if PART III applies) <b>N/A</b>
41. Liquidated damages and costs shall accrue to (state party acc. to Cl. 1) a) <b>N/A</b> b) <b>N/A</b> c) <b>N/A</b>	
42. Hire/Purchase agreement (indicate with "yes" or "no" whether PART IV applies) (optional) <b>No; Part IV does not apply</b>	43. Bareboat Charter Registry (indicate with "yes" or "no" whether PART V applies) (optional) <b>No</b>
44. Flag and Country of the Bareboat Charter Registry (only to be filled in if PART V applies) <b>N/A</b>	45. Country of the Underlying Registry (only to be filled in if PART V applies) <b>N/A</b>
46. Number of additional clauses covering special provisions, if agreed <b>Clause 32 (Definitions) to Clause 78 (Confidentiality) (both inclusive) as attached hereto, form an integral part of this Charter. In the event of any conflict or inconsistency between the terms of any Additional Clauses with any provision of Part I or Part II of this Charter, such Additional Clauses prevail.</b>	

PREAMBLE - It is mutually agreed that this Contract shall be performed subject to the conditions contained in this Charter which shall include PART I and PART II. In the event of a conflict of conditions, the provisions of PART I shall prevail over those of PART II to the extent of such conflict but no further. It is further mutually agreed that PART III and/or PART IV and/or PART V shall only apply and only form part of this Charter if expressly agreed and stated in Boxes 37, 42 and 43. If PART III and/or PART IV and/or PART V apply, it is further agreed that in the event of a conflict of conditions, the provisions of PART I and PART II shall prevail over those of PART III and/or PART IV and/or PART V to the extent of such conflict but no further.

<u>/s/ Tan Li Xin, Joan</u> Name: <b>Tan Li Xin, Joan</b> Title: Attorney-in-fact	<u>/s/ Aglaia Lida Papadi</u> Name: Aglaia Lida Papadi Title: Attorney-in-fact
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**PART II**  
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**1. Definitions**

In this Charter, the following terms shall have the meanings hereby assigned to them:

"The Owners" shall mean the party identified in Box 3 ~~together with their successors, permitted transferees and assignees;~~

"The Charterers" shall mean the party identified in Box 4 ~~together with their successors, permitted transferees and assignees;~~

"The Vessel" shall mean the vessel named in Box 5 and with particulars as stated in Boxes 6 to 12.

"Financial Instrument" means the mortgage, deed covenant or other such financial security instrument as ~~annexed to this Charter and stated in Box 28~~  
may at a later date be granted by the Owners to any bank or Financial Institution in accordance with this Charter.

See also Additional Clause 32 (Definitions) and Additional Clause 33 (Interpretations).

**2. Charter Period**

In consideration of the hire detailed in Box 22, the Owners have agreed to let and the Charterers have agreed to hire the Vessel for the period stated in Box 21 ("The Charter Period").

**3. Delivery**

See Additional Clause 35 (Delivery).

*(not applicable when Part III applies, as indicated in Box 37)*

~~(a) The Owners shall before and at the time of delivery exercise due diligence to make the Vessel seaworthy~~

~~And in every respect ready in hull, machinery and equipment for service under this Charter.~~

~~The vessel shall be delivered by the Owners and taken over by the Charterers at the port or place indicated in Box 13 in such ready safe berth as the Charterers may direct.~~

~~(b) The Vessel shall be properly documented on delivery in accordance with the laws of the flag State indicated in Box 5 and the requirements of the classification society stated in Box 10. The Vessel upon delivery shall have her survey cycles up to date and trading and class certificates valid for at least the number of months agreed in Box 12.~~

~~(c) The delivery of the Vessel by the Owners and the taking over of the Vessel by the Charterers shall constitute a full performance by the Owners of all the Owners' obligations under this Clause 3, and thereafter the Charterers shall not be entitled to make or assert any claim against the Owners on account of any conditions, representations or warranties expressed or implied with respect to the Vessel but the Owners shall be liable for the cost of but not the time for repairs or renewals occasioned by the latent defects in the Vessel, her machinery or appurtenances, existing at the time of delivery under this Charter, provided such defects have manifested themselves within twelve (12) months after delivery unless otherwise provided in Box 32.~~

**4. Time for Delivery**

See Additional Clause 35 (Delivery).

*(not applicable when Part III applies, as indicated in Box 37)*

~~The Vessel shall not be delivered before the date indicated in Box 14 without the Charterers' consent and the Owners shall exercise due diligence to deliver the Vessel not later than the date indicated in Box 15. Unless otherwise agreed in Box 18, the Owners shall give the Charterers not less than thirty (30) running days' preliminary and not less than fourteen (14) running days' definite notice of the date on which the Vessel is expected to be ready for delivery.~~

~~The Owners shall keep the Charterers closely advised of possible changes in the Vessel's position.~~

**5. Cancelling**

See Additional Clause 34 (Background).

*(not applicable when Part III applies, as indicated in Box 37)*

~~(a) Should the Vessel not be delivered latest by the cancelling date indicated in Box 15, the Charterers shall have the option of cancelling this Charter by giving the Owners notice of cancellation within thirty six (36) running hours after the cancelling date stated in Box 15, failing which this Charter shall remain in full force and effect.~~

~~(b) If it appears that the Vessel will be delayed beyond the cancelling date, the Owners may, as soon as they are in a position to state with reasonably certainty the day on which the Vessel should be ready, give notice thereof to the Charterers asking whether they will exercise their option of cancelling, and the option must then be declared within one hundred and sixty-eight (168) running hours of the receipt by the Charterers of such notice or within thirty-six (36) running hours after the cancelling date, whichever is the earlier. If the Charterers do not then exercise their option of cancelling, the seventh day after the readiness date stated in the Owners' notice shall be substituted for the cancelling date indicated in Box 15 for the purpose of this Clause 5.~~

~~(c) Cancellation under this Clause 5 shall be without prejudice to any claim the Charterers may otherwise have on the Owners under this Charter.~~

## **6. Trading Restrictions**

The Vessel shall be employed in lawful trades for the carriage of suitable lawful merchandise within the trading limits indicated in Box 20.

The Charterers undertake not to employ the Vessel or suffer the Vessel to be employed otherwise than in conformity with the terms of the contracts of insurance (including any warranties expressed or implied therein) without first obtaining the consent of the insurers to such employment and complying with such requirements as the extra premium (which shall be at the Charterers' expense) or otherwise as the insurers may prescribe.

The Charterers also undertake not to employ the Vessel or suffer her employment in any trade or business which is forbidden by the law of any country to which the Vessel may sail or is otherwise illicit or in carrying illicit or prohibited goods or in any manner whatsoever which may render her liable to condemnation, destruction, seizure or confiscation.

Notwithstanding any other provisions contained in this Charter it is agreed that nuclear fuels or radioactive products or waste are specifically excluded from the cargo permitted to be loaded or carried under this Charter. This exclusion does not apply to radio-isotopes

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used or intended to be used for any industrial, commercial, agricultural, medical or scientific purposes provided the Vessel's P&I Club's Owners' prior approval has been obtained to loading thereof and, upon the Owners' request (such request to be made not more than once every three (3) months) the Charterers shall provide the Owners with a copy of such approval from the Vessel's P&I Club.

**7. Surveys on Delivery and Redelivery**

See Additional Clause 42 (Redelivery).

~~(not applicable when Part III applies, as indicated in Box 37)~~

~~The Owners and Charterers shall each appoint surveyors for the purpose of determining and agreeing in writing the condition of the Vessel at the time of redelivery hereunder. The Owners shall bear all expenses of the On-hire Survey including loss of time, if any, and of the Off-hire Survey including loss of time, if any, and the Charterers shall bear all expenses of the Off-hire Survey including loss of time, if any, at the daily equivalent to the rate of hire or pro-rata thereof~~

**8. Inspection**

See Additional Clause 48(nn)(ii).

~~The Owners shall have the right at any time after giving reasonable notice to the Charterers to inspect or survey the Vessel or instruct a duly authorised surveyor to carry out such survey on their behalf:~~

~~(a) to ascertain the condition of the Vessel and satisfy themselves that the Vessel is being properly repaired and maintained. The costs and fees for such inspection or survey shall be paid by the Owners unless the Vessel is found to require repairs or maintenance in order to achieve the condition so provided;~~

~~(b) in dry dock if the Charterers have not dry docked Her in accordance with Clause 10(g). The costs and fees for such inspection or survey shall be paid by the Charterers; and~~

~~(c) for any other commercial reason they consider necessary (provided it does not unduly interfere with the commercial operation of the Vessel). The costs and fees for such inspection and survey shall be paid by the Owners.~~

~~All time used in respect of inspection, survey or repairs shall be for the Charterers account and form part of the Charter Period.~~

~~The Charterers shall also permit the Owners to inspect the Vessel's log books whenever requested and shall whenever required by the Owners furnish them with full information regarding any casualties or other accident or damage to the Vessel.~~

**9. Inventories, Oil and Stores**

See also Additional Clause 37 (Bunkers and Luboils)

An inventory of the Vessel's major spare parts for the Main Engine, Diesel Generators and E.R. Auxiliary Machinery

~~A complete inventory of the Vessel's entire equipment, outfit including spare parts, appliances and of all consumables stores on board the Vessel shall be made by the Charterers in conjunction with the Owners on delivery and again on redelivery of the Vessel unless the Vessel has been sold to the Charterers pursuant to the exercise of a Purchase Option, Call Option or Early Termination Event. The Charterers shall at the time of delivery provide for (at no cost to the Owners) and the Owners, respectively, shall at the time of delivery and redelivery take over and pay for all bunkers, lubricating oil, unbreached provisions, paints, ropes and other consumable stores (excluding, spare parts) in the said Vessel at the then current market prices at the ports of delivery and redelivery, respectively. The Charterers shall ensure that all spare part listed in the inventory and used during the Charter Period are replaced at their expense prior to redelivery of the Vessel.~~

**10. Maintenance and Operation**

(a)(i) Maintenance and Repairs - During the Charter Period the Vessel shall be in the full possession and at the absolute disposal for all purposes of the Charterers and under their complete control in every respect. The Charterers shall maintain the Vessel, her machinery, boilers, appurtenances and spare parts in a good state of repair, in efficient operating condition and in accordance with good commercial maintenance practice for vessels of this type and, except as provided for in Clause 14(l), if applicable, at their own expense they shall at all times keep the Vessel's Class fully up to date with the Classification Society indicated in Box 10 free of overdue recommendations, qualifications and conditions and maintain all other necessary certificates in force at all times.

(ii) New Class and Other Safety Requirements - In the event of any improvement, structural changes or new equipment becoming necessary for the continued operation of the Vessel by reason of new class requirements or by compulsory legislation costing (excluding the Charterers' loss of time) more than the percentage stated in Box 23, or if Box 23 is left blank, 5 percent of the Vessel's insurance value as stated in Box 29, then the extent, if any, to which the rate of hire shall be varied and the ration in which the cost of compliance shall be shared between the parties concerned in order to achieve a reasonable distribution thereof as between the Owners and the Charterers having regard, inter alia, to the length of the period remaining under this Charter shall, in the absence of agreement, be referred to the dispute resolution method agreed in Clause 30.

(iii) Financial Security - The Charterers shall maintain financial security or responsibility in respect of third party liabilities as required by any government, including federal, state or municipal or other division or authority thereof, to enable the Vessel, without penalty or charge, lawfully to enter, remain at, or leave any port, place, territorial or contiguous waters of any country, state or municipality in performance of this Charter without any delay. This obligation shall apply whether or not such government or division or authority thereof. The Charterers shall make and maintain all arrangements by bond or otherwise as may be necessary to

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satisfy such requirements ~~and at~~ the Charterers' sole expense and the Charterers shall indemnify the Owners against all consequences whatsoever ~~(including loss of time)~~ for any failure or inability to do so.

(b) Operation of the Vessel - The Charterers shall at their own expense and by their own procurement man, victual, navigate, operate, supply, fuel and, whenever required, repair the Vessel during the Charter Period and they shall pay all charges and expenses of every kind and nature whatsoever incidental to their use and operation of the vessel under this Charter, including annual Flag State fees and any foreign general municipality and/or state taxes. The Master, officers and his crew of the Vessel shall be the servants of the Charterers for all purposes whatsoever, even if for any reason appointed by the Owners.

Charterers shall comply with the regulations regarding officers and crew in force in the country of the Vessel's flag or any other applicable law.

(c) The Charterers shall keep the owners and the mortgagee(s) advised of ~~the any~~ intended employment, planned dry docking and major repairs of the Vessel, as reasonably required. See also Additional Clause 57 (Operational notifiable events).

~~(d) Flag and Name of Vessel - During the Charter Period, the Charterers shall have the liberty to paint the Vessel in their own colours, install and display their funnel insignia and fly their own house flag. The Charterers also have the liberty, with the Owners' consent, which shall not be unreasonably withheld, to change the flag and/or the name of the Vessel during the Charter Period. Painting and re-painting, instalment and re-instalment, registration and re-registration, if required by the Owners, shall be at the Charterers' expense and time.~~

See also Additional Clause 39 (Structural charges and alterations) and Additional Clause 51 (Name of Vessel).

~~(e) Changes to the Vessel - See Additional Clause 39(a). Subject to Clause 10(a)(ii), the Charterers shall make no structural changes in the Vessel or changes in the machinery, boilers, appurtenances or spare parts thereof without the instance first securing the Owners' approval thereof (which approval shall not be unreasonably withheld if the proposed structural change will not adversely affect the value of the Vessel). If the Owners so agree, the Charterers shall, if the Owners so require, restore the Vessel to its former condition before the termination of this Charter.~~

(f) Use of the Vessel's Outfit, Equipment and Appliances - The Charterers shall have the use of all outfit, equipment, and appliances on board the Vessel at the time of delivery, provided the same or their substantially equivalent shall be returned to the Owners on redelivery in the same good order and condition as when received, ordinary wear and tear expected. The Charterers shall from time to time during the Charter Period replace such items of equipment as shall be so damaged or worn as to be unfit for use in accordance with the guidelines of the Classification Society and shall ensure that title to any part replaced, renewed or substituted remains with the Owners. The Charterers are to procure that all repairs to or replacement of any damaged, worn or lost parts or equipment be effected in such manner (both as regards workmanship and quality of materials) as not to diminish the value of the Vessel. The Charterers have the right to fit additional equipment and replace, renew or substitute any damaged or worn machinery and equipment to be fit for use at their expense and risk but title to such additional equipment and such replaced, renewed or substituted machinery and equipment (or any parts thereof) shall be deemed to have passed to the Owners immediately upon such fitting and the Charterers shall remove such equipment at the end of the period (unless the Vessel has been sold to the Charterers pursuant to the exercise of a Purchase Option, Call Option or Early Termination Event) if requested by the Owners. Any equipment including radio equipment on hire on the Vessel at time of delivery shall be kept and maintained by the Charters and the Charterers shall assume the obligations and liabilities of the Owners under any lease contracts in connection therewith and shall ~~reimburse~~ indemnify the Owners for all expenses incurred in connection therewith, also for any new equipment required in order to comply with radio regulations.

(g) Periodical Dry-Docking - The Charters shall (at their cost and expense) dry-dock the Vessel and clean and paint her underwater parts whenever the same may be necessary, but not less than once during the period stated in Box 19 or, if Box 19 has been left blank, every sixty (60) calendar months after delivery or such other period as may be required by the Classification Society or Flag State.

## **11. Hire**

See Additiona Clause 40 (Hire)

(a) The Charterers shall pay ~~H~~hire due to the Owners punctuality in accordance with the terms of this Charter in respect of which time shall be of the essence.

~~(b) The Charterers shall pay to the Owners for the hire of the Vessel a lump sum in the amount indicated in Box 22 which shall be payable no later than every thirty (30) running days in advance, the first lump sum being payable on the date and hour of the Vessel's delivery to the Charterers. Hire shall be paid continuously throughout the Charter Period.~~

- ~~(c) Payments of hire shall be made in cash without discount in the currency and in the manner indicated in Box 25 and at the place mentioned in Box 26.~~
- ~~(d) Final payment of hire, if for a period less than thirty (30) running days, shall be calculated proportionally according to the number of days and hours remaining before redelivery and advance payment to be affected accordingly.~~
- ~~(e) Should the Vessel be lost or missing, hire shall cease from the date and time when she was lost or last heard of. The date upon which the Vessel is to be treated as lost or missing shall be ten (10) days after the Vessel was last reported or when the Vessel is posted as missing by Lloyd's, whichever occurs first. Any hire paid in advance to be adjusted accordingly.~~
- (f) Any delay in payment of higher shall entitle the Owners to interest at the rate per annum as agreed

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in Box 24. If Box 24 has not been filled in, the three months Interbank offered rate in London (LIBOR or its successor) for the currency stated in Box 25, as quoted by the British Bankers' Association (BBA) on the date when the hire fell due, increased by 2 per cent., shall apply.

(g) Payments of interest do under subclause 11(f) shall be made within seven (7) running days of the date of the Owners invoice specifying the amount payable or, in the absence of an invoice, at the time of the next hire payment date.

**12. Mortgage**

*(only to apply if Box 28 has been appropriately filled in)*

\*) (a) The Owners warrant that they have not effected any mortgage(s) of the Vessel and that they shall not effect any mortgage(s) without the prior consent of the Charterers, which shall not be unreasonably withheld.

\*) (b) The Vessel chartered under this Charter is may be financed by a mortgage according to the Financial Instrument. The Charterers undertake to comply, and provide such information and documents to enable the Owners to comply, with all such instructions or directions in regard to the employment, insurances, operation, repairs and maintenance of the Vessel as laid down in the Financial Instrument or as may be directed from time to time during the currency of the Charter by the mortgagee(s) in conformity with the each Financial Instrument. The Charterers confirm that, for this purpose, they will, once such Financial Instrument is available, have acquainted themselves with all relevant terms, conditions and provisions of the Financial Instrument and agree to acknowledge this and any assignment of this Charter and the Owners' earnings and insurances in writing in any form that may reasonably be required by the mortgagee(s). For the avoidance of doubt and notwithstanding anything to the contrary contained in this Charter unless otherwise agreed by the Charterers, the Charterers shall not be obliged to comply with any provision of a Financial Instrument that imposes obligations on the Charterers which are more onerous than those imposed pursuant to this Charter. See also Additional Clause 45 (Owners' mortgage; Owners transfers). The Owners warrant that they have not effected any mortgage(s) other than stated in Box 28 and that they shall not agree to any amendment of the mortgage(s) referred to in Box 28 or effect any other mortgage(s) without the prior consent of the Charterers, which shall not be unreasonably withheld.

\*) (Optional, Clauses 12(a) and 12(b) are alternatives; indicate alternative agreed in Box 28)

**13. Insurance and Repairs**

See Additional Clause 41 (Insurance)

~~(a) During the Charter Period the Vessel shall be kept insured by the Charterers at their expense against hull and machinery, war and Protection and Indemnity risks (and any risks against which it is compulsory to insure for the operation of the Vessel, including maintaining financial security in accordance with sub clause 10(a)(iii)) in such form as the Owners shall in writing approve, which approval shall not be unreasonably withheld. Such insurances shall be arranged by the Charterers to protect the interests of both the Owners and the Charterers and the mortgagee(s) (if any), and The Charterers shall be at liberty to protect under such insurances the interests of any managers they may appoint. Insurance policies shall cover the Owners and the Charterers according to their respective interests. Subject to the provisions of the Financial Instrument, if any, and the approval of the Owners and the insurers, the Charterers shall effect all insured repairs and shall undertake settlement and reimbursement from the insurers of all costs in connection with such repairs as well as insured charges, expenses and liabilities to the extent of coverage under the insurances herein provided for.~~

The Charterers also to shall remain responsible for and to effect repairs and settlement of costs and expenses incurred thereby in respect of all other repairs not covered by the insurances and/or not exceeding any possible franchise(s) or deductibles provided for in the insurance.

All time used for repairs under the provisions of sub-clause 13(a) and for repairs of latent defects according to Clause 3(c) above, including any deviation, shall be the Charterers' account.

~~(b) If the conditions of the above insurances permit additional insurance to be placed by the parties, such cover shall be limited to the amount for each party set out in Box 30 and Box 31, respectively. The Owners or the Charterers as the case may be shall immediately furnish the other party with particulars of any additional insurance effected, including copies of any cover notes or policies and the written consent of the insurers of any such required insurance in any case where the consent of such insurers are necessary.~~

(c) The Charterers shall upon the request of the Owners, provide information and promptly execute such documents as may be required to enable the Owners to comply with the insurance provisions of the Financial Instrument.

~~(d) Subject to the provisions of the Financial Instrument, if any, should the Vessel become an actual, constructive, compromised or agreed total loss under the insurances required under sub clause 13(a), all insurance payments for such loss shall be paid to~~

the Owners who shall distribute the moneys between the Owners and the Charterers according to their respective interests. The Charterers undertake to notify the Owners and the mortgagee(s), if any, of any occurrences in consequence of which the Vessel is likely to become a total loss as defined in this Clause.

~~(e) The Owners shall upon the request of the Charterers, promptly execute such documents as may be required to enable the Charterers to abandon the Vessel to insurers and claim a constructive total loss.~~

~~(f) For the purpose of insurance coverage against hull and machinery and war risks under the provisions of sub clause 13(a), the value of the Vessel is the sum indicated in Box 29.~~

#### **14. Insurance, Repairs and Classification**

(Optional, only to apply if expressly agreed and stated in Box 29, in which event Clause 13 shall be considered deleted).

~~(a) During the Charter Period the Vessel shall be kept~~

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~~insured by the Owners at their expense against hull and machinery and war risks under the form of policy or policies attached hereto. The Owners and/or insurers shall not have any right of recovery or subrogation against the Charterers on account of loss of or any damage to the Vessel or her machinery or appurtenances covered by such insurance, or on account of payments made to discharge claims against or liabilities of the Vessel or the Owners covered by such insurance. Insurance policies shall cover the Owners and the Charterers according to their respective interests.~~

~~(b) During the Charter Period the Vessel shall be kept insured by the Charterers at their expense against Protection and Indemnity risks (and any risks against which it is compulsory to insure for the operation of the Vessel, including maintaining financial security in accordance with sub-clause 10(a)(iii)) in such form as the Owners shall in writing approve which approval shall not be unreasonably withheld.~~

~~(c) In the event that any act or negligence of the Charterers shall vitiate any of the insurance herein provided, the Charterers shall pay to the Owners all losses and indemnify the Owners against all claims and demands which would otherwise have been covered by such insurance.~~

~~(d) The Charterers shall, subject to the approval of the Owners or Owners' Underwriters, effect all insured repairs, and the Charterers shall undertake settlement of all miscellaneous expenses in connection with such repairs as well as all insured charges, expenses and liabilities to the extent of coverage under the insurances provided for under the provisions of sub-clause 14(a). The Charterers to be secured reimbursement through the Owners' Underwriters for such expenditures upon presentation of accounts.~~

~~(e) The Charterers to remain responsible for and to effect repairs and settlement of costs and expenses incurred thereby in respect of all other repairs not covered by the insurances and/or not exceeding any possible franchise(s) or deductibles provided for in the insurances.~~

~~(f) All time used for repairs under the provisions of sub-clauses 14(d) and 14(e) and for repairs of latent defects according to Clause 3 above, including any deviation, shall be for the Charterers' account and shall form part of the Charter Period. The Owners shall not be responsible for any expenses as are incident to the use and operation of the Vessel for such time as may be required to make such repairs.~~

~~(g) If the conditions of the above insurances permit additional insurance to be placed by the parties such cover shall be limited to the amount for each party set out in Box 30 and Box 31, respectively. The Owners or the Charterers as the case may be shall immediately furnish the other party with particulars of any additional insurance effected, including copies of any cover notes or policies and the written consent of the insurers of any such required insurance in any case where the consent of such insurers is necessary.~~

~~(h) Should the Vessel become an actual, constructive, compromised or agreed total loss under the insurances required under sub-clause 14(a), all insurance payments for such loss shall be paid to the Owners, who shall distribute the moneys between themselves and the Charterers according to their respective interests.~~

~~(i) If the Vessel becomes an actual, constructive, compromised or agreed total loss under the insurances arranged by the Owners in accordance with sub-clause 14(a), this Charter shall terminate as of the date of such loss.~~

~~(j) The Charterers shall upon the request of the Owners, promptly execute such documents as may be required to enable the Owners to abandon the Vessel to the insurers and claim a constructive total loss.~~

~~(k) For the purpose of insurance coverage against hull and machinery and war risks under the provisions of sub-clause 14(a), the value of the Vessel is the sum indicated in Box 29.~~

~~(l) Notwithstanding anything contained in sub-clause 10(a), it is agreed that under the provisions of Clause 14, if applicable, the Owners shall keep the Vessel's Class fully up to date with the Classification Society indicated in Box 10 and maintain all other necessary certificates in force at all times.~~

**15. Redelivery**

See Additional Clause 42 (Redelivery) and Additional Clause 43 (Redelivery conditions)

At the expiration of the Charter Period the Vessel shall be redelivered by the Charterers to the Owners at a safe and ice-free port or place as indicated in Box 16, in such ready safe berth as the Owners may direct. The Charterers shall give the Owners not less than thirty (30) running days' preliminary notice of expected date, range of ports of redelivery or port or place of redelivery and not less than fourteen (14) running days' definite notice of expected date and port or place of redelivery. Any changes thereafter in the Vessel's position shall be notified immediately to the Owners.

The Charterers warrant that they will not permit the Vessel to commence a voyage (including any preceding ballast voyage) which cannot reasonably be expected to be completed in time to allow redelivery of the Vessel within the Charter Period. ~~Notwithstanding the above, should the Charterers fail to redeliver the Vessel within the Charter Period, the Charterers shall pay the daily equivalent to the rate of hire stated in Box 22 plus 10 per cent. or to the market rate, whichever is the higher, for the number of days by which the Charter Period is exceeded. All other terms, conditions and provisions of this Charter shall continue to apply.~~

~~Subject to the provisions of Clause 10, the Vessel shall be redelivered to the Owners in the same or as good structure, state, condition and class as that in which she was delivered, fair wear and tear not affecting class excepted.~~

~~The Vessel upon redelivery shall have her survey cycles up to date and trading and class certificates valid for at least the number of months agreed in Box 17.~~

#### **16. Non-Lien**

The Charterers will not suffer, nor permit to be continued, any lien or encumbrance incurred by them or their agents, which might have priority over the title and interest of the Owners in the Vessel other than any Permitted Encumbrances). The Charterers further agree to fasten to the Vessel in a conspicuous

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place and to keep so fastened during the Charter Period a notice reading as follows:

"This Vessel is the property of (name of Owners). It is under charter to (name of Charterers) and by the terms of the Charter Party neither the Charterers nor the Master have any right, power or authority to create, incur or permit to be imposed on the Vessel any lien whatsoever."

See paragraph (i) of Additional Clause 48 (Charterers' undertakings).

**17. Indemnity**

See also Additional Clause 58 (Further Indemnities)

(a) The Charterers shall indemnify the Owners against any loss, damage or documented expense incurred by the Owners arising out of or in relation to the operation of the Vessel by the Charterers, and against any lien of whatsoever nature (save for any liens caused directly and solely by the Owners (in the absence of any Termination Event or contributory negligence of the Charterers)), arising out of an event occurring during the Charter Period. If the Vessel be arrested or otherwise detained by reason of claims or liens arising out of her operation hereunder by the Charterers, the Charterers shall at their own expense take all reasonable steps to secure that within a reasonable time the Vessel is released, including the provision of bail. Without prejudice to the generality of the foregoing, the Charterers agree to indemnify the Owners against all consequences or liabilities arising from the Master, officers or agents signing Bills of Lading or other documents.

~~(b) If the Vessel be arrested or otherwise detained by reason of a claim or claims against the Owners, the Owners shall at their own expense take all reasonable steps to secure that within a reasonable time the Vessel is released, including the provision of bail. In such circumstances the Owners shall indemnify the Charterers against any loss, damage or expense incurred by the Charterers (including hire paid under this Charter) as a direct consequence of such arrest or detention.~~

**18. Lien**

The Owners to have a lien upon all cargoes, sub-hires and sub-freights belonging or due to the Charterers or any sub-charterers and any Bill of Lading freight for all claims under this Charter, ~~and the Charterers to have a lien on the Vessel for all moneys paid in advance and not earned.~~

**19. Salvage**

All salvage and towage performed by the Vessel shall be for the Charterers' benefit and the cost of repairing damage occasioned thereby shall be borne by the Charterers.

**20. Wreck Removal**

In the event of the Vessel becoming a wreck or obstruction to navigation the Charterers shall indemnify the Owners against any sums whatsoever which the Owners shall become liable to pay and shall pay in consequence of the Vessel becoming a wreck or obstruction to navigation.

**21. General Average**

The Owners shall not contribute to General Average.

**22. Assignment, Sub-Charter and Sale**

See Additional Clause 45 (Owners' mortgage; Owners transfers) and Additional Clause 50 (Sub-chartering and assignment)

(a) The Charterers shall not assign or transfer this Charter nor sub-charter the Vessel on a bareboat basis except with the prior consent in writing of the Owners, which shall not be unreasonably withheld, and subject to such terms and conditions as the Owners shall approve.

~~(b) The Owners shall not sell the Vessel during the currency of this Charter except with the prior written consent of the Charterers, which shall not be unreasonably withheld, and subject to the buyer accepting an assignment of this Charter.~~

**23. Contracts of Carriage**

\*) (a) The Charterers are to procure that all documents issued during the Charter Period evidencing the terms and conditions agreed in respect of carriage of goods shall contain a paramount clause incorporating any legislation relating to carrier's liability for cargo compulsorily applicable in the trade; if no such legislation exists, the documents shall incorporate the Hague-Visby Rules. The documents shall also contain the New Jason Clause and the Both-to-Blame Collision Clause.

~~\*) (b) The Charterers are to procure that all passenger tickets issued during the Charter Period for the carriage of passengers and their luggage under this Charter shall contain a paramount clause incorporating any legislation relating to carrier's liability for passengers and their luggage compulsorily applicable in the trade; if no such legislation exists, the passenger tickets shall incorporate the Athens Convention Relating to the Carriage of Passengers and their Luggage by Sea, 1974, and any protocol thereto.~~

\*) Delete as applicable.

**24. Bank Guarantee**

*(Optional, only to apply if Box 27 filled in)*

~~The Charterers undertake to furnish, before delivery of the Vessel, a first class bank guarantee or bond in the sum and at the place as indicated in Box 27 as guarantee for full performance of their obligations under this Charter.~~

**25. Requisition/Acquisition**

(a) In the event of the Requisition for Hire of the Vessel by any governmental or other competent authority (hereinafter referred to as "Requisition for Hire") irrespective of the date during the Charter Period when "Requisition for Hire" may occur and irrespective of the length thereof and whether or not it be for an indefinite or a limited period of time, and irrespective of whether it may or will remain in force for the remainder of the Charter Period, this Charter shall not be deemed thereby or thereupon to be frustrated or otherwise terminated and the Charterers shall continue to pay the stipulated hire in the manner provided by this Charter until the time when the Charter would have terminated pursuant to any of the provisions hereof always provided however that in the event of "Requisition for Hire" any Requisition Hire or compensation received or receivable by the Owners shall be payable to the Charterers during the

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~~remainder of the Charter Period or the period of the "Requisition for Hire" whichever be the shorter.~~

~~(b) In the event of the Owners being deprived of their ownership in the Vessel by any Compulsory Acquisition of the Vessel or requisition for title by any governmental or other competent authority (hereinafter referred to as "Compulsory Acquisition"), then, irrespective of the date during the Charter Period when "Compulsory Acquisition" may occur, this Charter shall be deemed terminated as of the date of such "Compulsory Acquisition". In such event Charter Hire to be considered as earned and to be paid up to the date and time of such "Compulsory Acquisition".~~

**26. War**

(a) For the purpose of this Clause, the words "War Risks" shall include any war (whether actual or threatened), act of war, civil war, hostilities, revolution, rebellion, civil commotion, warlike operations, the laying of mines (whether actual or reported), acts of piracy, acts of terrorists, acts of hostility or malicious damage, blockades (whether imposed against all vessels or imposed selectively against vessels of certain flags or ownership, or against certain cargoes or crews or otherwise howsoever), by any person, body, terrorist or political group, or the Government of any state whatsoever, which may be dangerous or are likely to be or to become dangerous to the Vessel, her cargo, crew or other persons on board the Vessel.

(b) The Vessel, provided that copies of such applicable additional insurance cover shall be provided to the Owners upon the Owners' request (such request to be made not more than once every three (3) months), unless the written consent of the Owners has first been obtained; shall not continue to or go through any port, place, area or zone (whether of land or sea), or any waterway or canal, where it reasonably appears that the Vessel, her cargo, crew or other persons on board the Vessel, in the reasonable judgement of the Owners, may be, or are likely to be, exposed to War Risks. Should the Vessel be within any such place as aforesaid, which only becomes dangerous, or is likely to be or to become dangerous, after her entry into it, the Owners shall have the right to require the Vessel to leave such area unless copies of such applicable additional insurance cover are provided to the Owners upon the Owners' request (such request to be made not more than once every three (3) months).

(c) The Vessel shall not load contraband cargo, or ~~to~~ pass through any blockade, whether such blockade be imposed on all vessels, or is imposed selectively in any way whatsoever against vessels of certain flags or ownership, or against certain cargoes or crews or otherwise howsoever, or ~~to~~ proceed to an area where she shall be subject, or is likely to be subject to a belligerent's right of search and/or confiscation.

(d) If the insurers of the war risks insurance, when Clause 14 is applicable, should require payment of premiums and/or calls because, pursuant to the Charterers' orders, the Vessel is within, or is due to enter and remain within, any area or areas which are specified by such insurers as being subject to additional premiums because of War Risks, then such premiums and/or calls shall be reimbursed by the Charterers to the Owners at the same time as the next payment of ~~the~~ Hire is due.

(e) The Charterers shall have the liberty:

(i) to comply with all orders, directions, recommendations or advice as to departure, arrival, routes, sailing in convoy, ports of call, stoppages, destinations, discharge of cargo, delivery, or in any other way whatsoever, which are given by the Government of the Nation under whose flag the Vessel sails, or any other Government, body or group whatsoever acting with the power to compel compliance with their orders or directions;

(ii) to comply with the orders, directions or recommendations of any war risks underwriters who have the authority to give the same under the terms of the war risks insurance;

(iii) to comply with the terms of any resolution of the Security Council of the United Nations, any directives of the European Community, the effective orders of any other Supranational body which has the right to issue and give the same, and with national laws aimed at enforcing the same to which the Owners are subject, and to obey the orders and directions of those who are charged with their enforcement.

~~(f) In the event of outbreak of war (whether there be a declaration of war or not) (i) between any two or more of the following countries: the United States of America; Russia; the United Kingdom; France; and the People's Republic of China, (ii) between any two or more of the countries stated in Box 36, both the Owners and the Charterers shall have the right to cancel this Charter, whereupon the Charterers shall redeliver the Vessel to the Owners in accordance with Clause 15, if the Vessel has cargo on board after discharge thereof at destination, or if debarred under this Clause from reaching or entering it at a near, open and safe port as directed by the Owners, or if the Vessel has no cargo on board, at the port at which the Vessel then is or if at sea at a near, open and safe port as directed by the Owners. In all cases Hire shall continue to be paid in accordance with Clause 11 and except as aforesaid all other provisions of this Charter shall apply, until redelivery.~~

**27. Commission**

Not applicable.

~~The Owners to pay a commission at the rate indicated in Box 33 to the Brokers named in Box 33 on any hire paid under the Charter. If no rate is indicated in Box 33, the commission to be paid by the Owners shall cover the actual expenses of the Brokers and a reasonable fee for their work. If the full hire is not paid owing to breach of the Charter by either of the parties the party liable therefor shall indemnify the Brokers against their loss of commission. Should the parties agree to cancel the Charter, the Owners shall indemnify the Brokers against any loss of commission but in such case the commission shall not exceed the brokerage on one year's hire.~~

**28. Termination**

See Additional Clause 49 (Termination Events) and Clause 53 (Total Loss)

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**(a) Charterers' Default**

The Owners shall be entitled to withdraw the Vessel from the service of the Charterers and terminate the Charter with immediate effect by written notice to the Charterers if:

(i) the Charterers fail to pay hire in accordance with Clause 11. However, where there is a failure to make punctual payment of hire due to oversight, negligence, errors or omissions on the part of the Charterers or their bankers, the Owners shall give the Charterers written notice of the number of clear banking days stated in Box 34 (as recognised at the agreed place of payment) in which to rectify the failure, and when so rectified within such number of days following the Owners' notice, the payment shall stand as regular and punctual. Failure by the Charterers to pay hire within the number of days stated in Box 34 of their receiving the Owners' notice as provided herein, shall entitle the Owners to withdraw the Vessel from the service of the Charterers and terminate the Charter without further notice;

(ii) the Charterers fail to comply with the requirements of:

(1) Clause 6 (Trading Restrictions)

(2) Clause 13(a) (Insurance and Repairs) provided that the Owners shall have the option, by written notice to the Charterers, to give the Charterers a specified number of days grace within which to rectify the failure without prejudice to the Owners' right to withdraw and terminate under this Clause if the Charterers fail to comply with such notice;

(iii) the Charterers fail to rectify any failure to comply with the requirements of sub-clause 10(a)(i) (Maintenance and Repairs) as soon as practically possible after the Owners have requested them in writing so to do and in any event so that the Vessel's insurance cover is not prejudiced.

**(b) Owners' Default**

If the Owners shall by any act or omission be in breach of their obligations under this Charter to the extent that the Charterers are deprived of the use of the Vessel and such breach continues for a period of fourteen (14) running days after written notice thereof has been given by the Charterers to the Owners, the Charterers shall be entitled to terminate this Charter with immediate effect by written notice to the Owners.

**(c) Loss of Vessel**

This Charter shall be deemed to be terminated if the Vessel becomes a total loss or is declared as a constructive or compromised or arranged total loss. For the purpose of this sub-clause, the Vessel shall not be deemed to be lost unless she has either become an actual total loss or agreement has been reached with her underwriters in respect of her constructive, compromised or arranged total loss or if such agreement with her underwriters is not reached it is adjudged by a competent tribunal that a constructive loss of the Vessel has occurred.

(d) Either party shall be entitled to terminate this Charter with immediate effect by written notice to the other party in the event of an order being made or resolution passed for the winding up, dissolution, liquidation or bankruptcy of the other party (otherwise than for the purpose of reconstruction or amalgamation) or if a receiver is appointed, or if it suspends payment, ceases to carry on business or makes any special arrangement or composition with its creditors.

(e) The termination of this Charter shall be without prejudice to all rights accrued due between the parties prior to the date of termination and to any claim that either party might have.

**29. Repossession**

See Additional Clause 42 (Redelivery) and Additional Clause 43 (Redelivery conditions).

In the event of the termination of this Charter in accordance with the applicable provisions of ~~Clause 29~~ this Charter, the Owners shall have the right to repossess the Vessel from the Charterers at her current or next port of call, or at a port or place convenient to them without hindrance or interference by the Charterers, courts or local authorities. Pending physical repossession of the Vessel in accordance with this Clause 29, the Charterers shall hold the Vessel as gratuitous bailee only to the Owners and the Charterers shall procure that the master and crew follow the orders and directions of the Owners. ~~The Owners shall arrange for an authorised representative to board the Vessel as soon as reasonably practicable following the termination of the Charter.~~ The Vessel shall be deemed to be repossessed by the Owners from the Charterers upon the boarding of the Vessel by the Owners' representative. All arrangements and expenses relating to the settling of wages, disembarkation and repatriation of the Charterers' Master, officers and crew shall be the sole responsibility of the Charterers.

**30. Dispute Resolution**

See Additional Clause 71 (Law and dispute resolution)

~~\*) (a) This Contract shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this Contract shall be referred to arbitration in London in accordance with the Arbitration Act or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.~~

~~The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.~~

~~The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within 14 calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the 14 days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the 14 days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if he had been appointed by agreement.~~

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~~Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator. In cases where neither the claim nor any counterclaim exceeds the sum of US\$50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.~~

~~\*) (b) This Contract shall be governed by and construed in accordance with Title 9 of the United States Code and the Maritime Law of the United States and any dispute arising out of or in connection with this Contract shall be referred to three persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for the purposes of enforcing any award, judgement may be entered on an award by any court of competent jurisdiction. The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc.~~

~~In cases where neither the claim nor any counterclaim exceeds the sum of US\$50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the Society of Maritime Arbitrators, Inc. current at the time when the arbitration proceedings are commenced.~~

~~\*) (c) This Contract shall be governed by and construed in accordance with the laws of the place mutually agreed by the parties and any dispute arising out of or in connection with this Contract shall be referred to arbitration at a mutually agreed place, subject to the procedures applicable there.~~

~~(d) Notwithstanding (a), (b) or (c) above, the parties may agree at any time to refer to mediation any difference and/or dispute arising out of or in connection with this Contract.~~

~~In the case of a dispute in respect of which arbitration has been commenced under (a), (b) or (c) above, the following shall apply:-~~

~~(i) Either party may at any time and from time to time elect to refer the dispute or part of the dispute to mediation by service on the other party of a written notice (the "Mediation Notice") calling on the other party to agree to mediation.~~

~~(ii) The other party shall thereupon within 14 calendar days of receipt of the Mediation Notice confirm that they agree to mediation, in which case the parties shall thereafter agree a mediator within a further 14 calendar days, failing which on the application of either party a mediator will be appointed promptly by the Arbitration Tribunal ("the Tribunal") or such person as the Tribunal may designate for that purpose. The mediation shall be conducted in such place and in accordance with such procedure and on such terms as the parties may agree or, in the event of disagreement, as may be set by the mediator.~~

~~(iii) If the other party does not agree to mediate, that fact may be brought to the attention of the Tribunal and may be taken into account by the Tribunal when allocating the costs of the arbitration as between the parties.~~

~~(iv) The mediation shall not affect the right of either party to seek such relief or take such steps as it considers necessary to protect its interest.~~

~~(v) Either party may advise the Tribunal that they have agreed to mediation. The arbitration procedure shall continue during the conduct of the mediation but the Tribunal may take the mediation timetable into account when setting the timetable for steps in the arbitration.~~

~~(vi) Unless otherwise agreed or specified in the mediation terms, each party shall bear its own costs incurred in the mediation and the parties shall share equally the mediator's costs and expenses.~~

~~(vii) The mediation process shall be without prejudice and confidential and no information or documents disclosed during it shall be revealed to the Tribunal except to the extent that they are disclosable under the law and procedure governing the arbitration.  
(Note: The parties should be aware that the mediation process may not necessarily interrupt time limits.)~~

~~(e) If Box 35 in Part I is not appropriately filled in, sub clause 30(a) of this Clause shall apply. Sub clause 30(d) shall apply in all cases.~~

~~\*) Sub clauses 30(a), 30(b) and 30(c) are alternatives; indicate alternative agreed in Box 35.~~

**31. Notices**

See Additional Clause 66 (Notices).

- ~~(a) Any notice to be given by either party to the other party shall be in writing and may be sent by fax, telex, registered or recorded mail or by personal service.~~
- ~~(b) The address of the Parties for service of such communication shall be as stated in Boxes 3 and 4 respectively.~~

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**PART III**  
**PROVISIONS TO APPLY FOR NEWBUILDING VESSELS ONLY**  
(Optional, only to apply if expressly agreed and stated in Box 37)

**1. Specifications and Building Contract**

~~(a) The Vessel shall be constructed in accordance with the Building Contract (hereafter called the Building Contract") as annexed to this Charter, made between the Builders and the Owners and in accordance with the specifications and plans annexed thereto, such Building Contract, specifications and plans having been counter signed as approved by the Charterers.~~

~~(b) No change shall be made in the Building Contract or in the specifications or plans of the Vessel as approved by the Charterers as aforesaid, without the Charterers' consent.~~

~~(c) The Charterers shall have the right to send their representative to the Builders' Yard to inspect the Vessel during the course of her construction to satisfy themselves that construction is in accordance with such approved specifications and plans as referred to under sub-clause (a) of this Clause.~~

~~(d) The Vessel shall be built in accordance with the Building Contract and shall be of the description set out therein. Subject to the provisions of sub-clause 2(c)(ii) hereunder, the Charterers shall be bound to accept the Vessel from the Owners, completed and constructed in accordance with the Building Contract, on the date of delivery by the Builders. The Charterers undertake that having accepted the Vessel they will not thereafter raise any claims against the Owners in respect of the Vessel's performance or specification or defects, if any. Nevertheless, in respect of any repairs, replacements or defects which appear within the first 12 months from delivery by the Builders, the Owners shall endeavour to compel the Builders to repair, replace or remedy any defects or to recover from the Builders any expenditure incurred in carrying out such repairs, replacements or remedies. However, the Owners' liability to the Charterers shall be limited to the extent the Owners have a valid claim against the Builders under the guarantee clause of the Building Contract (a copy whereof has been supplied to the Charterers). The Charterers shall be bound to accept such sums as the Owners are reasonably able to recover under this Clause and shall make no further claim on the Owners for the difference between the amount(s) so recovered and the actual expenditure on repairs, replacement or remedying defects or for any loss of time incurred. Any liquidated damages for physical defects or deficiencies shall accrue to the account of the party stated in Box 41(a) or if not filled in shall be shared equally between the parties. The costs of pursuing a claim or claims against the Builders under this Clause (including any liability to the Builders) shall be borne by the party stated in Box 41(b) or if not filled in shall be shared equally between the parties.~~

**2. Time and Place of Delivery**

~~(a) Subject to the Vessel having completed her acceptance trials including trials of cargo equipment in accordance with the Building Contract and specifications to the satisfaction of the Charterers, the Owners shall give and the Charterers shall take delivery of the Vessel afloat when ready for delivery and properly documented at the Builders' Yard or some other safe and readily accessible dock, wharf or place as may be agreed between the parties hereto and the Builders. Under the Building Contract the Builders have estimated that the Vessel will be ready for delivery to the Owners as therein provided but the delivery date for the purpose of this Charter shall be the date when the Vessel is in fact ready for delivery by the Builders after completion of trials whether that be before or after as indicated in the Building Contract. The Charterers shall not be entitled to refuse acceptance of delivery of the Vessel and upon and after such acceptance, subject to Clause 1(d), the Charterers shall not be entitled to make any claim against the Owners in respect of any conditions, representations or warranties, whether express or implied, as to the seaworthiness of the Vessel or in respect of delay in delivery.~~

~~(b) If for any reason other than a default by the Owners under the Building Contract, the Builders become entitled under that Contract not to deliver the Vessel to the Owners, the Owners shall upon giving to the Charterers written notice of Builders becoming so entitled, be excused from giving delivery of the Vessel to the Charterers and upon receipt of such notice by the Charterers this Charter shall cease to have effect.~~

~~(c) If for any reason the Owners become entitled under the Building Contract to reject the Vessel the Owners shall, before exercising such right of rejection, consult the Charterers and thereupon~~

~~(i) if the Charterers do not wish to take delivery of the Vessel they shall inform the Owners within seven (7) running days by notice in writing and upon receipt by the Owners of such notice this Charter shall cease to have effect; or~~

~~(ii) if the Charterers wish to take delivery of the Vessel they may by notice in writing within seven (7) running days require the Owners to negotiate with the Builders as to the terms on which delivery should be taken and/or refrain from exercising their right to rejection and upon receipt of such notice the Owners shall commence such negotiations and/ or take delivery of the Vessel from the Builders and deliver her to the Charterers;~~

~~(iii) in no circumstances shall the Charterers be entitled to reject the Vessel unless the Owners are able to reject the Vessel from the Builders;~~

~~(iv) if this Charter terminates under sub clause (b) or (c) of this Clause, the Owners shall thereafter not be liable to the Charterers for any claim under or arising out of this Charter or its termination.~~

~~(d) Any liquidated damages for delay in delivery under the Building Contract and any costs incurred in pursuing a claim therefor shall accrue to the account of the party stated in Box 41(c) or if not filled in shall be shared equally between the parties.~~

**~~3. Guarantee Works~~**

~~If not otherwise agreed, the Owners authorise the Charterers to arrange for the guarantee works to be performed in accordance with the building contract terms, and hire to continue during the period of guarantee works. The Charterers have to advise the Owners about the performance to the extent the Owners may request.~~

**~~4. Name of Vessel~~**

~~The name of the Vessel shall be mutually agreed between the Owners and the Charterers and the Vessel shall be~~

**PART III**  
**PROVISIONS TO APPLY FOR NEWBUILDING VESSELS ONLY**  
(Optional, only to apply if expressly agreed and stated in Box 37)

painted in the colours, display the funnel insignia and fly the house flag as required by the Charterers.

**5. — Survey on Redelivery**

~~The Owners and the Charterers shall appoint surveyors for the purpose of determining and agreeing in writing the condition of the Vessel at the time of re-delivery. Without prejudice to Clause 15 (Part II), the Charterers shall bear all survey expenses and all other costs, if any, including the cost of docking and undocking, if required, as well as all repair costs incurred. The Charterers shall also bear all loss of time spent in connection with any docking and undocking as well as repairs, which shall be paid at the rate of hire per day or pro rata.~~

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**PART IV**  
**HIRE/PURCHASE AGREEMENT**  
(Optional, only to apply if expressly agreed and stated in Box 42)

On expiration of this Charter and provided the Charterers have fulfilled their obligations according to Part I and II as well as Part III, if applicable, it is agreed, that on payment of the final payment of hire as per Clause 11 the Charterers have purchased the Vessel with everything belonging to her and the Vessel is fully paid for.

*In the following paragraphs the Owners are referred to as the Sellers and the Charterers as the Buyers.*

The Vessel shall be delivered by the Sellers and taken over by the Buyers on expiration of the Charter.

The Sellers guarantee that the Vessel, at the time of delivery, is free from all encumbrances and maritime liens or any debts whatsoever other than those arising from anything done or not done by the Buyers or any existing mortgage agreed not to be paid off by the time of delivery. Should any claims, which have been incurred prior to the time of delivery be made against the Vessel, the Sellers hereby undertake to indemnify the Buyers against all consequences of such claims to the extent it can be proved that the Sellers are responsible for such claims. Any taxes, notarial, consular and other charges and expenses connected with the purchase and registration under Buyers' flag, shall be for Buyers' account. Any taxes, consular and other charges and expenses connected with closing of the Sellers' register, shall be for Sellers' account.

In exchange for payment of the last month's hire instalment the Sellers shall furnish the Buyers with a Bill of Sale duly attested and legalized, together with a certificate setting out the registered encumbrances, if any. On delivery of the Vessel the Sellers shall provide for deletion of the Vessel from the Ship's Register and deliver a certificate of deletion to the Buyers. The Sellers shall, at the time of delivery, hand to the Buyers all classification certificates (for hull, engines, anchors, chains, etc.), as well as all plans which may be in Sellers' possession.

The Wireless Installation and Nautical Instruments, unless on hire, shall be included in the sale without any extra payment.

The Vessel with everything belonging to her shall be at Sellers' risk and expense until she is delivered to the Buyers, subject to the conditions of this Contract and the Vessel with everything belonging to her shall be delivered and taken over as she is at the time of delivery, after which the Sellers shall have no responsibility for possible faults or deficiencies of any description.

The Buyers undertake to pay for the repatriation of the Master, officers and other personnel if appointed by the Sellers to the port where the Vessel entered the Bareboat Charter as per Clause 3 (Part II) or to pay the equivalent cost for their journey to any other place.

**PART IV**  
**HIRE/PURCHASE AGREEMENT**  
(Optional, only to apply if expressly agreed and stated in Box 42)

**1. Definitions**

~~For the purpose of this PART V, the following terms shall have the meanings hereby assigned to them:~~

~~"The Bareboat Charter Registry" shall mean the registry of the State whose flag the Vessel will fly and in which the Charterers are registered as the bareboat charterers during the period of the Bareboat Charter.~~

~~"The Underlying Registry" shall mean the registry of the State in which the Owners of the Vessel are registered as Owners and to which jurisdiction and control of the Vessel will revert upon termination of the Bareboat Charter Registration.~~

**2. Mortgage**

~~The Vessel chartered under this Charter is financed by a mortgage and the provisions of Clause 12(b) (Part II) shall apply.~~

**3. Termination of Charter by Default**

~~If the Vessel chartered under this Charter is registered in a Bareboat Charter Registry as stated in Box 44, and if the Owners shall default in the payment of any amounts due under the mortgage(s) specified in Box 29, the Charterers shall, if so required by the mortgagee, direct the Owners to re-register the Vessel in the Underlying Registry as shown in Box 45.~~

~~In the event of the Vessel being deleted from the Bareboat Charter Registry as stated in Box 44, due to a default by the Owners in the payment of any amounts due under the mortgage(s), the Charterers shall have the right to terminate this Charter forthwith and without prejudice to any other claim they may have against the Owners under this Charter.~~

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**ADDITIONAL CLAUSES**  
**TO BAREBOAT CHARTER FOR THE VESSEL "BARBARA" TO BE RENAMED**  
**"GSL TINOS"**

32

**Definitions**

In this Charter:

"**2018 Withdrawal Act**" means the European Union (Withdrawal) Act 2018.

"**2020 Withdrawal Act**" means the European Union (Withdrawal Agreement) Act 2020.

"**Account Bank**" means ABN AMRO Bank N.V. of Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands or any other third party bank acceptable to the Owners (acting reasonably).

"**Account Pledge**" means a deed or other instrument by the Charterers in favour of the Security Trustee in an agreed form conferring a Security Interest over the Operating Account.

"**Actual Delivery Date**" means the date of delivery of the Vessel by the Owners to the Charterers under this Charter.

"**Advance Hire**" has the meaning given to such term in Clause 40(a)(i) (*Hire*).

"**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.

"**Agreement Term**" means the period commencing on the date of this Charter and terminating on the later of:

- (a) the expiration of the Charter Period; and
- (b) the date on which all money of any nature owed by the Obligor Parties (as defined in the Security Trust Deed) to the Creditor Parties (as defined in the Security Trust Deed) under the Transaction Documents (as defined in the Security Trust Deed) or otherwise in connection with the Vessel and any Collateral Vessel have been paid in full to the Creditor Parties (as defined in the Security Trust Deed) and no obligations of the Obligor Parties (as defined in the Security Trust Deed) of any nature to the Creditor Parties (as defined in the Security Trust Deed) or otherwise in connection with the Transaction Documents (as defined in the Security Trust Deed) or with this Vessel and any Collateral Vessel remain unperformed or undischarged.

"**AML Laws**" means all applicable financial record-keeping and reporting requirements, anti-money laundering statutes (including all applicable rules and regulations thereunder) and all applicable related or similar laws, rules, regulations or guidelines, of all jurisdictions including and without limitation, the United States of America, the European Union, the United Kingdom and the People's Republic of China and which in each case are:

- (a) issued, administered or enforced by any governmental agency having jurisdiction over any Obligor or Owners;
- (b) of any jurisdiction in which any Obligor or Owners conduct business; or
- (c) to which any Obligor or Owners is subjected or subject to.

**"Anthea Y Charter"** means the bareboat charter on barecon 2001 form with additional clauses dated 20 May 2021 (as may from time to time be amended, supplemented, novated or replaced) made between Sea 156 Leasing Co. Limited as owners and Telemachus Marine LLC as charterers, in relation to the vessel "Anthea Y" (IMO No.: 9710244).

**"Anti-Terrorism Financing Laws"** means all applicable anti-terrorism laws, rules, regulations or guidelines of any jurisdiction, including and not limited to the United States of America, the European Union, the United Kingdom or the People's Republic of China which are:

- (a) issued, administered or enforced by any governmental agency, having jurisdiction over any Obligor or Owners;
- (b) of any jurisdiction in which any Obligor or Owners conduct business; or
- (c) to which any Obligor or Owners is subjected or subject to.

**"Applicable Rate"** means:

- (a) for any Hire Period of which the Variable Hire Determination Date falls before a Replacement Benchmark has been agreed pursuant to Clause 40(m)(ii)(B) (*Hire*), LIBOR; or
- (b) for any Hire Period of which the Variable Hire Determination Date falls upon or after a Replacement Benchmark is agreed on pursuant to Clause 40(m)(ii)(B) (*Hire*), the Replacement Benchmark.

**"Approved Broker"** means any of Clarksons Platou, Maersk Broker, Howe Robinson Partners Pte Ltd and Barry Rogliano Salles (BRS) (or any affiliates of the aforementioned if ship valuations are commonly issued by them) and such other reputable and independent ship brokers as may be nominated by the Charterers and approved by the Owners.

**"Approved Charter"** means a valid, binding time charter for the Vessel entered into by the Charterers as disponent owner and with an Approved Charterer as charterer meeting the following criteria:

- (a) with a minimum fixed charter period (without optional extensions) of three (3) years; and
- (b) with the amount of daily charter hire being not less than sixteen thousand five hundred Dollars (US\$16,500).

**"Approved Charterer"** means a leading international container shipping company ranked within the top seven container liner companies globally at any time or such

other reputable leading international container shipping company as may be nominated by the Charterers and approved by the Owners.

**"Approved Commercial Manager"** means the Conchart Commercial Inc, a company incorporated in the Marshall Islands whose registered address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 (registration number 39730) or such other reputable third-party ship management company nominated by the Charterers and approved by the Owners.

**"Approved Flag"** means Liberia or such other jurisdiction as may be acceptable to the Owners (acting reasonably) from time to time.

**"Approved Managers"** means the Approved Commercial Manager and the Approved Technical Manager and **"Approved Manager"** means any one of them.

**"Approved Technical Manager"** means Technomar Shipping Inc, a company incorporated in the Republic of Liberia whose registered address is at 80 Broad Street, Monrovia, Liberia (registration number C-76029) or such other reputable third-party ship management company nominated by the Charterers and approved by the Owners.

**"Arrangement Fee"** means the non-refundable fee in the amount equal to one per cent. (1%) of the Owners' Cost.

**"Break Costs"** means all costs, losses, premiums or penalties incurred by the Owners as a result of the receipt by the Owners of any payment under or in relation to the Transaction Documents on a day other than the due date for payment of the sum in question, or as a result of the Purchase Option Date, Expiry Date or a Termination Payment Date not falling on a Hire Payment Date or as a result of the Termination Payment Date not falling on a Hire Payment Date in each case, including (but not limited to) any break costs incurred by the Owners under the Finance Documents.

**"Business Day"** means a day (other than a Saturday or Sunday) on which banks and financial markets are open for business in Athens, Shanghai, Hong Kong, the Netherlands, the jurisdiction in which the Owners' Account is opened, and:

(a) (in relation to the determination of the Actual Delivery Date) in London; and

(b) (in relation to any date for payment) in New York.

**"Business Ethics Laws"** means any laws, regulations and/or other legally binding requirements or determinations in relation to bribery, corruption, fraud, money-laundering, terrorism, sanctions, collusion bid-rigging or anti-trust, human rights violations (including forced labour and human trafficking) which are applicable to either party or to any jurisdiction where activities are performed and which shall include: (i) the United Kingdom Bribery Act 2010, (ii) the United States Foreign Corrupt Practices Act 1977, (iii) Prevention of Bribery Ordinance (Cap. 201) of the Laws of Hong Kong and (iv) any United States, United Kingdom, United Nations or European Union sanctions.

**"Call Option"** means the option to purchase the Vessel at the applicable Call Option Price which the Charterers may exercise in accordance with Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*).

**"Call Option Expiry Date"** means the date falling ninety (90) days prior to the Expiry Date.

**"Call Option Notice"** means a written notice (in such form as the Owners and the Charterers may agree from time to time) which the Charterers may deliver to the Owners for the purpose of the Charterers exercising the Call Option.

**"Call Option Price"** means the aggregate of:

- (a) seven million Dollars (US\$7,000,000);
- (b) all other Unpaid Sums due and payable, together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof up to the date of actual payment;
- (c) the Break Costs (if any);
- (d) any reasonable and documented legal costs incurred by the Owners in respect of the Call Option;
- (e) any other reasonable and documented costs, losses, liabilities and expenses incurred or suffered by the Owners in connection with any Finance Document as a result of the Charterers' exercise of the Call Option; and
- (f) any other sums as the Owners may be entitled to under the terms of this Charter, including (but not limited to) any payments referred to in paragraph (a) of Clause 17 (*Indemnity*)(Part II) and Clause 58 (*Further Indemnities*).

**"Cancellation Date"** means the "Cancelling Date" as set out in the MOA.

**"Cash Collateral"** has the meaning given to it in Clause 48(oo) (*Charterers' Undertakings*), as may be adjusted from time to time in accordance with the same clause and Clause 48(oo).

**"Cash Collateral Refund Amount"** has the meaning given to it in Clause 48(oo)(ii) (*Charterers' Undertakings*).

**"Chargor"** means GSL Kithira Holding LLC, a limited liability company formed and existing under the laws of Liberia whose registered address is at 80 Broad Street, Monrovia, Liberia (registration number 960227).

**"Charter Guarantee"** means the guarantee made or to be made by the Charter Guarantor in favour of the Security Trustee in respect of the obligations of the Obligors (other than the Charter Guarantor) under the Transaction Documents.

**"Charter Guarantor"** means Global Ship Lease, Inc., a corporation organised and existing under the laws of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Islands, Majuro, Marshall Islands, MH96960 (registration number 28891).

**"Charter Guarantor Change of Control Event"** means any of the following events:

- (a) when the common stock of the Charter Guarantor ceases to be listed for public trade on the New York Stock Exchange (NYSE) or other internationally

- recognised stock exchange (if applicable) where such delisting did not occur in connection with a listing of the Charter Guarantor's common stock on another internationally recognised stock exchange ("**Delisting Event**");
- (b) when any person(s) own(s) directly or indirectly more than thirty five per cent. (35%) of the shares in the Charter Guarantor, unless such person(s) owned such shares on the date of the completion of the merger of the Charter Guarantor with Poseidon Containers Holdings LLC and K&T Marine LLC in November 2018 (the "**Merger Completion Date**");
  - (c) when Mr. George Glouroukos ceases to own or control (either directly or indirectly through one or more Affiliates) at least fifty per cent. (50%) of the number of shares of the Charter Guarantor held by him on the Merger Completion Date (excluding any share split or reverse split), other than by reason of death or other incapacity in managing his affairs; or
  - (d) when Mr. George Glouroukos ceases to be the Executive Chairman (or to hold an equivalent executive officer position) of the Charter Guarantor, other than by reason of death or other incapacity in managing his affairs.

"**Charter Period**" means, subject to Clause 40(k) (*Hire*), Clause 49 (*Termination Events*), Clause 53 (*Total Loss*) and Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*), the period of seventy-two (72) months commencing from the Actual Delivery Date.

"**Charterers' Assignment**" means the deed of assignment executed or to be executed (as the case may be) by the Charterers in favour of the Security Trustee in relation to certain of the Charterers' rights and interest in and to (among other things) the (a) Earnings, (b) Insurances, (c) Requisition Compensation, (d) the Initial Sub-Charter and any Sub-Charter and (e) any Sub-Charter Guarantees.

"**Classification Society**" means the vessel classification society referred to in Box 10 (*Classification Society*) of this Charter, or such other reputable classification society which is a member of the International Association of Classification Societies as selected by the Charterers and as the Owners may approve from time to time (acting reasonably).

"**Collateral Charter**" means, in respect of a Collateral Vessel, the bareboat charter agreement in respect of that Collateral Vessel entered into between an Affiliate of the Owners as owner and the respective Collateral Charterers as charterer.

"**Collateral Charterers**" means, in relation to a Collateral Vessel, the Collateral Charterer set out alongside its name in the table specified at the definition "Collateral Vessels".

"**Collateral Owners**" means, in relation to a Collateral Vessel, the Collateral Owners set out alongside its name in the table specified at the definition "Collateral Vessels".

"**Collateral Vessels**" means the vessels set out below:

	<b>Vessel name / IMO</b>	<b>Collateral Owners</b>	<b>Collateral Charterers</b>
1.	"BERNADETTE" to be renamed "GSL Kithira"/ 9407885	Sea 251 Leasing Co. Limited	Global Ship Lease 68 LLC
2.	"BLANDINE" to be renamed "GSL Tripoli"/ 9437048	Sea 252 Leasing Co. Limited	Global Ship Lease 69 LLC
3.	"BALBINA" to be renamed "GSL Syros"/ 9437062	Sea 253 Leasing Co. Limited	Global Ship Lease 70 LLC

"**Commercial Management Agreement**" means the commercial management agreement entered or to be entered into (as the context so requires) between the Approved Commercial Manager and the Charterers.

"**Compliance Certificate**" means a certificate substantially in the form in schedule 1 of the Charter Guarantee.

"**Cost Balance**" means, at any relevant time during the Agreement Term, an amount equal to the Owners' Cost as may be reduced by payment of the Fixed Hire pursuant to Clause 40(a)(ii) (*Hire*).

"**Day One Cash Collateral Amount**" means one million eight hundred thousand Dollars (US\$1,800,000).

"**Default Termination**" means a termination of the Charter Period pursuant to the provisions of Clause 49 (*Termination Events*).

"**Early Termination Event**" means the option to purchase the Vessel which the Owners may exercise in accordance with Clause 52(d) (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*)

"**Earnings**" means all hires, freights, pool income and other sums payable to or for the account of the Charterers and in respect of the Vessel including (without limitation) all earnings received or to be received from each Sub-Charter or any proceeds received or to be received from each Sub-Charter Guarantee, all remuneration for salvage and towage services, demurrage and detention moneys, contributions in general average, compensation in respect of any requisition for hire, and damages and other payments (whether awarded by any court or arbitral tribunal or by agreement or otherwise) for breach, termination or variation of any contract for the operation, employment or use of the Vessel including the Initial Sub-Charter and any other Sub-Charter.

"**Environmental Approval**" means any present or future permit, ruling, variance or other authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration required under Environmental Laws.

**"Environmental Claim"** means any claim, proceeding, formal notice or investigation by any governmental, judicial or regulatory authority or any other person which arises out of an Environmental Incident or which relates to any Environmental Law and, for this purpose, "claim" includes a claim for damages, compensation, contribution, injury, fines, losses and penalties or any other payment of any kind, including in relation to clean-up and removal, whether or not similar to the foregoing; an order or direction to take, or not to take, certain action or to desist from or suspend certain action; and any form of enforcement or regulatory action, including the arrest or attachment of any asset.

**"Environmental Incident"** means:

- (a) any release, emission, spill or discharge into or upon the air, sea, land or soils (including the seabed) or surface water of Environmentally Sensitive Material within or from the Vessel; or
- (b) any incident in which Environmentally Sensitive Material is released, emitted, spilled or discharged into or upon the air, sea, land or soils (including the seabed) or surface water from a vessel other than the Vessel and which involves a collision between the Vessel and such other vessel or some other incident of navigation or operation, in either case, in connection with which the Vessel is actually arrested, attached, detained or injuncted and the Vessel, any Obligor, any operator or manager of the Vessel or any combination of them is at fault or allegedly at fault or otherwise liable to any legal or administrative action; or
- (c) any other incident in which Environmentally Sensitive Material is released, emitted, spilled or discharged into or upon the air, sea, land or soils (including the seabed) or surface water otherwise than from the Vessel and in connection with which the Vessel is actually liable to be arrested, attached, detained or injuncted and/or where any Obligor, any operator or manager of the Vessel or any combination of them is at fault or otherwise liable to any legal or administrative action, other than in accordance with an Environmental Approval.

**"Environmental Law"** means any present or future law or regulation relating to pollution or protection of human health or the environment, to conditions in the workplace, to the carriage, generation, handling, storage, use, release or spillage of Environmentally Sensitive Material or to releases of Environmentally Sensitive Material.

**"Environmentally Sensitive Material"** means all contaminants, oil, oil products, toxic substances and any other substance (including any chemical, gas or other hazardous or noxious substance) which is (or is capable of being or becoming) polluting, toxic or hazardous.

**"Expiry Date"** means the date falling seventy two (72) months after the Actual Delivery Date.

**"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 (a); or
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in (a) or (b) with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

**"FATCA Deduction"** means a deduction or withholding from a payment under a Transaction Document required by FATCA.

**"FATCA Exempt Party"** means a party that is entitled to receive payments free from any FATCA Deduction.

**"Finance Document"** means any facility agreement, security document, fee letter and any other document designated as such by the Finance Parties and the Owners and which have been or may be (as the case may be) entered into between the Finance Parties and the Owners for the purpose of, among other things, financing or (as the case may be) refinancing all or any part of the Owners' Cost.

**"Finance Party"** means any bank or Financial Institution which is or will be party to a Finance Document (other than the Owners and other entities which may have agreed or be intended as debtors and/or obligors thereunder) and **"Finance Parties"** means two or more of them.

**"Financial Indebtedness"** means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any acceptance credit under any acceptance credit facility or dematerialised equivalent;
- (c) any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract, a liability under which would, in accordance with GAAP, be treated as a balance sheet liability;
- (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, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability of an entity which is

not an Obligor which liability would fall within one of the other sections of this definition;

- (h) any amount raised by the issue of shares which are redeemable (other than at the option of the issuer) before the end of the Agreement Term or are otherwise classified as borrowings under GAAP;
- (i) any amount of any liability under an advance or deferred purchase agreement if (i) 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 or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 30 days after the date of supply;
- (j) any amount raised under any other transaction (including any forward sale or purchase, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing; and
- (k) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in (a) to (j).

**"Financial Institution"** means any bank or financial institution, trust, fund, leasing company or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets.

**"Fixed Hire"** means:

- (a) in respect of each of the first twelve (12<sup>th</sup>) payments of Fixed Hire due on the Hire Payment Dates occurring from the Actual Delivery Date up to and including the third (3<sup>rd</sup>) anniversary of the Actual Delivery Date, calculated in accordance with the following formula:  
 $A = 1/12 \times B$   
Where:  
**A** is the amount of the Fixed Hire due on that Hire Payment Date; and  
**B** is the difference between the Owners' Cost and ten million nine hundred and fifty thousand Dollars (US\$10,950,000); and
- (b) in respect of each of the thirteenth (13<sup>th</sup>) to twenty fourth (24<sup>th</sup>) payment of Fixed Hire due on the Hire Payment Dates occurring from and excluding the third (3<sup>rd</sup>) anniversary of the Actual Delivery Date up to and including the sixth (6<sup>th</sup>) anniversary of the Actual Delivery Date, calculated in accordance with the following formula:  
 $C = 1/12 \times D$   
Where:  
**C** is the amount of the Fixed Hire due on that Hire Payment Date; and  
**D** is the difference between ten million nine hundred and fifty thousand Dollars (US\$10,950,000) and seven million Dollars (US\$7,000,000).

"GAAP" means generally accepted accounting principles in the United States.

"Group" means the Charter Guarantor and each of its Subsidiaries for the time being.

"Hire" means each or any combination or aggregate of (as the context may require):

- (a) Advance Hire;
- (b) Fixed Hire; and
- (c) Variable Hire.

"Hire Payment Date" means the last day of each and any Hire Period.

"Hire Period" means each and every consecutive period of three (3) months with the first Hire Period to commence on the Actual Delivery Date and each successive Hire Period to commence forthwith upon the expiry of the immediately preceding Hire Period, provided that the final period shall end on the earlier of (i) the last day of the Charter Period, and (ii) the redelivery of the Vessel to the Owners following an early termination of this Charter or, as the case may be, purchase of the Vessel by the Charterers in accordance with the terms hereof, without prejudice however to any other claims of the Owners against the Charterers arising out of or in connection with this Charter.

"Holding Company" means, in relation to a person, any other person in respect of which it is a Subsidiary.

"Hong Kong" means the Hong Kong Special Administrative Region of The People's Republic of China.

"IAPPC" means a valid international air pollution prevention certificate for the Vessel issued under Annex VI (Regulations for the Prevention of Air Pollution from Ships) to the International Convention for the Prevention of Pollution from Ships 1973 (as modified in 1978 and 1997).

"IMO Ballast Water Management (BWM) Convention" means the International Convention for the Control and Management of Ships' Ballast Water and Sediments adopted by the International Maritime Organization (as the same may be amended, supplemented or superseded from time to time).

"Increased Costs" means:

- (a) a reduction in the rate of return from the transactions contemplated by the Transaction Documents or on the Owners' overall capital;
- (b) an additional or increased cost; or
- (c) a reduction of any amount due and payable under any Transaction Document,

which is incurred or suffered by the Owners to the extent that it is attributable to the Owners having agreed to acquire the Vessel to charter the same to the Charterers on the basis of this Charter and in entering into this Charter, the other Transaction Documents or in performing its obligations under the Transaction Documents.

"**Indemnatee**" has the meaning given to such term in Clause 58 (*Further indemnities*).

"**Indirect Tax**" means any goods and services tax, consumption tax, value added tax or any tax of a similar nature.

"**Initial MOA**" means the memorandum of agreement for the Vessel dated 12 May 2021 entered into between the Initial Sellers as sellers and the Initial Sub-Charterers as buyers, as amended by a nomination agreement dated 15 June 2021 entered into between the Initial Sellers as sellers, the Initial Sub-Charterers as initial buyers and the Charterers as the buyers' nominee, and an addendum no. 1 thereto dated 15 June 2021, an addendum no. 2 thereto dated 4 August 2021 and addendum no. 3 thereto dated 17 August 2021, as may be further amended or supplemented from time to time.

"**Initial Sellers**" means ERB. 5.300TEU GmbH & Co. KG, a company incorporated in Germany with its registered address at Elbchausee 370, 22609, Hamburg, Germany.

"**Initial Sub-Charter**" means the time charterparty in respect of the Vessel dated 15 June 2021 between the Charterers and the Initial Sub-Charterers, with a daily hire rate at no less than thirty-six thousand five hundred Dollars (US\$36,500) for the fixed three year period from delivery (the "**Initial Sub-Charter Fixed Term**") and at no less than seventeen thousand two hundred and fifty Dollars (US\$17,250) (the "**Daily Initial Sub-Charter Optional Term Rate**") for the optional three year period thereafter (the "**Initial Sub-Charter Optional Term**"), as may be further amended or supplemented from time to time.

"**Initial Sub-Charterers**" means Maersk A/S, a company registered in Denmark, with its registered address at Esplanaden 50, 1263 Copenhagen K, Denmark.

"**Innocent Owners' Interest Insurances**" means all policies and contracts of innocent owners' interest insurance and innocent owners' additional perils (oil pollution) insurance from time to time taken out by the Owners in relation to the Vessel.

"**Insurances**" means all policies and contracts of insurance, including entries of the Vessel in any protection and indemnity or war risks association, which are from time to time taken out or entered into in respect of the Vessel or her earnings or otherwise in connection with the Vessel or her Earnings and (where the context permits) all rights, benefits and other assets under, or derived from, such contracts and policies, including all claims of any nature and returns of premium.

"**ISM Code**" means the International Safety Management Code (including the guidelines on its implementation), adopted by the International Maritime Organisation Assembly as Resolutions A.741 (18) (as amended by MSC 104 (73)) and A.913(22) (superseding Resolution A.788 (19)), as the same may be amended, supplemented or superseded from time to time (and the terms "safety management system", "Safety Management Certificate" and "Document of Compliance" have the same meanings as are given to them in the ISM Code).

"**ISPS Code**" means the International Ship and Port Facility Security Code adopted by the International Maritime Organisation (as the same may be amended, supplemented or superseded from time to time).

"**ISSC**" means a valid and current International Ship Security Certificate issued under the ISPS Code.

"**Joint Venture**" means any joint venture entity, whether a company, unincorporated firm, undertaking, association, joint venture or partnership or any other entity.

"**Legal Opinions**" means the legal opinions provided to the Owners under Clause 36(a)(xii) (*Conditions precedent and conditions subsequent*).

**"Legal Reservations"**

- (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 Acts, 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;
- (c) similar principles, rights and defences under the laws of any Relevant Jurisdiction; and
- (d) any other matters which are set out as qualifications or reservations as to matters of law of general application in the Legal Opinions.

"**LIBOR**" means the applicable Screen Rate at or about 11:00 am (London time) on the relevant Variable Hire Determination Date for the offering of deposits in US Dollars for a period of three (3) months and, if any such rate is below zero, LIBOR will be deemed to be zero.

"**Maersk QEL**" means the quiet enjoyment letter entered or to be entered into pursuant to the Initial Sub-Charter between the Initial Sub-Charterer, the Owners, the Security Trustee and the Charterers.

"**Management Agreement**" means the Commercial Management Agreement and the Technical Management Agreement.

"**Managers' Undertaking**" means the undertaking to be entered into by an Approved Manager in favour of the Security Trustee in the form to be agreed by the Owners and each Approved Manager.

"**Margin**" means three point two five per cent. (3.25%).

"**Market Value**" means, on any Valuation Date:

- (a) for the purposes of determining the Purchase Price on the Actual Delivery Date, the arithmetic average of two valuations pursuant to two such Valuation Reports from two Approved Brokers, one selected by the Charterers and one selected by the Owners; or in the event the difference between the two Valuation Reports obtained is greater than 5%, the arithmetic average of the three Valuation Reports, the third Valuation Report being obtained from a further Approved Broker selected by the Owners; and

- (b) for any other purposes other than that in (a) above (including, without limitation, determining the Value Maintenance Ratio and Minimum Insured Value), the arithmetic average of two valuations pursuant to two such Valuation Reports from two Approved Brokers, both selected by the Owners; or in the event the difference between the two Valuation Reports obtained is greater than 5%, the arithmetic average of the three Valuation Reports, the third Valuation Report being obtained from a further Approved Broker selected by the Owners,

in each case, (i) assessed in Dollars on a desktop charter-free basis between a willing buyer and a willing seller, and so obtained in ascertaining the market value of the Vessel, no more than thirty (30) days prior to that Valuation Date and (ii) if an Approved Broker determines that the valuation of the Vessel shall fall within a range, the valuation as determined by each Approved Broker should be the lower of such range.

"**MARPOL**" means the International Convention for the Prevention of Pollution from Ships adopted by the International Maritime Organisation (as the same may be amended, supplemented or superseded from time to time).

"**Material Adverse Effect**" means in the reasonable opinion of the Owners a material adverse effect on:

- (a) the business, operations or property of any Obligor or the Group taken as a whole; or
- (b) the ability of any Obligor to perform its obligations under any Transaction Document; 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 Transaction Documents or the rights or remedies of the Secured Parties under any of the Transaction Documents.

"**Minimum Cash Balance**" means at any date during the Charter Period, an amount of three hundred thousand Dollars (US\$300,000).

"**MOA**" has the meaning given to such term in Clause 34 (*Background*).

"**month**" means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last day in that calendar month.

"**Obligors**" means the Charterers, the Charter Guarantor, the Chargor, any Approved Managers that is owned or controlled by the Charter Guarantor, any person that may be party to a Transaction Document from time to time (other than the Owners, but provided that they are owned or controlled by the Charter Guarantor), any Sub-Charterer that is owned or controlled by the Charter Guarantor and any "Obligor" as defined in any Collateral Charter.

"**Operating Account**" means the bank account opened or to be opened in the name of the Charterers with the Account Bank and designated "the Operating Account" or

such other account to which the Earnings are to be remitted and operating expenses of the Vessel are to be recorded, and in each case, includes any sub-account thereof.

**"Option Premium"** means the aggregate of:

- (a) two million Dollars (US\$2,000,000);
- (b) all other Unpaid Sums due and payable, together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof up to the date of actual payment; and
- (c) any other reasonable and documented costs, losses, liabilities and expenses incurred or suffered by the Owners in connection with any Finance Document.

**"Original Financial Statements"** means the unaudited consolidated financial statements of the Charter Guarantor for the financial year ended 31 December 2020.

**"Owners' Account"** means the Owners' bank account described in paragraph (d) of Clause 40 (*Hire*).

**"Owners' Cost"** means an amount equivalent to sixty per cent. (60%) of the Purchase Price (as defined in the MOA) paid or to be paid by the Owners (as buyers) to the Charterers (as sellers) under the MOA.

**"Party"** means a party to this Charter and **"Parties"** means both of them.

**"Permitted Security Interest"** means:

- (a) any Security Interest created pursuant to any Transaction Document or any Finance Document or otherwise created with the prior written consent of the Owners;
- (b) any liens for unpaid master's, officer's and crew's wages in accordance with usual maritime practice and are discharged within thirty (30) days;
- (c) any liens for salvage;
- (d) any liens for master's disbursements incurred in the ordinary course of trading and are discharged within thirty (30) days; or
- (e) any other lien arising by operation of law or otherwise in the ordinary course of operation, repair or maintenance of the Vessel and not as a result of any default or omission of any Obligor.

**"PDA"** means the protocol of delivery and acceptance in relation to the Vessel to be executed between the Owners and the Charterers, substantially in the form of Schedule 1 (*Form of Protocol of Delivery and Acceptance*) hereto.

**"Potential Termination Event"** means a Termination Event or any event or circumstance specified in Clause 49 (*Termination Events*) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Transaction Documents or any combination of any of the foregoing) be a Termination Event.

**"Pre-positioning Date"** means such term as defined in the MOA.

**"Purchase Option"** means the option to purchase the Vessel at the applicable Purchase Option Price which the Charterers may exercise in accordance with Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*).

**"Purchase Option Date"** means the date falling on each relevant anniversary of the Actual Delivery Date commencing on and including the third (3<sup>rd</sup>) anniversary of the Actual Delivery Date, on which the Charterers exercise the Purchase Option in accordance with Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*), except for the Expiry Date.

**"Purchase Option Fee"** means:

- (a) if the Purchase Option Date falls on the third (3<sup>rd</sup>) anniversary or the fourth (4<sup>th</sup>) anniversary of the Actual Delivery Date, an amount that is calculated by multiplying (a) the then current Cost Balance by (b) two per cent. (2%); and
- (b) if the Purchase Option Date falls on the fifth (5<sup>th</sup>) anniversary of the Actual Delivery Date, an amount that is calculated by multiplying (a) the then current Cost Balance by (b) one per cent. (1%).

**"Purchase Option Notice"** means a written notice (in such form as the Owners and the Charterers may agree from time to time) which the Charterers may deliver to the Owners for the purpose of the Charterers exercising the Purchase Option.

**"Purchase Option Price"** means the amount due and payable by the Charterers to the Owners pursuant to Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*), being the aggregate of:

- (a) the then current Cost Balance;
- (b) the Purchase Option Fee (if applicable);
- (c) any Variable Hire due and payable, but unpaid, under this Charter up to (and including) any applicable Purchase Option Date together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof to the date of actual payment;
- (d) all other Unpaid Sums due and payable, together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof up to the date of actual payment;
- (e) the Break Costs (if any);
- (f) any reasonable and documented legal costs incurred by the Owners in respect of the Purchase Option;
- (g) any other reasonable and documented costs, losses, liabilities and expenses incurred or suffered by the Owners in connection with any Finance Document as a result of the Charterers' exercise of the Purchase Option; and

(h) any other sums as the Owners may be entitled to under the terms of this Charter, including (but not limited to) any payments referred to in paragraph (a) of Clause 17 (*Indemnity*) (Part II) and Clause 58 (*Further indemnities*).

"**Purchase Price**" means such term as defined in the MOA.

"**Registration Costs**" means any documented costs, expenses and taxes properly incurred by the Owners in respect of (i) the registration of title to the Vessel with an Approved Flag in the Owners' name (including but not limited to any notarisation, apostillisation or legalisation costs required by the relevant flag authorities); (ii) the maintenance of any such registration on or prior to the Actual Delivery Date and for the duration of the Agreement Term; and (iii) (if applicable) any documented costs and expenses in connection with the maintenance of a local agent and/or registration of the Owners as a foreign maritime entity (or similar) for purposes of the vessels registration.

"**Relevant Jurisdiction**" means, in relation to an Obligor:

- (a) its jurisdiction of incorporation or formation (as the case may be);
- (b) any jurisdiction where any asset subject to or intended to be subject to a Security Document to be executed by it is situated;
- (c) any jurisdiction where it principally conducts its business; and
- (d) the 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.

"**Replacement Benchmark**" means a benchmark rate which is:

- (a) formally designated, nominated or recommended as the replacement for the Screen Rate by:
  - (i) the administrator of the Screen Rate (provided that the market or economic reality that such benchmark rate measures is the same as that measured by the 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 Owners (acting reasonably), generally accepted in the international or any relevant domestic syndicated loan markets as the appropriate successor to the Screen Rate; or
- (c) in the opinion of the Owners (acting reasonably), an appropriate successor to the Screen Rate.

**"Requisition Compensation"** means all compensation or other money which may from time to time be payable to the Charterers as a result of the Vessel being requisitioned for title or in any other way compulsorily acquired (other than by way of requisition for hire).

**"Restricted Countries"** means those countries subject to country-wide or territory-wide Sanctions and/or trade embargoes, in particular but not limited to pursuant to the U.S.'s Office of Foreign Asset Control of the U.S. Department of Treasury ("**OFAC**") including at the date of this Charter, but without limitation, Iran, North Korea and Syria and any additional countries based on respective country-wide or territory-wide Sanctions being imposed by OFAC or any of the regulative bodies referred to in the definition of Restricted Party.

**"Restricted Party"** means a person or entity or any other parties (i) located, domiciled, resident or incorporated in Restricted Countries, and/or (ii) subject to any sanction administrated by the United Nations, the European Union, Switzerland, the United States and the OFAC, the United Kingdom, Her Majesty's Treasury ("**HMT**") and the Foreign and Commonwealth Office of the United Kingdom, the People's Republic of China and/or (iii) owned or controlled by or affiliated with persons, entities or any other parties as referred to in (i) and (ii).

**"Sanctions"** means any sanctions, embargoes, freezing provisions, prohibitions or other restrictions relating to trading, doing business, investment, exporting, financing or making assets available (or other activities similar to or connected with any of the foregoing) imposed by law or regulation of the United Nations, United Kingdom, the United States of America (including, without limitation, CISADA and OFAC), the People's Republic of China, the Council of the European Union or the jurisdiction of incorporation of the Owners and the Charterers.

**"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 US Dollars for the relevant period displayed on pages LIBOR01 or LIBOR02 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on 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 Owners may specify another page or service displaying the relevant rate after consultation with the Charterers.

**"Screen Rate Replacement Event"** means, in relation to the Screen Rate that:

- (a) the methodology, formula or other means of determining the Screen Rate has, in the opinion of the Owners and the Charterers, materially changed; or
- (b) any of the following applies:
  - (i) either:
    - (A) the administrator of the 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 the Screen Rate is insolvent, provided that, in each case, at that time, there is no successor administrator to continue to provide the Screen Rate;
- (ii) the administrator of the Screen Rate publicly announces that it has ceased or will cease to provide the Screen Rate permanently or indefinitely and, at that time, there is no successor administrator to continue to provide the Screen Rate;
- (iii) the supervisor of the administrator of the Screen Rate publicly announces that the Screen Rate has been or will be permanently or indefinitely discontinued;
- (iv) the administrator of the Screen Rate or its supervisor announces that the Screen Rate may no longer be used; or
- (v) in the case of a Screen Rate for LIBOR, the supervisor of the administrator of that Screen Rate makes a public announcement or publishes information:
  - (A) stating that that Screen Rate is no longer or, as of a specified future date will no longer be, representative of the underlying market or economic reality that it is intended to measure and that representativeness will not be restored (as determined by such supervisor); and
  - (B) with awareness that any such announcement or publication will engage certain triggers for fallback provisions in contracts which may be activated by any such pre-cessation announcement or publication.
- (c) the administrator of that Screen Rate determines that the 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 events leading to such determination are not (in the opinion of the Owners) temporary; or
  - (ii) the Screen Rate is calculated in accordance with any such policy or arrangement for a period no less than three months; or
- (d) in the opinion of the Owners, the Screen Rate is otherwise no longer appropriate for the purposes of calculating the Variable Hire under this Charter.

**"Security Assets"** means all of the assets of the Obligor which from time to time are, or are expressed to be, the subject of the Security Interests created or evidenced or expressed to be created or evidenced under the Security Documents.

**"Security Documents"** means, in relation to the Vessel, collectively the following:

- (a) the Account Pledge;
- (b) the Charter Guarantee;
- (c) the Charterers' Assignment;
- (d) the Share Pledge;
- (e) the Managers' Undertakings;
- (f) any "Security Document" (as defined under any Collateral Charter); and
- (g) any other document that may at any time be executed by any person creating, evidencing or perfecting any Security Interest to secure all or part of the Obligor's obligations under or in connection with the Transaction Documents,

and **"Security Document"** means any one of them.

**"Security Interest"** means a mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, trust arrangement, title retention or other security interest or arrangement of any kind whatsoever.

**"Security Trust Deed"** means the deed executed or to be executed on or around the date hereof by the Security Trustee, the Owners, the Charterers, the Collateral Owners, the Collateral Charterers and the Charter Guarantor.

**"Security Trustee"** means Sea 251 Leasing Co. Limited, a company incorporated according to the laws of Hong Kong whose registered address is at 27/F Three Exchange Square 8, Connaught Place, Central, Hong Kong.

**"Settlement Date"** means, following a Total Loss of the Vessel, the earliest of:

- (a) the date which falls one hundred and twenty (120) days after the date of occurrence of the Total Loss or, if such date is not a Business Day, the immediately preceding Business Day;
- (b) the date on which the Owners receive the Total Loss Proceeds in respect of the Total Loss; and
- (c) the last day of the Charter Period.

**"Share Pledge"** means a charge over the entire issued share capital of the Charterers made or to be made by the Chargor in favour of the Security Trustee.

**"Shareholder Loans"** means any loans provided by any member of the Group to the Charterers from time to time.

**"Side Agreement"** means the agreement relating to the Initial MOA dated 15 June 2021 entered into between the Initial Sub-Charterers and the Charterers.

"**Sub-Charter**" means (as the context may require):

- (a) the Initial Sub-Charter;
- (b) any Approved Charter; or
- (c) such other sub-charter or contract of employment in respect of the Vessel entered or to be entered into between the Charterers as disponent owners and any sub-charterer.

"**Sub-Charter Guarantor**" means any party who enters into a guarantee of any other Sub-Charterer's obligations pursuant to any other Sub-Charter.

"**Sub-Charter Guarantees**" means any guarantees entered into by any Sub-Charter Guarantor pursuant to any other Sub-Charter.

"**Sub-Charter Termination Event**" means in respect of any Sub-Charter, any event entitling any party to a Sub-Charter to terminate, cancel or suspend that Sub-Charter under the terms thereof or at law.

"**Sub-Charterers**" means:

- (a) in respect of the Initial Sub-Charter, the Initial Sub-Charterers; or
- (b) in respect of any other Sub-Charter, such sub-charterers which are or will be parties to the relevant Sub-Charter.

"**Subsidiary**" means, in relation to any company or corporation, a company or corporation:

- (a) which is controlled, directly or indirectly, by the first mentioned company or corporation;
- (b) more than half the issued equity share capital of which is beneficially owned, directly or indirectly, by the first mentioned company or corporation; or
- (c) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation, and for this purpose, a company or corporation shall be treated as being "controlled" by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

"**Swap Losses**" means the amount (if any) in Dollars payable by the Owners to their counterparty under any interest rate swap arrangement entered into by the Owners in connection with the hedging of their interest rate swap exposure in respect of the financing or refinancing of the Owners' Cost, in relation to an unwinding of the whole or part of any interest rate swap transaction entered between the Owners and such counterparty under such interest rate swap arrangement(s), in each cases, determined on a "mark-to-market" basis.

"**Tax**" or "**tax**" means any present and future tax (including, without limitation, value added tax, consumption tax or any other tax in respect of added value or any income), levy, impost, duty or other charge or withholding of any nature (including any penalty

or interest payable in connection with any failure to pay or any delay in paying any of the same); and "**Taxes**", "**taxes**", "**Taxation**" and "**taxation**" shall be construed accordingly.

"**Technical Management Agreement**" means the technical management agreement entered or to be entered into (as the context so requires) between the Approved Technical Manager and the Charterers.

"**Termination**" means the termination at any time of the chartering of the Vessel under this Charter.

"**Termination Event**" means each of the events specified in paragraph (a) of Clause 49 (*Termination Events*).

"**Termination Notice**" has the meaning given to such term in paragraph (k) of Clause 40 (*Hire*) and paragraph (c) of Clause 49 (*Termination Events*).

"**Termination Payment Date**" means:

- (a) in respect of a termination of this Charter in accordance with paragraph (k) of Clause 40 (*Hire*), the date specified in the Termination Notice served on the Charterers pursuant to that Clause;
- (b) in respect of a Default Termination, the date specified in the Termination Notice served on the Charterers pursuant to paragraph (c) of Clause 49 (*Termination Events*) in respect of such Default Termination;
- (c) in respect of a Total Loss Termination, the Settlement Date in respect of the Total Loss which gives rise to such Total Loss Termination; and
- (d) in respect of a termination of this Charter in accordance with Clause 52(d) (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*), the date specified in the notice issued by the Owners to the Charterers pursuant to Clause 52(d).

"**Termination Sum**" means an amount representing the Owners' losses as a result of a Termination prior to the expiry of the Charter Period (other than pursuant to Clause 40(k) (*Hire*) or by virtue of the Charterers exercising the Purchase Option, Call Option in accordance with Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*)), which both parties acknowledge as a genuine and reasonable pre-estimate of the Owners' losses in the event of such Termination and shall consist of the following:

- (a) an amount equivalent to one hundred and two per cent. (102%) of the Cost Balance applicable as at the Hire Payment Date immediately preceding the Termination Payment Date;
- (b) any Hire due and payable, but unpaid, under this Charter up to (and including) the relevant Termination Payment Date together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof to the date of actual payment;

- (c) all other Unpaid Sums due and payable, together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof up to the date of actual payment;
- (d) Break Costs and Swap Losses (if any);
- (e) any and all direct documented costs, losses, liabilities and expenses incurred or suffered by the Owners as a result of the early termination of this Charter including but not limited to any legal costs, any agency or broker fees incurred in re-charter or otherwise disposal of the Vessel;
- (f) any other documented costs, losses, liabilities and expenses incurred or suffered by the Owners in connection with any Finance Document as a result of the Termination;
- (g) any other sums as the Owners may be entitled to under the terms of this Charter, including (but not limited to) any payments referred to in paragraph (a) of Clause 17 (*Indemnity*) (Part II) and Clause 58 (*Further indemnities*); and
- (h) if the Vessel is required to be redelivered to the Owners pursuant to Clause 42 (*Redelivery*), all liabilities, documented costs and expenses so incurred in recovering possession of, and in repositioning, berthing, insuring and maintaining the Vessel for carrying out any works or modifications required to cause the Vessel to conform with the provisions of Clauses 42 (*Redelivery*) and 43 (*Redelivery conditions*),

for the avoidance of doubt, there shall be no double-counting as between any sums as listed in paragraphs (a) to (h) above.

"**Third Parties Act**" means the Contracts (Rights of Third Parties) Act 1999.

"**Title Transfer PDA**" means the protocol of delivery and acceptance in relation to the Vessel to be executed between the Owners and the Charterers, substantially in the form of Schedule 2 (*Form of Title Transfer Protocol of Delivery and Acceptance*) hereto.

"**Threshold Amount**" means one million Dollars (US\$1,000,000) or the equivalent in any other currency.

"**Total Loss**" means during the Charter Period:

- (a) actual or constructive or compromised or agreed or arranged total loss of the Vessel;
- (b) the requisition for title or compulsory acquisition of the Vessel by any government or other competent authority (other than by way of requisition for hire);
- (c) the capture, seizure, arrest, detention, hijacking, theft, condemnation as prize, confiscation or forfeiture of the Vessel (not falling within paragraph (b) of this definition), unless the Vessel is released and returned to the possession of the Owners or the Charterers within sixty (60) days after the capture,

seizure, arrest, detention, hijacking, theft, condemnation as prize, confiscation or forfeiture in question, and for the purpose of this Charter, (i) an actual Total Loss of the Vessel shall be deemed to have occurred at the date and time when the Vessel was lost but if the date of the loss is unknown the actual Total Loss shall be deemed to have occurred on the date on which the Vessel was last reported, (ii) a constructive Total Loss shall be deemed to have occurred at the date and time at which a notice of abandonment of the Vessel is given to the insurers of the Vessel and (iii) a compromised, agreed or arranged Total Loss shall be deemed to have occurred on the date of the relevant compromise, agreement or arrangement.

**"Total Loss Proceeds"** means the proceeds of the Insurances or any other compensation of any description in respect of a Total Loss unconditionally received by or on behalf of the Owners in respect of a Total Loss.

**"Total Loss Termination"** means a termination of the Charter Period pursuant to the provisions of paragraph (a) of Clause 53 (*Total Loss*).

**"Transaction Documents"** means, together, this Charter, the MOA, the Security Trust Deed, the Security Documents, the Initial Sub-Charter and any other Sub-Charters, any Sub-Charter Guarantees, the Maersk QEL, any Management Agreement, any Compliance Certificate, the "Transaction Documents" (as defined under any Collateral Charter) and such other documents as may be designated as such by the Owners from time to time.

**"Treasury Transactions"** means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price.

**"Unpaid Sum"** means any sum due and payable but unpaid by any Obligor under the Transaction Documents.

**"US Dollars", "Dollars", "USD", "US\$" and "\$"** each means available and freely transferable and convertible funds in lawful currency of the United States of America.

**"US Tax Obligor"** means:

- (a) an obligor which is resident for tax purposes in the United States of America; or
- (b) an obligor some or all of whose payments under the Transaction Documents to which it is a party are from sources within the United States for US federal income tax purposes.

**"Variable Hire"** has the meaning given to such term in Clause 40(a)(iii) (*Hire*).

**"Variable Hire Determination Date"** means, in relation to a Hire Period, the date falling two (2) Business Days prior to such Hire Period.

**"Valuation Date"** means the Actual Delivery Date or such date as required by the Owners throughout the Agreement Term, provided that prior to the occurrence of a Potential Termination Event or Termination Event which, in each case, is continuing,

no more than one Valuation Date shall occur during each six-month period commencing from the Actual Delivery Date in accordance with Clause 74(b)(i).

**"Valuation Report"** means, in relation to the Vessel, a valuation report addressed to the Owners from an Approved Broker on the basis of a "desk top" charter-free sale for prompt delivery for cash at arm's length on normal commercial terms as between a willing seller and a willing buyer.

**"Vessel"** means the 5,470 TEU container vessel named "Barbara" to be renamed "GSL Tinos" as more particularly described in Boxes 5 (Vessel's name, call sign and flag) to 10 (Classification Society) of this Charter.

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#### **Interpretations**

- (a) In this Charter, unless the context otherwise requires, any reference to:
- (i) to this Charter include the Schedules hereto and references to Clauses and Schedules are, unless otherwise specified, references to Clauses of and Schedules to this Charter and, in the case of a Schedule, to such Schedule as incorporated in this Charter as substituted from time to time;
  - (ii) any statutory or other legislative provision shall be construed as including any statutory or legislative modification or re-enactment thereof, or any substitution therefor;
  - (iii) the term "Vessel" includes any part of the Vessel;
  - (iv) the "**Owners**", the "**Charterers**", any "**Obligor**", any "**Sub-Charterers**", the "**Collateral Owners**", the "**Collateral Charterers**" or any other person include any of their respective successors, permitted assignees and permitted transferees;
  - (v) any agreement, instrument or document include such agreement, instrument or document as the same may from time to time be amended, modified, supplemented, novated or substituted;
  - (vi) "**assets**" includes present and future properties, revenues and rights of every description;
  - (vii) the "**equivalent**" in one currency (the "**first currency**") as at any date of an amount in another currency (the "**second currency**") shall be construed as a reference to the amount of the first currency which could be purchased with such amount of the second currency at the spot rate of exchange quoted by the Owners at or about 11:00 a.m. two (2) business days (being a day other than a Saturday or Sunday on which banks and foreign exchange markets are generally open for business in Shanghai) prior to such date for the purpose of the first currency with the second currency for delivery and value on such date;
  - (viii) "**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;
- (ix) **"hereof", "herein" and "hereunder"** and other words of similar import means this Charter as a whole (including the Schedules) and not any particular part hereof;
  - (x) **"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;
  - (xi) **"law"** includes common or customary law and any constitution, decree, judgment, legislation, order, ordinance, regulation, rule, statute, treaty or other legislative measure in any jurisdiction or any present or future directive, regulation, request or requirement, or official or judicial interpretation of any of the foregoing, in each case having the force of law and, if not having the force of law, in respect of which compliance is generally customary;
  - (xii) the word **"person"** or **"persons"** or to words importing persons include, without limitation, any state, divisions of a state, government, individuals, firms, association, trust, consortiums, partnerships, companies, corporations, ventures, government agencies, committees, departments, authorities and other bodies, corporate or unincorporated, whether having distinct legal personality or not;
  - (xiii) 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 of any regulatory, self-regulatory or other authority or organisation;
  - (xiv) the **"winding-up", "dissolution", "administration", "liquidation", "insolvency", "reorganisation", "readjustment of debt", "suspension of payments", "moratorium" or "bankruptcy"** (and their derivatives and cognate expressions) of any person shall each be construed so as to include the others and any equivalent or analogous proceedings or event under the laws of any jurisdiction in which such person is incorporated or any jurisdiction in which such person carries on business;
  - (xv) **"protection and indemnity risks"** means the usual risks covered by a protection and indemnity association which is a member of the International Group of P&I Club, including pollution risks and the proportion (if any) of any sums payable to any other person or persons in case of collision which are not recoverable under the hull and machinery policies by reason of the incorporation in them of clause 6 of the International Hull Clauses (1/11/02 or 1/11/03),

clause 8 of the Institute Time Clauses (Hull)(1/10/83) or clause 8 of the Institute Time Clauses (Hulls)(1/11/1995) or the Institute Amended Running Down Clause (1/10/71) or any equivalent provision;

(xvi) a Potential Termination Event is "**continuing**" if it has not been remedied or waived and a Termination Event is "**continuing**" if it has not been waived; and

(xvii) words denoting the plural number include the singular and vice versa.

(b) Headings are for the purpose of reference only, have no legal or other significance, and shall be ignored in the interpretation of this Charter.

(c) A time of day (unless otherwise specified) is a reference to Shanghai time.

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**Background**

(a) By a memorandum of agreement (the "**MOA**") of even date herewith made between the Owners (as buyers thereunder) and the Charterers (as sellers thereunder), the Owners have agreed to purchase and the Charterers have agreed to sell the Vessel subject to the terms and conditions therein.

(b) Accordingly the parties hereby agree that this Charter is subject to the effective transfer of ownership of the Vessel to the Owners pursuant to the MOA.

(c) If:

(i) the Vessel is not delivered under the MOA by the Cancellation Date (or such later date as the Owners and Charterers may agree); or

(ii) it becomes unlawful for the Owners (as buyers) to perform or comply with any or all of their obligations under the MOA or any of the obligations of the Owners under the MOA is not or ceases to be legal, valid, binding and enforceable; or

(iii) the Vessel is not delivered and accepted for service under the Initial Sub-Charter on the Actual Delivery Date;

(iv) the MOA expires, is cancelled, terminated, rescinded or suspended or otherwise ceases to remain in full force and effect for any reason; or

(v) if on or prior to the Actual Delivery Date, any of the Initial MOA or the Initial Sub-Charter expires, is cancelled, terminated, rescinded or suspended or otherwise ceases to remain in full force and effect for any reason,

neither party shall be liable to the other for any claim arising out of this Charter and this Charter shall immediately terminate and be cancelled (with the exception of Clause 17 (*Indemnity*) (Part II) and Clause 58 (*Further indemnities*) and any other indemnities specified any other Transaction

Document, and, **provided that** the Owners shall be entitled to retain all fees paid by the Charterers pursuant to the Transaction Documents (and if such fees have not been paid, the Charterers shall forthwith pay such fees to the Owners) and such payment shall not be construed as a penalty but shall represent an agreed estimate of the loss and damage suffered by the Owners in entering into this Charter and shall therefore be paid as compensation to the Owners.

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**Delivery**

- (a) The obligation of the Owners to charter the Vessel to the Charterers pursuant to this Charter shall be subject to the following conditions:
- (i) delivery of the Vessels by the Charterers to the Owners pursuant to the terms of the MOA;
  - (ii) the Owners obtaining full title to the Vessel pursuant to the terms of the MOA;
  - (iii) no Termination Event or Potential Termination Event having occurred which is continuing on or prior to the date of this Charter or the Actual Delivery Date;
  - (iv) the representations and warranties referred to in Clause 47 (*Charterers' representations and warranties*) being true and correct on the date of this Charter and the Actual Delivery Date;
  - (v) the Actual Delivery Date falling on or before the Cancellation Date (or such later date as may be agreed between the Owners (as buyer under the MOA) and the Charterers (as seller under the MOA)); and
  - (vi) the Owners having received, or being satisfied that they will receive, the documents and evidence referred to in Clause 36 (*Conditions precedent*), in each case in all respects in form and substance satisfactory to it on or before the Actual Delivery Date.
- (b) Provided that the conditions referred to in paragraph (a) above have been fulfilled or waived to the satisfaction of the Owners (which shall be evidenced in writing by the Owners), the Owners and the Charterers agree that:
- (i) the Charterers shall, at their own expense, upon the Actual Delivery Date arrange for the Vessel to be registered under an Approved Flag in the name of the Owners as legal owner;
  - (ii) the Charterers shall take delivery of the Vessel from the Owners under this Charter (such delivery to be conclusively evidenced by a duly executed PDA) simultaneously with the acceptance of delivery of the Vessel by the Owners from the Charterers pursuant to the MOA;
  - (iii) the Charterers will accept the Vessel:

- (A) on an "as is where is" basis in exactly the same form and state as the Vessel is delivered by the Charterers to the Owners pursuant to the MOA;
- (B) in such form and state with any faults, deficiencies and errors of description; and
- (C) for the avoidance of doubt, no underwater inspection shall be performed at the time of commencement of this Charter on the basis that any repairs required at the next scheduled dry-docking are the responsibility of the Charterers; and
- (iv) the Charterers shall have no right to refuse acceptance of delivery of the Vessel into this Charter if the Vessel is delivered to the Owners pursuant to the MOA and, notwithstanding and without prejudice to the foregoing, the Owners and the Charterers nonetheless agree to enter into and execute the PDA on delivery of the Vessel under this Charter.
- (c) The Charterers acknowledge and agree that the Owners are not the manufacturer or original supplier of the Vessel which has been purchased by the Owners pursuant to the MOA, and have therefore made no representations or warranties in respect of the Vessel or any part thereof hereby waive all their rights in respect of any warranty or condition implied (whether statutory or otherwise) on the part of the Owners and all claims against the Owners howsoever the same might arise at any time in respect of the Vessel, or arising out of the construction, operation or performance of the Vessel and the chartering thereof under this Charter (including, without limitation, in respect of the seaworthiness or otherwise of the Vessel).
- (d) In particular, and without prejudice to the generality of paragraph (c) above, the Owners shall be under no liability whatsoever, howsoever arising, in respect of the injury, death, loss, damage or delay of or to or in connection with the Vessel or any person or property whatsoever, whether onboard the Vessel or elsewhere, and irrespective of whether such injury, death, loss, damage or delay shall arise from the unseaworthiness of the Vessel. For the purpose of this paragraph (d), "**delay**" shall include delay to the Vessel (whether in respect of delivery under this Charter or thereafter and any other delay whatsoever).

**36 Conditions precedent and conditions subsequent**

- (a) The Owners' agreement to perform its obligations under this Charter is subject to and conditional upon the Owners' receipt of the following documents and evidence (in each case in form and substance acceptable to the Owners) before the Pre-positioning Date:
  - (i) each of the following:
    - (A) the duly executed Charter, MOA, Charter Guarantee, Account Pledge, Share Pledge, the Security Trust Deed, together with all dated notices of charge or documents

- required by any of them (but excluding for the avoidance of doubt, the acknowledgement to the notice of charge under the Account Pledge and the original share certificates); and
- (B) the duly executed but undated Charterers' Assignment and Manager's Undertakings together with all documents required under any of them but left undated, including, without limitation, all notices of assignment (other than any acknowledgements of notices of assignment) together with written consents of the parties to the above-mentioned documents to release and date such documents on the Actual Delivery Date;
- (ii) copies of the constitution or memorandum and articles of association or bylaws (or equivalent documents) (and all amendments thereto) of each Obligor and any documents required to be filed or registered or issued under the laws of their jurisdiction of incorporation to establish their incorporation;
- (iii) copies of written resolutions or (as the case may be) resolutions passed at separate meetings, in each case, of the board of directors of each Obligor, in each case evidencing their approval of the Transaction Documents and authorising appropriate officers or attorneys to execute the same and to sign all notices required to be given hereunder or thereunder on their behalf or other evidence of such approvals and authorisations as shall be acceptable to the Owners;
- (iv) if applicable, the original power of attorney of each Obligor under which any document (including the Transaction Documents) are to be executed or transactions undertaken by them;
- (v) a specimen of the signature or copy of the passport of each person actually executing any of the Transaction Documents pursuant to the resolutions referred to in paragraph (iii) above;
- (vi) a certificate of a duly authorised officer of each of the Obligors:
- (A) certifying that each copy document relating to it specified in this paragraph (a) is correct, complete and in full force and effect;
- (B) in relation to the Charterers and the Charter Guarantor, setting out the names of the directors, officers and shareholders of that person and the proportion of shares held by each shareholder; and
- (C) confirming that entry into the Transaction Documents to which it is a party or guaranteeing or securing, as appropriate, this Charter would not cause any borrowing, guarantee, security or similar limit binding on that person to be exceeded.

- (vii) a copy of the following:
  - (A) the duly executed Initial MOA, the Deposit Agreement (as defined in the Initial MOA) and the Side Agreement;
  - (B) the duly executed Management Agreement;
  - (C) the Approved Manager's current Document of Compliance (as such term is defined pursuant to the ISM Code); and
  - (D) the duly executed Initial Sub-Charter,
- (viii) in each case together with all addenda, amendments or supplements;
- (ix) the Initial Sub-Charterers written consent of the Charterers' entry into the sale of the Vessel by the Charterers to the Owners under the terms of the MOA (in a form satisfactory to the Owners) pursuant to Clause 59 of the Initial Sub-Charter; evidence that:
  - (A) all the conditions precedent under clause 24 (*Conditions Precedent*) of the MOA have been, or, in the Owners' opinion, will be satisfied on the Actual Delivery Date;
  - (B) on or immediately after the Actual Delivery Date, the Vessel will be registered in the name of the Owners as legal owner with the Approved Flag;
  - (C) the written approval of the Insurances by an insurance advisor appointed by the Owners in form satisfactory to the Owners; and
  - (D) the letters of undertaking will be issued to the Owners (as assignee pursuant to the Charterers' Assignment and Manager's Undertakings) in form acceptable to the Owners as in the industry-standard form by the brokers through whom the Insurances are placed;
- (x) (i) an e-mail confirmation from the Account Bank (if not possible, any other evidence) that the Operating Account has been activated by the Account Bank and is in operation; (ii) evidence that an amount no less than the Minimum Cash Balance has been remitted to the Operating Account and (iii) the evidence that the Charterers have notified the Initial Sub-Charterers and the Initial Sub-Charterers have acknowledged (by e-mail) that the Earnings under the Initial Sub-Charter shall be remitted to the Operating Account;
- (xi) such documentation and other evidence as is reasonably requested by the Owners in order for the Owners to comply with all necessary "know your customer" or similar identification procedures in relation to the transactions contemplated in the Transaction Documents;

- (xii) a legal opinion of the legal advisers to the Owners in form satisfactory to the Owners:
    - (A) England;
    - (B) Marshall Islands;
    - (C) Netherlands; and
    - (D) Liberia,
  - (xiii) a copy of the Original Financial Statements;
  - (xiv) a certificate of good standing (or equivalent) of each Obligor; and
  - (xv) such other consent, licence, approval, authorisation or other document, opinion or assurance which is necessary in connection with their entry into and performance of the transactions contemplated by any of the Transaction Documents or for the validity and enforceability thereof.
- (b) The Charterers undertake to deliver or to cause to be delivered to the Owners:
- (i) on the Actual Delivery Date, the following:
    - (A) a Provisional Certificate of Registry and Certificate of Ownership and Encumbrances evidencing that the Vessel is at least provisionally registered under the laws and flag of the Approved Flag in the ownership of the Owners and that the Vessel is free from registered encumbrances and mortgages;
    - (B) the duly executed and dated Charterers' Assignment and Manager's Undertakings, together with all documents required by any of them including, without limitation, all notices of assignment (save for those referred to at Clause 36(b)(iii));
    - (C) a copy of the following:
      - (1) the Vessel's current Safety Management Certificate (as such term is defined pursuant to the ISM Code) issued in the name of the Charterers;
      - (2) the Vessel's current ISSC issued in the name of the Charterers;
      - (3) the Vessel's current IAPPC;
      - (4) delivery notice tendered by the master of the Vessel to the Initial Sub-Charter evidencing that the Vessel is in service under the Initial Sub-Charter or will be in service under the Initial Sub-Charter from the Actual Delivery Date,

- (D) in each case together with all addenda, amendments or supplements; written confirmation by the Charterers satisfactory to the Owners that the Charterers have not exercised the option under the Side Agreement to cancel the Initial Sub-Charter and the Vessel will be delivered into the Initial Sub-Charter on the Actual Delivery Date; and
    - (E) evidence that the Vessel is insured in the manner required by the Transaction Documents.
  - (ii) within ten (10) Business Days from the Actual Delivery Date, the original share certificate(s) of the Charterers issued in the Chargor's name
  - (iii) within ten (10) Business Days from the Actual Delivery Date:
    - (A) the dated acknowledgement in respect of the notice of charge served pursuant to the Account Pledge;
    - (B) the dated insurance report in the form agreed under Clause 36(a)(ix)(C);
    - (C) the dated letters of undertaking in the forms agreed under Clause 36(a)(ix)(D);
    - (D) (using reasonable endeavours) the duly executed Maersk QEL; and
    - (E) (using reasonable endeavours) the dated acknowledgement from the Initial Sub-Charterers in respect of the notice of assignment of the Initial Sub-Charter pursuant to the Charterers' Assignment,
  - (iv) within twenty (20) Business Days from the Actual Delivery Date, the dated legal opinions in the forms agreed under Clause 36(a)(xii);
  - (v) within three (3) months from the Actual Delivery Date, an inventory of the Vessel's major spare parts for the Main Engine, Diesel Generators and E.R. Auxiliary Machinery on board the Vessel; and
  - (vi) if the Vessel will only be provisionally registered on the Actual Delivery Date, within six (6) months from the Actual Delivery Date, the Certificate of Registry issued by the Approved Flag evidencing that the Owners are the owners of the Vessel and that the Vessel is free from registered encumbrances and mortgages.
- (c) If the Owners in their sole discretion agree to deliver the Vessel under this Charter to the Charterers before all of the documents and evidence required under paragraph (a) and (b)(i) of this Clause 36 (*Conditions precedent and conditions subsequent*) have been delivered to or to the order of the Owners, the Charterers undertake to deliver all outstanding documents and evidence

to or to the order of the Owners no later than ten (10) Business Days after the Actual Delivery Date or such other date as specified by the Owners, acting in their sole discretion. The delivery of the Vessel by the Owners to the Charterers under this Charter shall not, unless otherwise notified by the Owners (acting in their sole discretion) to the Charterers in writing, be taken as a waiver of the Owners' right to require production of all the documents and evidenced required by this Clause 36 (*Conditions precedent and subsequent*).

**37 Bunkers and luboils**

- (a) At delivery the Charterers shall take over all bunkers, lubricating oil, water and unbroached provisions in the Vessel without cost assuming that these have remained the property of the Charterers (as sellers) under the MOA.
- (b) At redelivery the Owners shall take over and pay for all bunkers, unused lubricating oil, water and unbroached provisions and other consumable stores in the said Vessel without cost to the Owners.

**38 Further maintenance and operation**

- (a) The good commercial maintenance practice under Clause 10 (*Maintenance and Operation*) (Part II) of this Charter shall be deemed to include:
  - (i) the maintenance and operation of the Vessel by the Charterers in accordance with:
    - (A) the relevant regulations and requirements of the Classification Society;
    - (B) the relevant regulations and requirements of the country and flag of the Vessel's registry;
    - (C) any applicable IMO regulations (including but not limited to the ISM Code, the ISPS Code, IMO Ballast Water Management (BWM) Convention and MARPOL;
    - (D) all other applicable regulations, requirements and recommendations; and
    - (E) the Charterers' operations and maintenance manuals;
  - (ii) the maintenance and operation of the Vessel by the Charterers taking into account:
    - (A) engine manufacturers' recommended maintenance and service schedules;
    - (B) builder's operations and maintenance manuals; and
  - (iii) recommended maintenance and service schedules of all installed equipment and pipework.

- (b) In addition to the above, the Charterers covenant with the Owners at all times during the Charter Period:
- (i) to keep and maintain the Vessel in a condition entitling the Vessel to the highest class applicable to vessels of her type with the Classification Society free of overdue recommendations, qualifications and conditions;
  - (ii) to keep and maintain the Vessel with the Classification Society and shall not, without the Owners' prior written consent (not to be unreasonably withheld), change the Classification Society of the Vessel;
  - (iii) to install and maintain an auditable computerised planned maintenance system on board. On redelivery the full planned maintenance history and forthcoming work schedule to be retained on board;
  - (iv) to maintain on board an auditable record of any software upgrades that take place on all equipment. This record is to be available to the Owners following their reasonable request and becomes the property, together with the latest installed software of the Owners at redelivery; and
  - (v) to arrange online access to class records for the Owners as available to the Charterers.
- (c) Any equipment that is found not to be required on board as a result of regulation or operational experience is either to be removed at the Charterers expense or to be maintained in operable condition.
- (d) The title to any equipment placed on board as a result of operational requirements of the Charterers shall automatically be deemed to belong to the Owners immediately upon such placement, and such equipment may only be removed: (i) with the Owners' prior written consent (not to be unreasonably withheld and unless the removal is routine (such being determined by reference to the Vessel's normal operations and class and flag requirements) or in respect of equipment which is no longer needed or obsolete), (ii) at the Charterers' own expense, and (iii) without damage to the Vessel.
- (e) The Charterers shall, from time to time on request of the Owners (acting reasonably), produce to the Owners written evidence satisfactory to the Owners confirming that the master and crew of the Vessel have no claims for wages beyond the ordinary arrears and that the master has no claim for disbursements other than those properly incurred by him in the ordinary course of trading of the Vessel on the voyage then in progress.
- (f) The Charterers shall provide to the Owners from time to time during the Agreement Term on request:

- (i) such information as the Owners may reasonably require with regard to the Vessel, the Vessel's employment (including but not limited to records of the Vessel's itinerary), position and state of repair;
  - (ii) copies of all charterparties and other contracts of employment relating to the Vessel together with any information relating to the performance of any party's obligations under any Sub-Charter; and
  - (iii) copies of the Vessel's deck and engine logs.
- (g) The Charterers shall take all reasonable precautions to prevent any infringements of any anti-drug legislation in any jurisdiction in which the Vessel shall trade and in particular (if the Vessel is to trade in the United States of America) to take all reasonable precautions to prevent any infringements of the Anti-Drug Abuse Act of 1986 of the United States of America.
- (h) The Charterers shall comply, or procure that the operator of the Vessel will comply, with the ISM Code or any replacement of the ISM Code and shall in particular, without limitation:
  - (i) procure that the Vessel is and remains for the duration of the Agreement Term subject to a safety management system developed and implemented in accordance with the ISM Code; and
  - (ii) maintain for the Vessel throughout the Agreement Term a valid and current Safety Management Certificate (as defined in the ISM Code) and provide a copy to the Owners; and
  - (iii) procure that the ISM Company maintains throughout the Charter Period a valid and current Document of Compliance (as defined in the ISM Code) and provide a copy to the Owners.
- (i) The Charterers shall comply, in relation to the Vessel, with the ISPS Code or any replacement of the ISPS Code and shall in particular, without limitation:
  - (i) procure that the Vessel and the company responsible for the Vessel's compliance with the ISPS Code comply with the ISPS Code; and
  - (ii) maintain for the Vessel throughout the Agreement Term a valid and current ISSC and provide a copy to the Owners.
- (j) The Charterers shall, in respect of the Vessel, comply with Annex VI or any replacement of Annex VI and shall in particular, without limitation:
  - (i) procure that the Vessel's master and crew are familiar with, and that the Vessel complies with, Annex VI; and
  - (ii) maintain for the Vessel throughout the Agreement Term a valid and current IAPPC and provide a copy to the Owners.

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**Structural changes and alterations**

- (a) The Charterers shall make no structural changes in the Vessel or changes in the machinery, engines, appurtenances or spare parts thereof without in each instance first securing the Owners' written consent (not to be unreasonably withheld) thereto, save for any structural changes (i) as a result of mandatory law or regulatory compliance in accordance with Clause 39(c) and (ii) to improve the performance, operation or marketability of the Vessel in each case, at the Charterers' cost and for which written notice shall be provided to the Owners upon such structural change.
- (b) Upon the occurrence of any Termination Event which is continuing, if the Owners decide to retake possession of the Vessel pursuant to paragraph (c) of Clause 49 (*Termination Events*), the Charterers shall at their expense restore the Vessel to its former condition (fair wear and tear excepted) unless the changes made are carried out:
  - (i) with the prior written consent of the Owners (such consent not to be unreasonably withheld); or
  - (ii) to improve the performance, operation or marketability of the Vessel; or
  - (iii) as a result of mandatory law or a regulatory compliance.
- (c) Any improvement, structural changes or new equipment becoming necessary for the continued operation of the Vessel by reason of new class requirements or by compulsory legislation shall be undertaken by the Charterers and be for the Charterers' account and the Charterers shall not have any right to recover from the Owners any part of the cost for such improvements, changes or new equipment either during the Charter Period or at redelivery of the Vessel. The Charterers shall give written notice to the Owners of any such improvement, structural changes or new equipment.
- (d) Subject to Clause 10(f), the Charterers shall, at their own expenses, replace, renew or substitute such machinery and equipment as shall be so damaged or worn so as to be fit for use and the title to any such replaced, renewed or substituted machinery and equipment shall remain with the Owners.

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**Hire**

- (a) In consideration of the Owners' agreement to charter the Vessel to the Charterers pursuant to the terms hereof, the Charterers agree to pay to the Owners each of the following sums on the relevant dates as follows:
  - (i) on the Actual Delivery Date, an amount equal to the difference between the Purchase Price and the Owners' Cost by way of advance hire (the "**Advance Hire**"), which shall neither bear any interest nor be refundable and which shall be set-off against the Owners' obligation (as buyers under the MOA) to pay the Purchase Price to the Charterers (as sellers under the MOA);

- (ii) on each and every Hire Payment Date, pay to the Owners the Fixed Hire;
  - (iii) on each and every Hire Payment Date, pay to the Owners by way of variable hire (each a "**Variable Hire**") then payable, calculated by multiplying (A) (in relation to the first Hire Payment Date) the Owners' Cost or (in relation to any other Hire Payment Date) the Cost Balance immediately prior to the relevant Hire Payment Date by (B) the aggregate of the applicable Margin and the Applicable Rate and (C) a fraction whose denominator is three hundred and sixty (360) and numerator is the number of days which will elapse from the Actual Delivery Date (in respect of the first Hire Payment Date), or the immediately preceding Hire Payment Date (in respect of any subsequent Hire Payment Date) (in each case including that day) until, in respect of the Hire Payment Date of the final Hire Period during the Charter Period, the last day of such Hire Period (including that day), and, in respect of all other Hire Payment Dates, that Hire Payment Date (not including that date); and
  - (iv) for the purpose of determining any Hire payment, Variable Hire shall accrue from and including the first day of a Hire Period to the last day of such Hire Period.
- (b) The Hire shall be paid in arrears on each Hire Payment Date (Shanghai time) (in respect of which time is of the essence) with the first (1<sup>st</sup>) Hire Payment Date falling on the date three (3) months after the Actual Delivery Date.
  - (c) Any payment provided herein due on any day which is not a Business Day shall be payable on the immediately preceding Business Day.
  - (d) All payments under this Charter shall be made to the account opened in the name of the Owners with such bank as the Owners may choose, the details of which shall be notified by the Owners to the Charterers prior to the first Hire Payment Date (or such other account as the Owners may notify the Charterers from time to time) for credit to the account of the Owners.
  - (e) Following delivery of the Vessel to, and acceptance by, the Charterers under this Charter, the Charterers' obligation to pay Hire and any other amounts in accordance with this Clause 40 shall be absolute irrespective of any contingency whatsoever including but not limited to:
    - (i) any set-off, counterclaim, recoupment, defence or other right which either party to this Charter may have against the other;
    - (ii) any unavailability of the Vessel, for any reason, including but not limited to any action or inaction by any Obligor or any Sub-Charterers, seaworthiness, condition, design, operation, merchantability or fitness for use or purpose of the Vessel or any apparent or latent defects in the Vessel or its machinery and equipment or the ineligibility of the Vessel for any particular use or trade or for registration of documentation under the laws of any relevant jurisdiction or lack of registration or the absence or

- withdrawal of any consent required under the applicable law of any relevant jurisdiction for the ownership, chartering, use or operation of the Vessel or any damage to the Vessel;
- (iii) any lack or invalidity of title or any other defect in title, provided such lack or invalidity of title or defect does not affect the quiet and peaceful use, possession and enjoyment of the Vessel;
  - (iv) any failure or delay on the part of either party to this Charter or any Obligor or any Sub-Charterer, whether with or without fault on its part, in performing or complying with any of the terms, conditions or other provisions of this Charter or any other Transaction Document;
  - (v) any insolvency, bankruptcy, reorganisation, arrangement, readjustment of debt, dissolution, administration, liquidation or similar proceedings by or against the Owners, the Charterers, any Obligor, any Sub-Charterers, or any change in the constitution of the Owners, the Charterers, any Obligor or any Sub-Charterers;
  - (vi) any invalidity or unenforceability or lack of due authorisation of or any defect in this Charter, any Sub-Charter or any other Transaction Document; or
  - (vii) any other cause which would but for this provision have the effect of terminating or in any way affecting the obligations of the Charterers hereunder,

it being the intention of the parties that the provisions of this Clause 40, and the obligation of the Charterers to pay Hire and make any payments under this Charter, shall (save as expressly provided in this Clause 40) survive any frustration and that, save as expressly provided in this Charter, no moneys paid under this Charter by the Charterers to the Owners shall in any event or circumstance be repayable to the Charterers.

- (f) All payments of Hire and all other Unpaid Sums to the Owners pursuant to this Charter and the other relevant Transaction Documents shall be made in immediately available funds in US Dollars, free and clear of, and without deduction for or on account of, any taxes, unless the Charterers are required by law or regulation to make any such payment of Hire subject to such taxes.
- (g) In the event that the Charterers are required by any law or regulation to make any deduction or withholding on account of any taxes which arise as a consequence of any payment due under this Charter, then:
  - (i) the Charterers shall notify the Owners promptly after they become aware of such requirement;
  - (ii) the Charterers shall remit the amount of such taxes to the appropriate taxation authority within five (5) Business Days or any other shorter time period as required under any applicable law or regulation and in any event prior to the date on which penalties attach thereto; and

- (iii) such payment shall be increased by such amount as may be necessary to ensure that the Owners receive a net amount which, after deducting or withholding such taxes, is equal to the full amount which the Owners would have received had such payment not been subject to such taxes.
- (h) The Charterers shall promptly deliver to the Owners any receipts, certificates or other proof evidencing the amounts, if any, paid or payable in respect of any such withholding or deduction and that any such taxes have been remitted to the appropriate taxation authority within thirty (30) days after the expiry of any time limit within which such taxes must be so remitted or, if earlier, the date on which such taxes are so remitted.
- (i) If the Charterers fail to pay any amount payable by them to the Owners under a Transaction Document on its due date, interest shall accrue on the Unpaid Sum from the due date up to the date of actual payment (both before and after judgment) at a rate which is one per cent. (1%) per annum higher than the aggregate of the Margin and the Applicable Rate which would have been payable if the Unpaid Sum had, during the period of non-payment, constituted the Cost Balance for successive Hire Periods. Any interest accruing under this paragraph (i) shall be immediately payable by the Charterers on demand by the Owners. Default interest (if unpaid) arising on an Unpaid Sum will be compounded with the Unpaid Sum at the end of each Hire Period applicable to that Unpaid Sum but will remain immediately due and payable.
- (j) In the event that this Charter is terminated for whatever reason, the Charterers' obligation to pay Hire and such other Unpaid Sum which (in each case) has accrued due before, and which remains unpaid, at the date of such termination shall continue notwithstanding such termination.
- (k) In the event that it becomes unlawful or it is prohibited for the Owners to charter the Vessel pursuant to this Charter, then the Owners shall notify the Charterers of the relevant event and negotiate in good faith with the Charterers for a period of thirty (30) days from the date of the receipt of the relevant notice by the Charterers to agree an alternative arrangement. If such agreement is not reached within such thirty (30)-day period, the Charterers agree that, in such circumstances, the Owners shall have the right to terminate this Charter by delivering to the Charterers a Termination Notice specifying a Termination Payment Date, whereupon the Charterers shall be obliged to pay to the Owners the Termination Sum relative to the Termination Payment Date and comply with such other terms and conditions as may be specified in such Termination Notice.
- (l) The Charterers shall, within ten (10) Business Days of demand by the Owners, pay to the Owners any Break Costs and any Swap Losses (where applicable).
- (m)
  - (i) If a Screen Rate Replacement Event has occurred, any amendment or waiver which relates to:

- (A) providing for the use of a Replacement Benchmark in place of (or in addition to) the affected Screen Rate; and
  - (B) any or all of the following:
    - (1) aligning any provision of any Transaction Document to the use of that Replacement Benchmark;
    - (2) enabling that Replacement Benchmark to be used for the calculation of Variable Hire under this Charter (including, without limitation, any consequential changes required to enable that Replacement Benchmark to be used for the purposes of this Charter);
    - (3) implementing market conventions applicable to that Replacement Benchmark;
    - (4) providing for appropriate fallback (and market disruption) provisions for that Replacement Benchmark; or
    - (5) 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 Owners and the Charterers.
- (ii) If, as at 30 September 2022 this Charter provides that the Variable Hire is to be determined by reference to the Screen Rate for LIBOR:
    - (A) a Screen Rate Replacement Event shall be deemed to have occurred on that date in relation to the Screen Rate; and
    - (B) the Owners and the Charterers 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 December 2022.
- (n)
    - (i) Subject to paragraph (iv) below, the Charterers shall promptly pay to the Owners, the amount of any Increased Costs incurred by the Owners or any of its Affiliates as a result of:

- (A) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation after the date of this Charter;
  - (B) compliance with any law or regulation made after the date of this Charter; or
  - (C) the implementation or application of, or compliance with Basel III or CRD IV or any law or regulation that implements or applies Basel III or CRD IV made after the date of this Charter (whether such implementation, application or compliance is by a government, regulator, the Owners or any of the Owners' Affiliates).
- (ii) If the Owners intend to make a claim pursuant to paragraph (i) above, the Owners shall promptly notify the Charterers of the event giving rise to the claim.
- (iii) The Owners shall, as soon as practicable after a demand by the Charterers, provide a certificate confirming the amount of the Increased Costs.
- (iv) Paragraph (i) above does not apply to the extent any Increased Cost is:
- (A) attributable to a FATCA Deduction required to be made by a Party;
  - (B) attributable to a wilful breach by the Owners or its Affiliates of any law or regulation.
- (v) In this Clause 40(n):
- "Basel III"** means:
- (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, supplemental or restated; and
  - (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
- "CRD IV"** means EU CRD IV and UK CRD IV.

"EU CRD IV" means:

- (A) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 548/2012; and
- (B) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

"UK CRD IV" means:

- (A) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 548/2012 as it forms part of domestic law of the United Kingdom by virtue of the 2018 Withdrawal Act;
- (B) the law of the United Kingdom or any part of it, which immediately before IP Completion Day (as defined in the 2020 Withdrawal Act) implemented Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC and its implementing measures; and
- (C) direct EU legislation (as defined in the 2018 Withdrawal Act), which immediately before IP Completion Day (as defined in the 2020 Withdrawal Act) implemented EU CRD IV as it forms part of domestic law of the United Kingdom by virtue of the 2018 Withdrawal Act.

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**Insurance**

- (a) During the Agreement Term, the Charterers shall at their expense keep the Vessel insured against fire and usual marine risks (including hull and machinery and excess risks), oil pollution liability risks, war and protection and indemnity risks and any other risks against which it is compulsory to insure for the operation for the Vessel or in the Owners' reasonable opinion common market practice to insure for the operation, trading, management and/or for safety purposes for the Vessel in such market (but excludes loss of hire insurance) and on such terms as the Security Trustee and/or the Owners and the Finance Parties (if any) shall approve in writing.

- (b) Such insurances shall be arranged by the Charterers to protect the interests of the Owners, the Security Trustee, the Charterers and (if any) the Finance Parties, and the Charterers shall be at liberty to protect under such insurances the interests of any managers (including the Approved Managers) they may appoint provided that any manager shall be an Approved Manager and shall, on or prior to its appointment, execute a Manager's Undertaking (i) in such form as the Security Trustee and/or the Owners may require and (ii) which shall include an assignment of the Approved Managers' interest under such insurances, in favour of the Security Trustee and/or the Owners or the relevant Finance Party (if any).
- (c) Insurance policies shall cover the Security Trustee, the Owners, the Charterers and (if any) the Finance Parties according to their respective interests. Subject to the approval of the Security Trustee, the Owners, the Finance Parties (if any) and the insurers, the Charterers shall effect all insured repairs and shall undertake settlement and reimbursement from the insurers of all costs in connection with such repairs as well as insured charges, expenses and liabilities to the extent of coverage under the insurances herein provided for. All time used for repairs under this Clause 41 and for repairs of latent defects, including any deviation, shall be for the Charterers' account.
- (d) The Charterers shall also remain responsible for and to effect repairs and settlement of costs and expenses incurred thereby in respect of all other repairs not covered by the insurances and/or not exceeding any possible franchise(s) or deductibles provided for in the insurances.
- (e) The Charterers shall arrange that, at any time during the Agreement Term, the hull and machinery and war risks insurance shall be in an amount not less than the higher of:
  - (i) 100% of the latest Market Value as determined under the terms of this Charter; and
  - (ii) 120% of the Cost Balance then applicable,(the "**Minimum Insured Value**").
- (f) The terms of the hull and machinery insurance and the identity of the insurers shall be acceptable to the Security Trustee and/or the Owners (such acceptance not to be unreasonably withheld). The Vessel shall be entered in a P&I Club which is a member of the International Group Association on customary terms and shall be covered against liability for pollution claims in an amount not less than USD1,000,000,000. The P&I cover shall be placed with a P&I Club which is a member of the International Group Association. All insurances shall include customary protection in favour of the Security Trustee and/or the Owners and (if any) the Finance Parties as notice of cancellation and exclusion from liability for premiums or calls.
- (g) The Charterers:
  - (i) undertake to place the Insurances in such markets, in such currency, on such terms and conditions, and with such first class and reputable

brokers, underwriters and associations as the Security Trustee and the Owners shall have previously approved in writing. The Charterers shall name the Security Trustee, the Owners, the Charterers, the Approved Managers and if applicable, the Finance Parties as the only named assureds;

- (ii) shall not alter the terms of any of the Insurances nor allow any person to be co-assured under any of the Insurances without the prior written consent of the Security Trustee and/or the Owners, and will supply the Security Trustee and/or the Owners and if applicable, any of the Finance Parties from time to time on request with such information as the Security Trustee and/or the Owners and if applicable, any of the Finance Parties may in their discretion require with regard to the Insurances and the brokers, underwriters or associations through or with which the Insurances are placed; and
  - (iii) shall reimburse the Security Trustee and/or the Owners with ten (10) Business Days of demand but, subject to the proviso below, not more than once per calendar year during the Agreement Term, for all documented costs and expenses reasonably incurred by the Security Trustee and the Owners in obtaining a report on the adequacy of the Insurances from an insurance adviser instructed by the Security Trustee and the Owners provided however the Charterers shall reimburse the Owners for all documented costs and expenses reasonably incurred by the Owners in obtaining any number of such additional report if any such additional report is obtained by the Owners after the occurrence of (i) a Termination Event which is continuing, or (ii) any material changes in the Insurances and/or the market practices relating to the Insurances.
- (h) The Charterers undertake duly and punctually to pay all premiums, calls and contributions, and all other sums at any time payable in connection with the Insurances, and, at their own expense, to arrange and provide any guarantees from time to time required by any protection and indemnity or war risks association. From time to time at the Owners' and/or the Security Trustee and/or the Finance Parties' request, the Charterers will provide the Owners and/or the Security Trustee and/or such Finance Party with evidence satisfactory to the Security Trustee, Owners and the Finance Party (in each case, acting reasonably) that such premiums, calls, contributions and other sums have been duly and punctually paid; that any such guarantees have been duly given; and that all declarations and notices required by the terms of any of the Insurances to be made or given by or on behalf of the Charterers to brokers, underwriters or associations have been duly and punctually made or given.
- (i) The Charterers will comply in all respects with all terms and conditions of the Insurances and will make all such declarations to brokers, underwriters and associations as may be required to enable the Vessel to operate in accordance with the terms and conditions of the Insurances. The Charterers will not do, nor permit to be done, any act, nor make, nor permit to be made, any omission, as a result of which any of the Insurances may become liable to be

suspended, cancelled or avoided, or may become unenforceable, or as a result of which any sums payable under or in connection with any of the Insurances may be reduced or become liable to be repaid or rescinded in whole or in part. In particular, but without limitation, the Charterers will not permit the Vessel to be employed other than in conformity with the Insurances without first taking out additional insurance cover in respect of that employment in all respects to the satisfaction of the Security Trustee and/or the Owners and if applicable, any of the Finance Parties, and the Charterers will promptly notify the Security Trustee and the Owners of any new requirement imposed by any broker, underwriter or association in relation to any of the Insurances.

- (j) The Charterers will ensure that any of the Insurances is renewed no later than five (5) days before its expiry and shall immediately give the Security Trustee and/or the Owners and if applicable, any of the Finance Parties such details of those renewals as the Security Trustee and/or the Owners and if applicable, any of the Finance Parties may require.
- (k) The Charterers shall, upon relevant renewals, deliver to the Security Trustee and/or the Owners and if applicable, any of the Finance Parties certified copies of all policies, certificates of entry and other documents relating to the Insurances (including, without limitation, receipts for premiums, calls or contributions) and shall procure that letters of undertaking in such industry-standard form as the Security Trustee, the Owners or if applicable, any of the Finance Parties may approve (acting reasonably) shall be issued to the Security Trustee, the Owners and, if applicable, the Finance Parties by the brokers through which the Insurances are placed (or, in the case of protection and indemnity or war risks associations, by their managers). If the Vessel is at any time during the Agreement Term insured under any form of fleet cover, the Charterers shall procure that those letters of undertaking contain confirmation that the brokers, underwriters or association (as the case may be) will not set off claims relating to the Vessel against premiums, calls or contributions in respect of any other vessel or other insurance, and that the insurance cover of the Vessel will not be cancelled by reason of non-payment of premiums, calls or contributions relating to any other vessel or other insurance. Failing receipt of those confirmations, the Charterers will instruct the brokers, underwriters or association concerned to issue a separate policy or certificate for the Vessel in the sole name of the Charterers or of the Charterers' brokers as agents for the Charterers.
- (l) The Charterers shall promptly provide the Security Trustee and/or the Owners and if applicable, any of the Finance Parties with full information regarding any casualty or other accident or damage to the Vessel which exceed the Threshold Amount which claims in aggregate is or reasonably like to exceed the Threshold Amount and promptly upon the request of the Security Trustee and the Owners, provide information and promptly execute such documents as may be required to enable the Security Trustee and/or the Owners to comply with the insurance provisions of the Finance Documents.
- (m) The Charterers agree that, at any time after the occurrence of a Termination Event which is continuing, the Security Trustee and the Owners or if applicable, any of the Finance Parties shall be entitled to collect, sue for,

recover and give a good discharge for all claims in respect of any of the Insurances; to pay collecting brokers the customary commission on all sums collected in respect of those claims; to compromise all such claims or refer them to arbitration or any other form of judicial or non-judicial determination; and otherwise to deal with such claims in such manner as the Security Trustee and the Owners and if applicable, any of the Finance Parties shall in their discretion think fit.

- (n) Whether or not a Termination Event shall have occurred, the proceeds of any claim under any of the Insurances in respect of a Total Loss shall be paid and applied in accordance with Clause 53 (*Total Loss*).
- (o) In the event of any claim in respect of any of the Insurances (other than in respect of a Total Loss), if the Charterers shall fail to reach agreement with any of the brokers, underwriters or associations for the immediate restoration of the Vessel, or for payment to third parties, within such time as the Security Trustee and the Owners may in good faith stipulate, the Security Trustee and the Owners shall be entitled to require payment to itself and if applicable, any of the Finance Parties. In the event of any dispute arising between the Charterers and any broker, underwriter or association with respect to any obligation to make any payment to the Charterers or to the Security Trustee and the Owners and/or if applicable, any of the Finance Parties under or in connection with any of the Insurances, or with respect to the amount of any such payment, the Security Trustee, the Owners and/or if applicable, any of the Finance Parties shall be entitled to settle that dispute directly with the broker, underwriter or association concerned. Any such settlement shall be binding on the Charterers.
- (p)
  - (i) The Security Trustee and the Owners agree that any amounts which may become due under any protection and indemnity entry or insurance shall be paid to the Charterers to reimburse the Charterers for, and in discharge of, the loss, damage or expense in respect of which they shall have become due, unless, at the time the amount in question becomes due, a Termination Event shall have occurred and is continuing, in which event the Security Trustee and the Owners shall be entitled to receive the amounts in question and to apply them either in reduction of any amount owed by the Charterers pursuant to paragraph (d) of Clause 49 (*Termination Events*) or, at the option of the Security Trustee and the Owners, to the discharge of the liability in respect of which they were paid.
  - (ii) Without prejudice to the forgoing and subject to the terms of the Finance Documents (if any), all other claims in relation to the Insurances (other than in respect of a Total Loss), shall, unless and until the occurrence of a Termination Event which is continuing, in which event all claims under the relevant policy shall be payable directly to the Security Trustee and the Owners, be payable as follows:

- (A) a claim in respect of any one casualty where the aggregate claim against all insurers does not exceed the Threshold Amount, prior to adjustment for any franchise or deductible under the terms of the relevant policy, shall be paid directly to the Charterers (as agent for the Owners) for the repair, salvage or other charges involved or as a reimbursement if the Charterers fully repaired the damage to the satisfaction of the Security Trustee and the Owners (acting reasonably) and paid all of the salvage or other charges;
- (B) a claim in respect of any one casualty where the aggregate claim against all insurers exceeds the Threshold Amount prior to adjustment for any franchise or deductible under the terms of the relevant policy, shall, subject to the prior written consent of the Security Trustee and the Owners (such consent not to be unreasonably withheld), be paid to the Charterers as and when the Vessel is restored to her former state and condition and the liability in respect of which the insurance loss is payable is discharged, and provided that the insurers may with such consent make payment on account of repairs in the course of being effected, but, in the absence of such prior written consent shall be payable directly to the Security Trustee and the Owners.

- (q) The Charterers shall not settle, compromise or abandon any claim under or in connection with any of the Insurances (other than a claim of less than the Threshold Amount arising other than from a Total Loss in the absence of any Termination Event that is continuing) without the prior written consent of the Security Trustee and the Owners (such consent not to be unreasonably withheld).
- (r) If the Charterers fail to effect or keep in force the Insurances, the Security Trustee and the Owners may (but shall not be obliged to) effect and/or keep in force such insurances on the Vessel and such entries in protection and indemnity or war risks associations as the Security Trustee and the Owners in their discretion consider desirable, and the Security Trustee and/or the Owners may (but shall not be obliged to) pay any unpaid premiums, calls or contributions. The Charterers will reimburse the Security Trustee and the Owners from time to time within ten (10) Business Days of a demand for all such premiums, calls or contributions paid by the Security Trustee and the Owners.
- (s) The Charterers shall comply strictly with the requirements of any legislation relating to pollution or protection of the environment which may from time to time be applicable to the Vessel in any jurisdiction in which the Vessel shall trade and in particular the Charterers shall comply strictly with the requirements of the United States Oil Pollution Act 1990 (the "**Act**") if the Vessel is to trade in the United States of America and Exclusive Economic Zone (as defined in the Act). Before any such trade is commenced and during the entire period during which such trade is carried on, the Charterers shall:
- (i) pay any additional premiums required to maintain protection and indemnity cover for oil pollution up to the limit available to the Charterers for the Vessel in the market; and
  - (ii) make all such quarterly or other voyage declarations as may from time to time be required by the Vessel's protection and indemnity association in order to maintain such cover, and promptly deliver to the Owners copies of such declarations; and
  - (iii) submit the Vessel to such additional periodic, classification, structural or other surveys which may be required by the Vessel's protection and indemnity insurers to maintain cover for such trade and promptly deliver to the Owners copies of reports made in respect of such surveys; and
  - (iv) implement any recommendations contained in the reports issued following the surveys referred to in paragraph (iii) above within the relevant time limits contained in such reports, and provide evidence satisfactory to the Security Trustee and the Owners that the protection and indemnity insurers are satisfied that this has been done; and
  - (v) in addition to the foregoing (if such trade is in the United States of America and Exclusive Economic Zone):

- (A) obtain and retain a certificate of financial responsibility under the Act in form and substance satisfactory to the United States Coast Guard and provide the Security Trustee and the Owners with evidence of the same; and
  - (B) procure that the protection and indemnity insurances do not contain a US Trading Exclusion Clause or any other analogous provision and provide the Owners with evidence that this is so; and
  - (C) comply strictly with any operational or structural regulations issued from time to time by any relevant authorities under the Act so that at all times the Vessel falls within the provisions which limit strict liability under the Act for oil pollution.
- (vi) The Security Trustee and/or the Owners shall at any date be at liberty to take out an Innocent Owners' Interest Insurance in relation to the Vessel in any amount and on such terms and conditions as the Security Trustee and the Owners may from time to time decide, and the Charterers shall from time to time upon the Security Trustee's and/or the Owners' demand (A) pay the relevant insurers directly for all costs, premiums and expenses payable or (B) reimburse the Security Trustee and the Owners for all costs, premiums and expenses paid or incurred by the Security Trustee and the Owners, in connection with any Innocent Owners' Interest Insurance.

42

**Redelivery**

(a) Upon:

- (i) the occurrence of any overdue Termination Event which is continuing and if the Owners decide to withdraw the Vessel from the service of the Charterers pursuant to paragraph (c) of Clause 49 (*Termination Events*); or
  - (ii) the occurrence of a Termination pursuant to Clause 40(k) (*Hire*) and if the Termination Sum has not been paid in full in accordance with Clause 40(k) (*Hire*); or
  - (iii) the expiry of the Charter Period (and subject to no Total Loss having occurred, the Purchase Option, Call Option or the Early Termination Event having not been exercised (or fulfilled)),
- unless the Owners are obliged to transfer title to the Vessel to the Charterers in accordance with this Charter, the Charterers shall, at their own cost and expense, redeliver or cause to be redelivered the Vessel to the Owners at a safe, ice free port where the Vessel would be afloat at all times in a ready safe berth or anchorage as selected by the Owners, in accordance with Clauses 43 (*Redelivery conditions*) and 44 (*Diver's inspection at redelivery*).

- (b) The Charterers warrant that they will not permit the Vessel to commence a voyage (including any preceding ballast voyage) which cannot reasonably be expected to be completed in time to allow redelivery of the Vessel within the Charter Period.

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**Redelivery conditions**

- (a) In addition to what has been agreed in Clauses 15 (*Redelivery*) (Part II) and 42 (*Redelivery*) in the circumstances described in Clause 42 (*Redelivery*), the condition of the Vessel shall at redelivery be as follows:
- (i) the Vessel shall be free of any overdue class and statutory recommendations affecting its trading certificates;
  - (ii) the Vessel must be redelivered with all equipment and spares or replacement items listed in the delivery inventory carried out pursuant to Clause 9 (*Inventories, Oil and Stores*) (Part II) and any spare parts on board or on order for any equipment installed on the Vessel following delivery and paid in full; all records, logs, plans, operating manuals and drawings, spare parts onboard shall be included at the time of redelivery in connection with a transfer of the Vessel or such other items as are then in the possession of the Charterers shall be delivered to the Owners;
  - (iii) the Vessel must be redelivered with all national and international trading certificates and hull/machinery survey positions for both class and statutory surveys free of any overdue recommendation and qualifications valid and un-extended for a period of at least three (3) months beyond the redelivery date;
  - (iv) all of the Vessel's ballast tank coatings to be maintained in "Fair" (as such term (or its equivalent) may be defined and/or interpreted in the relevant survey report) condition as appropriate for the Vessel's age at the time of redelivery, fair wear and tear excepted;
  - (v) the Vessel shall have passed any flag or class surveys or inspections due within three (3) months after the date of redelivery and have its continuous survey system up to date;
  - (vi) the Vessel must be re-delivered with accommodation and common spaces for crew and officers substantially in the same condition as at the Actual Delivery Date, free of damage over and above fair wear and tear; with cargo spaces generally fit to carry the cargoes originally designed and intended for the Vessel; with main propulsion equipment, auxiliary equipment, cargo handling equipment, navigational equipment, etc., in such operating condition as provided for in this Charter, fair wear and tear excepted;
  - (vii) the Vessel shall be free and clear of all liens other than those created by or on the instructions of the Owners;

- (viii) the condition of the cargo holds to be in accordance with the maintenance regime undertaken by the Charterers during the Charter Period since delivery with allowance for legitimate cargoes carried since the last major maintenance programme;
  - (ix) a final joint report from the surveyors appointed by the Owners and the Charterers respectively shall be carried out as to the condition of the Vessel and a list of agreed deficiencies if any shall be drawn up;
  - (x) the anti-fouling coating system applied at the last scheduled dry-docking shall be in accordance with prevailing regulations at the time of application;
  - (xi) the funnel markings and name (unless being maintained by the Owner following redelivery) shall be painted out by the Charterers; and
  - (xii) in addition and without prejudice to Clause 43(a)(ii), all remaining bunkers on the Vessel shall be in compliance with all applicable laws, including without limitation, the global sulphur limit imposed by the International Maritime Organization (IMO); and such remaining bunkers shall be sufficient to at least cover a voyage to the next bunkering port.
- (b) At redelivery, the Charterers shall ensure that the Vessel shall meet the following performance levels (which where relevant shall be determined by reference to the Vessel's log books):
- (i) all equipment controlling the habitability of the accommodation and service areas to be in proper working order, fair wear and tear excepted; and
  - (ii) available deadweight to be within one per cent (1%) of that achieved at delivery (as the same may be adjusted as a result of any upgrading of the Vessel carried out in accordance with this Charter (such adjustment to be agreed between the Owners and Charterers at the time such upgrading work is to be undertaken)).
- (c) The Owners and Charterers shall each appoint (at their own expense) surveyors for the purpose of determining and agreeing in writing the condition of the Vessel at redelivery.
- (d) If the Vessel is not in the condition or does not meet the performance criteria required by this Clause 43, a list of deficiencies together with the costs of repairing/remedying such deficiencies shall be agreed by the respective surveyors.
- (e) The Charterers shall be obliged to repair any class items restricting the operation or trading of the Vessel prior to redelivery.
- (f) The Charterers shall be obliged to repair/remedy all such other deficiencies as are necessary to put the Vessel into the return condition required by this Clause 43.

- (g) The cost of making any repairs/remedial work referred to in paragraph (f) above shall be for the Charterers' account.
- (h) Provided that a Purchase Option, Call Option or Early Termination Event has not then been exercised by the Charterers by the Call Option Expiry Date or fulfilled (as the case may be), the Owners shall be entitled to remarket the Vessel and in connection therewith:
  - (i) the Owners shall be entitled at their cost, to place representatives on board the Vessel, subject to signing of a standard P&I indemnity letter; and
  - (ii) the Charterers shall provide all reasonable co-operation to the Owners.

**44 Diver's inspection at redelivery**

- (a) Unless the Vessel is returned in dry-dock, a diver's inspection is required to be performed at the time of redelivery.
- (b) The Charterers shall, at the written request of the Owners, arrange at the Charterers' expense for an underwater inspection by a diver approved by the Classification Society immediately prior to the redelivery.
- (c) A video film of the inspection shall be made. The extent of the inspection and the conditions under which it is performed shall be to the satisfaction of the Classification Society.
- (d) If damage to the underwater parts is found, the Charterers shall arrange, at their time and costs, for the Vessel to be dry-docked and repairs carried out to the satisfaction of the Classification Society.
- (e) If the conditions at the port of redelivery are unsuitable for such diver's inspection, the Charterers shall take the Vessel (in Owners' time but at Charterers' expense) to a suitable alternative place nearest to the redelivery port unless an alternative solution is agreed.
- (f) Without limiting the generality of paragraph (b)(iv) of Clause 55 (*Fees and expenses*), all costs relating to any diver's inspection shall be borne by the Charterers.

**45 Owners' mortgage; Owners transfers**

- (a) The Charterers:
  - (i) acknowledge that the Owners and the Collateral Owners are entitled without the prior written consent of the Charterers, and do intend to enter or have entered into certain funding arrangements with the Finance Parties in order to finance part of the Owners' Cost (the "**Financing Arrangements**"), which Financing Arrangements may be secured, inter alia, by ship mortgages over the Vessel and (along with other related matters) the relevant Finance Documents;

- (ii) irrevocably consent to any assignment in favour of the Finance Parties of any Transaction Documents pursuant to the relevant Finance Documents; and
  - (iii) without limiting the generality of Clause 48(bb) (*Charterers' undertakings*), undertake to execute, provide or procure the execution or provision (as the case may be) of such further information or document as in the opinion of the Owners and/or the Finance Parties, acting in good faith, are necessary to effect the assignment referred to in paragraph (ii) above and any assignment (by way of security) by the Owners of their rights in the Transaction Documents in favour of any Finance Party.
- (b) Without limiting the Charterers' obligations under this Clause and without prejudice to any other provisions in this Charter, provided that the Charterers at all times perform their obligations under this Charter and in the absence of any Termination Event that is continuing:
- (i) the Owners will not disturb or interfere with the Charterers' quiet possession and enjoyment of the Vessel; and
  - (ii) if required by the Charterers, the Owners will procure that the Finance Parties provide a quiet enjoyment agreement (in a form reasonably acceptable to the Charterers) to the Charterers prior to the creation of any mortgages over the Vessel pursuant to any Financing Arrangements.
- (c) Provided that the Owners will not disturb or interfere with the Charterers' quiet possession and enjoyment of the Vessel (subject to the Charterers performing their obligations under this Charter at all times and the absence of any Termination Event that is continuing), the Owners are entitled with the prior written consent of the Charterers (such consent not to be unreasonably withheld or delayed):
- (i) by delivering a notice (the "**Novation Notice**") to the Charterers, to notify the Charterers that the Owners sell the Vessel to a Financial Institution, and at the same time novate this Charter, to that Financial Institution. Following receipt by the Charterers of the Novation Notice, the rights and obligations of the Owners under the Transaction Documents shall be transferred by way of novation to that Financial Institution;
  - (ii) without prejudice to the foregoing, the Owners may assign, transfer or novate their rights under any Transaction Document, provided that the assignment, transfer or novation is to a Financial Institution in accordance with Clause 45(c) above; and
  - (iii) the Charterers shall provide all necessary assistance and use reasonable endeavours to obtain all necessary consents from any Sub-Charterer (if applicable) to facilitate the Owners' entry into such documents, assignment, novation and/or title transfer in accordance with this Clause,

and, for the avoidance of doubt, if no Termination Event has occurred and is then continuing, without any costs to the Charterers.

- (d) For the avoidance of doubt, the Owners shall retain the right not to proceed with any assignment, transfer or novation as contemplated in this Clause if any such assignment, transfer or novation would or is reasonably likely to result in the Owners (or any of their Affiliates) being in breach of any applicable Sanctions.

**46 Transport documents**

The Charterers shall use their standard documents, waybills and conditions of carriage in the carriage of goods. Such documents, waybills and standard conditions shall comply with compulsory applicable legislation.

**47 Charterers' representations and warranties**

(a) The Charterers make the representations and warranties set out in this Clause 47 to the Owners on the date of this Charter, the Pre-positioning Date and on the Actual Delivery Date:

- (i) each Obligor is a corporation or (as the case may be) limited liability company, duly incorporated or formed in good standing and validly existing under the laws of its jurisdiction of incorporation or formation (as the case may be), and has the power to own its assets and carry on its business as it is being conducted;
- (ii) subject to the Legal Reservations, all of the following:
  - (A) the obligations expressed to be assumed by each Obligor in the Transaction Documents to which it is a party are legal, valid, binding and enforceable obligations; and
  - (B) (without limiting the generality of Clause 47(a)(v)(A)) each Security Document to which it is a party creates the Security Interests which that Security Document purports to create and those Security Interests are valid and effective;
- (iii) the entry into and performance by each Obligor of, and the transactions contemplated by each Transaction Document to which it is a party do not conflict with:
  - (A) any law or regulation applicable to it;
  - (B) its constitutional documents; or
  - (C) any document binding on it or any of its assets or constitute a default or termination event (howsoever described) under any such agreement or instrument;
- (iv) all of the following:

- (A) each Obligor has the power to enter into, perform and deliver, and have taken all necessary action to authorise its entry into, performance and delivery of the Transaction Documents to which it is a party and the transactions contemplated thereunder; and
  - (B) in respect of each Obligor, no limit on the powers of such Obligor will be exceeded as a result of the proposed transaction, grant of security or giving of guarantees or indemnities contemplated by the Transaction Documents to which it is a party;
- (v) all consents, licences, approvals, authorisations, filings and registrations required:
- (A) to enable each Obligor to lawfully enter into, exercise its rights and comply with its obligations in each Transaction Document to which it is a party or to enable the Owners to enforce and exercise all its rights under the Transaction Documents; and
  - (B) to make each Transaction Document to which any Obligor is a party admissible in evidence in its Relevant Jurisdiction,
- have been obtained or effected and are in full force and effect;
- (vi) subject to Legal Reservations, all of the following:
- (A) the choice of governing law of any Transaction Document will be recognised and enforced in the Relevant Jurisdictions of each relevant Obligor; and
  - (B) any judgment obtained in relation to any Transaction Document in the jurisdiction of the governing law of that Transaction Document will be recognised and enforced in the Relevant Jurisdictions of each relevant Obligor.
- (vii) no corporate action, legal proceeding or other procedure or step described in Clause 49(a)(vii) or creditors' process described in Clause 49(a)(viii) has been taken or, to the knowledge of the Charterers, threatened in relation to an Obligor; and none of the circumstances described in Clause 49(a)(vi) applies to an Obligor;
- (viii) under the laws of the Relevant Jurisdictions of each Obligor, it is not necessary that any Transaction Document to which such Obligor is a 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 Transaction Document or the transactions contemplated thereby;
- (ix) no Obligor is required to make any deduction for or on account of Tax from any payment it may make under each Transaction Document to which it is a party;

- (x) all of the following:
  - (A) no Termination Event is continuing or might reasonably be expected to result from any Obligor's entry into and performance of each Transaction Document to which such Obligor is a party; and
  - (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 (howsoever described) under any other agreement or instrument which is binding on any of the Obligor or to which its assets are subject;
- (xi) save as disclosed in writing to the Owners prior to the date of this Charter:
  - (A) all material information provided to the Owners by or on behalf of any of the Obligors on or before the date of this Charter and not superseded before that date is accurate and not misleading in any material respect and all projections provided to the Owners on or before the date of this Charter have been prepared in good faith on the basis of assumptions which were reasonable at the time at which they were prepared and supplied;
  - (B) all other written information provided by any of the Obligors (including its advisers) to the Owners was true, complete and accurate in all material respects as at the date it was provided and is not misleading in any respect;
  - (C) the copy of the Initial Sub-Charter provided to the Owners is a true and complete copy;
  - (D) no amendments or additions to the Initial Sub-Charter provided to the Owners have been agreed nor have any rights thereunder been waived; and
  - (E) there has been no material breach of any Sub-Charter nor has there been any Sub-Charter Termination Event;
- (xii) all of the following:
  - (A) the Original Financial Statements were prepared in accordance with GAAP consistently applied;
  - (B) the audited Original Financial Statements fairly present the Group's financial condition and results of operations during the relevant financial year;
  - (C) there has been no material adverse change in any Obligor's assets, business or financial condition (or the assets,

- business or consolidated financial condition of the Group, in the case of the Charter Guarantor) since the date of the Original Financial Statements;
- (D) the Charter Guarantor's most recent financial statements delivered pursuant to Clause 48(x):
    - (1) have been prepared in accordance with GAAP as applied to the Original Financial Statements; and
    - (2) fairly present its consolidated financial condition as at the end of, and its consolidated results of operations for, the period to which they relate; and
  - (E) since the date of the most recent financial statements delivered pursuant to Clause 48(y) there has been no material adverse change in the assets, business or financial condition of any of the Obligor.
- (xiii) all of the following:
- (A) no litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which has or have (to the best of its knowledge and belief) been started or threatened against any Obligor and in respect of the Charter Guarantor, which will or may reasonably be expected to have a Material Adverse Effect; and
  - (B) no judgment or order of a court, arbitral body or agency which might reasonably be expected to have a Material Adverse Effect has been made against any Obligor;
- (xiv) none of the Obligor has breached any law or regulation which (in respect of the Charter Guarantor) such breach has or is reasonably likely to have a Material Adverse Effect;
- (xv) all of the following:
- (A) each of the Obligor is in compliance with Clause 48(c) and to the best of its knowledge and belief (having made due and careful enquiry) no circumstances have occurred which would prevent such compliance; and
  - (B) no Environmental Claim has been commenced or (to the best of its knowledge and belief (having made due and careful enquiry)) is threatened against any of the Obligor and in respect of the Charter Guarantor, which will or may reasonably be expected to have a Material Adverse Effect;
- (xvi) all of the following:
- (A) none of the Obligor is overdue in the filing of any Tax returns or is overdue in the payment of any amount in

- (B) respect of Tax, save in the case of Taxes which are being contested in good faith; and no claims or investigations are being, or are reasonably likely to be, made or conducted against any of the Obligors with respect to Taxes.
- (xvii) all of the following:
  - (A) no Security Interest exists over all or any of the present or future assets of the Charterers other than Permitted Security Interests; and
  - (B) the Charterers do not have any Financial Indebtedness outstanding other than (i) as permitted by this Charter; (ii) the aggregate amount of which is not more than one million Dollars (US\$1,000,000), and (iii) any such Financial Indebtedness is subordinated to all Financial Indebtedness incurred under the Transaction Documents pursuant to a subordination agreement in favour of the Owners or such other arrangement acceptable to the Owners;
- (xviii) subject to Legal Reservations, the payment obligations of each Obligor under each Transaction Document to which it is a party rank at least *pari passu* with the claims of all other unsecured and unsubordinated creditors of such Obligor, except for obligations mandatorily preferred by law applying to companies generally;
- (xix) subject to Legal Reservations, all of the following:
  - (A) it is not necessary under the Relevant Jurisdictions of any of the Obligors:
    - (1) in order to enable the Owners to enforce its rights under any Transaction Document; or
    - (2) by reason of the execution of any Transaction Document or the performance by it of its obligations under any Transaction Document,that the Owners should be licensed, qualified or otherwise entitled to carry on business in any of the Relevant Jurisdictions of any of the Obligors; and
  - (B) the Owners are not or will not be deemed to be resident, domiciled or carrying on business in any of the Relevant Jurisdictions of any of the Obligors by reason only of the execution, performance and/or enforcement of any Transaction Document;
- (xx) the Charterers are not aware of any material facts or circumstances which have not been disclosed to the Owners and which might, if disclosed, have changed the decision of a person willing to enter into

- a lease financing transaction of the nature contemplated by the MOA and this Charter with the Charterers.
- (xxi) all of the following:
- (A) the copies of any Transaction Documents or Management Agreements (together the "**Relevant Documents**") provided or to be provided by the Charterers to the Owners in accordance with Clause 36 (*Conditions precedent and conditions subsequent*) are, or will be, true and accurate copies of the originals and represent, or will represent, the full agreement between the parties to those Relevant Documents in relation to the subject matter of those Relevant Documents;
  - (B) there are no commissions, rebates, premiums or other payments due or to become due in connection with the subject matter of the Relevant Documents other than in the ordinary course of business or as disclosed to, and approved in writing by, the Owners; and
  - (C) there is no dispute under any of the Relevant Documents as between the parties to any such document;
- (xxii) none of the Obligors nor any of its assets has any right to immunity from set-off, legal proceedings, attachment prior to judgment, other attachment or execution of judgment on the grounds of sovereign immunity or otherwise;
- (xxiii) all of the following:
- (A) all information supplied by an Obligor or (with an Obligor's knowledge) on its behalf to an Approved Broker for the purposes of a valuation in evidence of a Market Value in accordance with this Charter was true and accurate as at the date it was supplied or (if appropriate) as at the date (if any) at which it is stated to be given;
  - (B) no Obligor has omitted to supply any information to an Approved Broker in its possession or knowledge which, if disclosed, would adversely affect any such valuation; and
  - (C) to the best of each Obligor's knowledge, there has been no change to the factual information supplied in relation to any such valuation between the date such information was supplied and the date of that valuation which renders that information untrue or misleading in any material respect;
- (xxiv) each of the Obligors is resident for Tax purposes only in its jurisdiction of incorporation or formation (as the case may be);
- (xxv) each Obligor, or any Affiliate of any of them and their respective directors, officers, employees and agents are not in breach of AML

Laws, Anti-Terrorism Financing Laws and/or Business Ethics Laws and each of the Obligor have instituted and maintained systems, controls, policies and procedures designed to:

- (xxvi) (A) prevent and detect incidences of bribery and corruption, money laundering and terrorism financing; and
  - (B) promote and achieve compliance with AML Laws, Anti-Terrorism Financing Laws and Business Ethics Laws;
- (A) each Obligor, any Affiliate of any of them and their respective directors, officers and employees;
- (B) to the best knowledge of the Charterers, as at the date of this Charter, the Initial Sub-Charter and the respective directors of the Initial Sub-Charterer; and
- (C) to the best knowledge of the Charterers, as at the date any other Sub-Charter is entered into, any Sub-Charterer and the respective directors of such Sub-Charterer,
- are in compliance with all Sanctions laws, and none of them have been or are currently being investigated on compliance with Sanctions, they have not received notice or are aware of any claim, action, suit or proceeding against any of them with respect to Sanctions and they have not taken any action to evade the application of Sanctions, provided that if after the date of this Charter the Charterers become aware of any non-compliance or breach by the Initial Sub-Charterers or any Sub-Charterer or their respective directors of any Sanctions laws, or of the Initial Sub-Charterers or any Sub-Charterer or their respective directors becoming subject of any claim, action, suit or proceeding against them with respect to Sanctions, the Charterers shall immediately provide written notice to the Owners to inform the Owners of such breach, non-compliance or event (as the case may be);
- (xxvii) (A) no Obligor or any Affiliate of any of them nor any of their respective directors, officers or employees; and
  - (B) to the best knowledge of the Charterers, as at the date of this Charter, no Initial Sub-Charterer nor the respective directors of the Initial Sub-Charterer; and
  - (C) to the best knowledge of the Charterers, as at the date any other Sub-Charter is entered into, no Sub-Charterer nor the respective directors of such Sub-Charterer,
- are a Restricted Party; and

- (D) each Obligor or any Affiliate of any of them and their respective directors, officers and employees;
- (E) to the best knowledge of the Charterers, as at the date of this Charter, the Initial Sub-Charterer and the respective directors of the Initial Sub-Charterer; and
- (F) to the best knowledge of the Charterers, as at the date any other Sub-Charter is entered into, any Sub-Charterer and the respective directors of such Sub-Charterer,

are in compliance with all Sanctions laws, and none of them have been or are currently being investigated on compliance with Sanctions, they have not received notice or are aware of any claim, action, suit or proceeding against any of them with respect to Sanctions and they have not taken any action to evade the application of Sanctions, provided that if after the date of this Charter the Charterers become aware that the Initial Sub-Charterers or any Sub-Charterer or any of their respective directors become a Restricted Party or of any non-compliance or breach of any of them of any Sanctions laws, or of the Initial Sub-Charterers or any Sub-Charterer or their respective directors becoming subject of any claim, action, suit or proceeding against them with respect to Sanctions, the Charterers shall immediately provide written notice to the Owners to inform the Owners of such breach, non-compliance or event (as the case may be); and

(xxviii) none of the Obligors is a US Tax Obligor, nor has it established a place of business or is otherwise conducting business in the United States of America.

- (b) Each representation and warranty in sub-paragraphs (a)(i) to (a)(vi), (a)(x)(B), (a)(xi)(B) to (a)(xviii), (a)(xxii), (a)(xxiii), (a)(xxv), (a)(xxvi), (a)(xxvii) and (a)(xxviii) above is deemed to be repeated by the Charterers by reference to the facts and circumstances then existing on the each day on which Hire is payable under this Charter.

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#### **Charterers' undertakings**

The Charterers hereby undertake to the Owners that they will comply in full and procure compliance (where applicable) with the following undertakings throughout the Agreement Term:

- (a) the Charterers shall (and shall procure that each other Obligor) promptly:
  - (i) obtain, comply with and do all that is necessary to maintain in full force and effect; and
  - (ii) supply certified copies to the Charterers of, any authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration required under any law or regulation of a Relevant Jurisdiction to:

- (A) enable any Obligor to perform its obligations under any Sub-Charter, the Management Agreements and the Transaction Documents to which it is a party;
  - (B) ensure the legality, validity, enforceability or admissibility in evidence of any Transaction Document; and
  - (C) enable any Obligor to carry on its business where failure to do so has or is reasonably likely to have a Material Adverse Effect;
- (b) all of the following:
- (i)
    - (A) the Charterers shall comply;
    - (B) the Charterers shall procure that each other Obligor and each Affiliate of any of them will comply; and
    - (C) the Charterers shall use best endeavours to procure that each Sub-Charterer and Sub-Charter Guarantor and their respective directors shall comply,
 in all respects with all laws to which it may be subject;
  - (ii) the Charterers shall and shall procure that each other Obligor and each Affiliate of any of them (in each case above, including procuring or as the case may be, using best endeavours to procure the respective officers, directors and employees of the relevant entity to do the same) will:
    - (A) comply with all AML Laws, Anti-Terrorism Financing Laws and Business Ethics Laws;
    - (B) maintain systems, controls, policies and procedures designed to promote and achieve ongoing compliance with AML Laws, Anti-Terrorism Financing Laws and Business Ethics Laws;
    - (C) not use, or permit or authorize any person to directly or indirectly use, the Purchase Price for any purpose that would breach any AML Laws, Anti-Terrorism Financing Laws or Business Ethics Laws; and
    - (D) in respect of the Charterers, not lend, invest, contribute or otherwise make available the Purchase Price to or for any other person in a manner which would result in a violation of AML Laws, Anti-Terrorism Financing Laws or Business Ethics Laws;
  - (iii) the Charterers shall:

- (A) comply and shall procure that each other Obligor comply; and
  - (B) in respect of any Sub-Charter, they shall use best endeavours to procure that as at the date of that Sub-Charter, the Sub-Charterers party to such Sub-Charter, comply with all laws and regulations in respect of Sanctions, and in particular, they shall effect and maintain a sanctions compliance policy to ensure compliance with all such laws and regulations implemented from time to time;
- (iv) the Charterers shall not permit or authorise, and shall prevent the Vessel from being employed, operated or managed in any manner which (i) is contrary to any Sanctions and in particular, the Vessel shall not be used by or to benefit any party which is a target of Sanctions and/or is a Restricted Party or call any port in North Korea, Iran or Syria or trade to any area or country where trading the Vessel to such area or country would constitute or reasonably be expected to constitute a breach of any Sanctions or published boycotts imposed by any of the United Nations, the European Union, the United States of America, the United Kingdom or the People's Republic of China, (ii) would result or reasonably be expected to result in any Obligor or the Owners becoming a Restricted Party or (iii) would trigger the operation of any sanctions limitation or exclusion clause in any insurance documentation;
- (v) (A) they shall, and shall use best endeavours to procure that any other Obligor, Sub-Charterers or Sub-Charter Guarantor shall, promptly notify the Owners of any non-compliance, by:
- (1) any Obligor or each Affiliate of any of them or their respective officers, directors and employees;
  - (2) the Initial Sub-Charterers, any Sub-Charterer or Sub-Charter Guarantor or any of their respective directors. with all laws and regulations relating to Sanctions (including but not limited to notifying the Owners in writing immediately upon being aware that:
    - (I) any Obligor or each Affiliate of any of them or its shareholders, directors, officers or employees; or
    - (II) the Initial Sub-Charterers, any Sub-Charterer or Sub-Charter Guarantor or any of their respective directors,

- is a Restricted Party or has otherwise become a target of Sanctions) as well as provide all information (once available) in relation to its business and operations which may be relevant for the purposes of ascertaining whether any of the aforesaid parties are in compliance with such laws; and
- (B) they shall, and shall use best endeavours to procure that any other Obligor shall, promptly notify the Owners of any non-compliance, by any Obligor or, each Affiliate of any of them or their respective officers, directors, employees, consultants, agents or intermediaries, with all laws and regulations relating to Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and/or Business Ethics Laws as well as provide all information (once available) in relation to its business and operations which may be relevant for the purposes of ascertaining whether any of the aforesaid parties are in compliance with such laws.
- (c) the Charterers shall and shall procure that the Obligor shall:
- (i) comply with all Environmental Laws;
  - (ii) obtain, maintain and ensure compliance with all requisite Environmental Approvals; and
  - (iii) implement procedures to monitor compliance with and to prevent liability under any Environmental Law; where failure to do so has or is likely to have a Material Adverse Effect;
- (d) the Charterers shall promptly upon becoming aware of the same, inform the Owners in writing of:
- (i) any Environmental Claim against any of the Obligor or the Vessel which is current, pending or threatened and which has or is likely to have a Material Adverse Effect; and
  - (ii) any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against any of the Obligor or the Vessel which has or is likely to have a Material Adverse Effect;
- (e) all of the following:
- (i) the Charterers shall (and shall procure that each other Obligor will) pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that:
    - (A) such payment is being contested in good faith;

- (B) 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 Owners under Clause 48(x); and
  - (C) such payment can be lawfully withheld.
- (ii) the Charterers may not (and no other Obligor may) change its residence for Tax purposes.
  - (iii) the Charterers will ensure that no Obligor shall become a US Tax Obligor;
- (f) the Charterers shall and shall procure that each Obligor shall maintain its jurisdiction of incorporation or formation (as the case may be) as at the date of this Charter (or in respect of an Obligor that becomes an Obligor after the date of this Charter, as at the date on which it becomes an Obligor under this Charter), and the Charterers shall from time to time (but, provided no Termination Event has occurred and is continuing, not more than once every calendar year), if applicable and if requested by the Owners (acting reasonably), provide the Owners with evidence in form and substance satisfactory to the Owners that each Obligor remains in good standing;
  - (g) the Charterers shall ensure that at all times any unsecured and unsubordinated claims of the Owners against it under the Transaction Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies;
  - (h) the Charterers will procure that any Approved Manager shall enter into a Manager's Undertaking prior to its appointment as a manager for the Vessel;
  - (i) except for any Permitted Security Interests, the Charterers will not create or permit to subsist any Security Interest or other third party rights over any of their present or future rights and interests in or towards the Vessel;
  - (j) the Charterers shall not enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset;
  - (k) the Charterers shall not enter into any transaction with any person except on arm's length terms and for full market value save for any fees, costs and expenses payable under the Transaction Documents in the amounts set out in the Transaction Documents or agreed by the Owners;
  - (l) the Charterers shall not (and shall procure that no other Obligor will) enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction, **provided that** in the case of the Charter Guarantor, such amalgamation, demerger, merger, consolidation or corporate reconstruction is permitted without restrictions so long as:
    - (i) the Charter Guarantor remains the surviving entity of any such process;

- (ii) no Termination Event has occurred at the relevant time or would be triggered as a result of such process; and
  - (iii) the process of any such further amalgamation, demerger, merger, consolidation or corporate reconstruction does not have a Material Adverse Effect;
- (m) the Charterers shall not (and shall procure that no other Obligor will) materially change the nature and scope of its business from that carried on at the date of this Charter;
- (n) the Charterers shall not cease or threaten to cease to carry on all or, in the reasonable opinion of the Owners, any material part of the Charterers' business;
- (o) the Charterers shall not acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them) or incorporate a company;
- (p) the Charterers shall not:
  - (i) enter into, invest in or acquire (or agree to acquire) any shares, stocks, securities or other interest in any Joint Venture; or
  - (ii) transfer any assets or lend to or guarantee or give an indemnity for or give security for the obligations of a Joint Venture or maintain the solvency of or provide working capital to any Joint Venture (or agree to do any of the foregoing);
- (q) the Charterers shall not incur or allow to remain outstanding any Financial Indebtedness (other than (i) as permitted by this Charter; (ii) the aggregate amount of which is not more than one million Dollars (US\$1,000,000) (iii) any such Financial Indebtedness is subordinated to all Financial Indebtedness incurred under the Transaction Documents pursuant to a subordination agreement in favour of the Owners or such other arrangement acceptable to the Owners; and (iv) without prejudice to the foregoing provisions of this Clause, incur any liability to any third party which is in the Owners' opinion of a substantial nature);
- (r) the Charterers shall and shall procure that the Charter Guarantor shall undertake that all loans made to the Charterers (including but not limited to any Shareholder Loan), all claims of the Charter Guarantor or any member of the Group against the Charterers and all sums owed by the Charterers to any other member of the Group are specifically and absolutely subordinated to the interests of the Owners under the Transaction Documents pursuant to a subordination agreement in favour of the Owners or such other arrangement acceptable to the Owners and no principal or interest is to be paid by the Charterers in relation to such loans or other indebtedness during the Charter Period;
- (s) the Charterers shall not be a creditor in respect of any Financial Indebtedness;

- (t) the Charterers shall not incur or allow to remain outstanding any guarantee in respect of any obligation of any person save in accordance with the provisions of this Charter;
- (u) the Charterers shall not, and shall procure that the Charter Guarantor shall not, at such time when a Termination Event is continuing or would occur immediately after the making of the payment:
  - (i) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital);
  - (ii) repay or distribute any dividend or share premium reserve;
  - (iii) pay any management, advisory or other fee to or to the order of any of the shareholders of the Holding Company;
  - (iv) in relation to the Charterers only, make any payment of any kind under any Financial Indebtedness owed to any member of the Group which is subordinated to all Financial Indebtedness incurred under the Transaction Documents pursuant to a subordination agreement in favour of the Owners or such other arrangement acceptable to the Owners;
  - (v) redeem, repurchase, defease, retire or repay any of its share capital or resolve to do so; or
  - (vi) issue any new shares in its share capital or resolve to do so;
- (v) at such time when a Potential Termination Event or Termination Event has occurred and is continuing, the Charterers will permit the inspection of its financial records and accounts from time to time by the Owners or its nominee;
- (w) the Charterers will, when directed by the Owners to do so upon the occurrence of a Termination Event which is continuing, procure that any Sub-Charterer or Sub-Charter Guarantor shall credit all payments of charterhire of each Sub-Charter and Sub-Charter Guarantee and all other amounts payable thereunder directly to the Owners' Account;
- (x) in respect of the Charter Guarantor, the Charterers will supply or cause to be supplied to the Owners as soon as the same become available, but in any event within:
  - (i) one hundred and twenty (120) days after the end of each of the Charter Guarantor's financial years, the audited financial report of the Charter Guarantor for that financial year and management annual financial report extracts from the Charter Guarantor's audited financial report for that financial year; and
  - (ii) sixty (60) days after the end of each of the Charter Guarantor's financial half-years, the unaudited consolidated financial statements

- of the Charter Guarantor of that financial half-year and management annual financial report extracts from the Charter Guarantor's unaudited consolidated financial statements of that financial half-year;
- (y) each set of financial statements delivered by the Charterers under paragraph (y) above:
- (i) shall be in the English language;
  - (ii) shall be certified by a director or the Chief Financial Officer of the relevant company as fairly presenting its financial condition as at the date as at which those financial statements were drawn up; and
  - (iii) shall be prepared using GAAP, 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, it notifies the Owners that there has been a change in GAAP, the accounting practices or reference periods and its auditors deliver to the Owners:
    - (A) a description of any change necessary for those financial statements to reflect the GAAP, accounting practices and reference periods upon which the Original Financial Statements were prepared; and
    - (B) sufficient information, in form and substance as may be reasonably required by the Owners, to enable the Owners to determine whether Clause 75 (*Financial Covenants*) has been complied with and make an accurate comparison between the financial position indicated in those financial statements and the Original Financial Statements,

any reference in this Charter to those 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;

- (z) the Charterers shall supply to the Owners:

- (i)
  - (A)
    - (1) at the same time as they are dispatched, copies of all documents dispatched by the Charterers or any other Obligor (save for the Charter Guarantor) to its shareholders generally (or any class of them) or dispatched by the Charterers or any other Obligor to its creditors generally (or any class of them); and
    - (2) at the same time as they are dispatched, copies of all documents dispatched by the Charter Guarantor



consumption data required to be collected and reported in accordance with regulation 22A of Annex VI and any Statement of Compliance, each relating to the Vessel for the preceding calendar year, provided that the Owners shall not publicly disclose such information with the identity of the relevant Vessel without the prior written consent of the Charterers and, for the avoidance of doubt, such information shall be subject to Clause 78 (*Confidentiality*) but the Charterers acknowledge that, in accordance with the Poseidon Principles, such information will form part of the information published regarding the Owners', any of their Affiliates' or a Finance Party's portfolio climate alignment.

(B) For the purposes of this Clause 48(z)(ii):

**"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 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.

- (aa) the Charterers shall promptly upon receipt provide to the Owners copies of any notice of charter renewal, cancellation or termination issued by the Initial Sub-Charterer under the Initial Sub-Charter, and will disclose all information in relation to each Sub-Charter and each Sub-Charterers to the Owners upon the Owners' reasonable request (including any information in relation to any Sub-Charterers' fulfilment of their obligations pursuant to the relevant Sub-Charter);
- (bb) the Charterers will (and will procure that each Obligor will):
- (i) from time to time and at their own costs and expenses, do and perform such other and further acts and execute and deliver any and all such other agreements, instruments and documents as may be required by law or requested by the Owners or the Finance Parties (as the case may be, in either case, acting reasonably) to establish, maintain and protect the rights and remedies of the Owners and/or the Finance Parties (as the case may be) and to carry out and effect the intent and purpose of this Charter, the other Transaction Documents and, to the extent consistent with the terms of this Charter, the Finance Documents (as applicable); and
  - (ii) if applicable:
    - (A) acknowledge and consent to the creation of any Finance Document required by any Finance Party; and

- (B) to the extent consistent with the terms of this Charter, enter into any document, notice or acknowledgement reasonably required by any Finance Party for the purposes of ensuring any relevant Security Interest remains valid and in full force and effect;
- (cc) the Charterers will, forthwith execute and deliver any and all such other agreements, instruments and documents as may be required by law or deemed necessary by the Owners to ensure that each Sub-Charter remains in effect, so that all obligations previously owed by each Sub-Charterers to the Charterers (then as registered owners) under the relevant Sub-Charter shall continue to be owed to the Charterers throughout the duration thereof;
- (dd) the Charterers will deliver or procure the delivery to the Owners of such Valuation Reports each from an Approved Broker for purposes of determining Market Value from time to time in accordance with Clause 74 (*Value Maintenance Covenants*);
- (ee) the Charterers will notify the Owners as soon as they become aware of:
- (i) a Potential Termination Event or a Termination Event and will keep the Owners fully up-to-date with all developments and will, if so requested by the Owners, provide any such certificate signed by a director on behalf of the Charterers, confirming that there exists no Potential Termination Event or Termination Event;
  - (ii) any Sub-Charter Termination Event and any event or circumstance which may entitle any party to a Sub-Charter to exercise its right to terminate, cancel or suspend such Sub-Charter, or otherwise results or is capable of resulting in such Sub-Charter ceasing to be in full force and effect, and provide to the Owners all documents and information in respect of such event or circumstance;
  - (iii) any cancellation, termination, rescission, expiration, cessation of remaining in in full force and effect or otherwise coming to an end of any Sub-Charter;
  - (iv) any detention or arrest of the Vessel;
  - (v) any damage or alteration of the Vessel where the costs to repair such damage or to make such alteration will exceed or is reasonably likely to exceed the Threshold Amount; and
  - (vi) any negotiations between an Obligor with one or more of its creditors with a view to rescheduling any of its indebtedness, by reason of actual or anticipated financial difficulties.
- (ff) the Charterers will not, without the prior written consent of the Owners, (x) novate or terminate the Sub-Charter, or (y) materially amend, vary, supplement, supersede or waive any term of, any Sub-Charter (for the purposes of this clause, any amendment, variation, supplement, supercession

- or waiver in connection with hire, payment terms, off-hire provisions, charter duration or termination shall be deemed as material);
- (gg) the Charterers shall ensure that there shall be no change in the legal or beneficial ownership, shareholding or management control of the Charterers (including any material change in the composition of the board of directors of the Charterers) from that advised to the Owners by the Charterers at the date of this Charter (and, in particular, reflected in the officer's certificate of the Charterers provided to the Owners pursuant to the MOA or this Charter); and
- (hh) the Charterers will keep the Vessel registered in the name of the Owners as legal owner of the Vessel under the laws and flag of an Approved Flag, and shall not do or permit to be done anything, or omit to do anything which would result in:
- (i) such registration being forfeited or imperilled; or
  - (ii) the Vessel being required to be registered under any other law or flag (other than the Approved Flag),
- and save with the prior written consent of the Owners, the Charterers shall not register the Vessel or permit her registration under any other law or flag (other than the Approved Flag), provided always that if at any time the laws or regulations of any Approved Flag require the Owners to re-domicile or change their residency to another jurisdiction before the Vessel may be registered under that flag then the prior written consent of the Owners (not to be unreasonably withheld) for any proposed change in flag to that Approved Flag shall be obtained. Any change of flag to an Approved Flag after the date of this Charter may only be undertaken (A) subject to any prevailing laws and regulations; (B) at no cost to the Owners and (C) at such time when no Termination Event has occurred and is continuing. The Charterers shall pay or reimburse (as the case may be) the Owners in respect of all documented costs, fees, expenses and/or taxes which are payable to effect any such change of flag).
- (ii) 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 Charter;
  - (ii) any change in the status of an Obligor (or of a Holding Company of an Obligor) after the date of this Charter;
  - (iii) any change in (A) the composition of the shareholders of an Obligor or its Holding Company, in each case not being a listed company in any stock exchange or (B) the shareholders which individually holds more than twenty-five per cent (25%) of an Obligor being a company listed in any stock exchange, after the date of this Charter;
  - (iv) a proposed assignment or transfer by the Owners of any of its rights and obligations under this Charter to any other party;
- or

- (v) the Owners' internal compliance policies related to "know your customer" checks, obliges the Owners to comply with "know your customer" or similar checks under all applicable laws, regulations and internal policies in circumstances where the necessary information is not already available to it, the Charterers shall promptly upon the request of the Owners supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Owners in order for the Owners to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations and internal policies pursuant to the transactions contemplated in the Transaction Documents (such documentation and evidence may include, without limitation, evidence of incorporation from the relevant registry of companies (or equivalent), a certificate of goodstanding (if relevant), a director's certificate (or equivalent) setting out the names of directors (or equivalent officials), copies of passports of directors (or equivalent officials) and articles of association or other equivalent constitutional documents);
- (jj) the Charterers shall (and shall procure that each other Obligor will) promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Owners may reasonably specify (and in such form as the Owners may reasonably require in favour of the Owners or its nominee(s)):
- (i) to perfect any Security Interest created or intended to be created under or evidenced by the Security Documents (which may include the execution of a mortgage, charge, assignment or other Security Interest 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 Owners provided by or pursuant to the Transaction Documents or by law;
- (ii) in respect of the Charterers, to confer on the Owners a Security Interest over any property and assets of the Charterers located in any jurisdiction equivalent or similar to the Security Interest intended to be conferred by or pursuant to the Security Documents; and/or
- (iii) to facilitate the realisation of the assets which are, or are intended to be, the subject of the Security Documents, the Charterers shall (and shall procure that each other Obligor will) 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 Owners by or pursuant to the Transaction Documents;
- (kk) the Charterers shall ensure that, at all times during the Agreement Term, the credit balance of the Operating Account is not less than the aggregate Minimum Cash Balance and that no amounts may be withdrawn or transferred

- from the Operating Account without the Owners' prior written consent following the occurrence of any Termination Event;
- (ll) the Charterers shall supply to the Owners during the Agreement Term on a half-yearly basis from the Actual Delivery Date, with reports in form and substance satisfactory to the Owners (acting reasonably) in respect of the Vessel's employment status, management and pooling arrangements at that time;
- (mm) the Charterers shall procure that the Account Bank provides to the Owners and that the Owners are provided access to any information on the Operating Account, including but not limited to written statements of accounts showing all entries made to the credit and debit of the Operating Account and any other information required by the Owners showing that any Earning has been paid into the Operating Account in full and on time; and
- (nn)
- (i) the Charterers shall permit the Owners to access class records and inspection records of the Vessel during the Agreement Term and the Charterers shall provide copies of any vessel certificates of the Vessel upon the Owners' request; and
  - (ii) the Charterers shall permit the Owners (by surveyors or other persons appointed by them for that purpose):
    - (A) in the absence of a Potential Termination Event or Termination Event, to board the Vessel once a year without interference to the operation of the Vessel; and
    - (B) upon the occurrence of a Potential Termination Event or Termination Event, to board the Vessel at any time, to inspect the Vessel's condition or to satisfy themselves about proposed or executed repairs and the Charterers shall afford all proper facilities for such inspections. All documented costs and expenses arising from such inspection shall be for the Charterer's account.
- (oo) no later than the second (2<sup>nd</sup>) anniversary of the Actual Delivery Date, the Charterers shall pay to the Owners a cash collateral (the "**Cash Collateral**"), which shall be paid to the Owners' Account or any other account nominated by the Owners, equal to the Day One Cash Collateral Amount which shall be:
- (i) refunded by the Owners to the Charterers without interest if:
    - (A) the Initial Sub-Charterer exercises the Initial Sub-Charter Optional Term such that the charter period under the Initial Sub-Charter is extended to a date falling on or after the Expiry Date; or

- (ii) (B) the Charterers enter into an Approved Charter for the Vessel and the rights and interests of the Charterers in such Approved Charter is assigned to the Owners on terms reasonably acceptable to the Owners;
- reduced pro rata if none of the conditions set out in Clause 48(oo)(i) has been met but any Sub-Charter for the Vessel (which is not an Approved Charter) has been entered into by the Charterers with an Approved Charterer, with:
- (A) a daily charterhire rate between (and inclusive of) thirteen thousand five hundred Dollars (US\$13,500) to (and exclusive of) sixteen thousand five hundred Dollars (US\$16,500) and for the avoidance of doubt, if such daily charterhire rate exceeds sixteen thousand and five hundred Dollars (US\$16,500), then for the purposes of calculating the Cash Collateral Refund Amount in this Clause 48(oo)(ii), the daily charterhire rate is deemed to be sixteen thousand and five hundred Dollars (US\$16,500); and
- (B) the fixed charter period of such Sub-Charter shall be for a minimum period of one (1) year, with the amount of each reduction to the Cash Collateral pursuant to this Clause 48(oo)(ii) (each, a "**Cash Collateral Refund Amount**") to be determined as follows:

$$A = (B/C) \times D$$

Where:

**A** is the Cash Collateral Refund Amount in United States Dollars;

**B** is the gross revenue receivable under such sub-charter based on the daily charterhire rate multiplied by the number of days during the fixed charter period ending in any event on the Expiry Date;

**C** is the aggregate amount of charter hire receivable by the Charterers from the Initial Sub-Charterers during the Initial Sub-Charter Optional Term (based on the Daily Initial Sub-Charter Optional Term Rate multiplied by the number of days during the Initial Sub-Charter Optional Term); and

**D** is the Day One Cash Collateral Amount.

Following a determination of a Cash Collateral Refund Amount by the Owners, the Owners shall refund that Cash Collateral Refund Amount to the Charterers without interest, **provided that** the aggregate amount of that Cash Collateral Refund Amount that may be refunded to the Charterers in accordance with this Clause 48(oo)(ii) and all Cash Collateral Refund Amounts already previously refunded by the

- Owners shall not in any circumstances exceed the Day One Cash Collateral Amount.
- (iii) retained by the Owners and not be refundable to the Charterers in respect of any sub-chartering arrangements entered into by the Charterers and permitted under this Agreement (other than the Initial Sub-Charter or any Sub-Charters referred to in Clause 48(oo)(i) and Clause 48(oo)(ii)), including if:
- (A) a Sub-Charter for the Vessel (which is not an Approved Charter) has been entered into by the Charterers and a Sub-Charterer, but:
    - (1) such Sub-Charterer is not an Approved Charterer; or
    - (2) such Sub-Charter has a daily charter hire of less than thirteen thousand five hundred Dollars (US\$13,500); or
  - (B) no Sub-Charter for the Vessel has been entered into by the Charterers and a Sub-Charterer, and the Cash Collateral shall be applied by the Owners:
    - (I) if a Call Option has been exercised by the Charterers in accordance with Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*), against and to reduce the Call Option Price payable by the Charterers at the expiry of the Charter Period;
    - (II) in the event of a Termination Event, Total Loss or an Early Termination Event, against and to reduce the Termination Sum payable by the Charterers;
    - (III) if a Purchase Option has been exercised and fulfilled in accordance with this Charter, against and to reduce the Purchase Option Price; and
    - (IV) in whole or in part, any other sums owing by the Charterers to the Owners from time to time.
- (pp) if either of the following events occur:
- (i) the Initial Sub-Charter is cancelled, rescinded, terminated, expires or otherwise ceases to be in full force and effect during the Initial Sub-Charter Optional Term; or
  - (ii) any subsequent Sub-Charter is cancelled, repudiated, rescinded, terminated before its natural expiration under the terms of such Sub-Charter,
- and the Charterers have received any refund from the Owners in accordance with Clause 48(oo) such that the amount of the Cash Collateral at such time

is less than the Day One Cash Collateral, the Charterers shall immediately provide a further deposit in the amount of the shortfall and deposit the same in the Owners' Account or any other account nominated by the Owners, for the purpose of and in order to restore the Cash Collateral to the amount of the Day One Cash Collateral.

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#### Termination Events

- (a) Each of the following events shall constitute a Termination Event:
- (i)
    - (A) an Obligor fails to pay on the due date (or, in the case of sums expressed to be payable on demand, within three (3) Business Days of the Owners' demand) any sum payable pursuant to the Transaction Document to which it is a party;
    - (B) no Termination Event shall occur under Clause 49(a)(i)(A) in relation to a failure to pay any Hire on the relevant due date if such Obligor can demonstrate to the reasonable satisfaction of the Owners that all necessary instructions were given to effect such payment and the non-receipt thereof is attributable solely to an administrative or technical error or an error in the banking system and payment of such Hire is made within three (3) Business Days of its original due date;
  - (ii) any Obligor fails duly to perform or comply with any of the obligations in a Transaction Document expressed or to be assumed by or procured by the Charterers under or relating to:
    - (A) Clause 41 (*Insurance*), Clause 74 (*Financial Covenants*) or Clause 48(b) (*AML Laws etc. and Sanctions*); or
    - (B) Clause 38(a)(i) (*Further maintenance and operation*) which is not remedied within ten (10) days after the earlier of written notice from the Owners requesting action to remedy the same or the relevant Obligor becoming aware of the same;
  - (iii) any Obligor defaults under, or in the due and punctual observance and performance of, any other provision of a Transaction Document to which it is a party and where, in the opinion of the Owners, such default is capable of remedy (and for these purposes a breach by the Charterers of their obligations under Clause 36(b) (*Conditions precedent and conditions subsequent*), Clause 41 (*Insurance*) or Clause 48(b) (*AML Laws etc. and Sanctions*), shall be a default not capable of remedy), such default is not remedied to the Owners' satisfaction within fourteen (14) days after written notice from the Owners requesting action to remedy the same;

- (iv) any representation or statement made by any Obligor in or pursuant to a Transaction Document to which it is a party or in any notice, certificate, instrument or statement contemplated thereby or made or delivered pursuant hereto or thereto is, or proves to be, incorrect or misleading in any material respect when made or deemed to be repeated;
- (v) all of the following:
  - (A) any Financial Indebtedness of an Obligor is not paid when due nor within any originally applicable grace period;
  - (B) any Financial Indebtedness of an Obligor 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 an Obligor is cancelled or suspended by a creditor of an Obligor as a result of an event of default (however described); and
  - (D) any creditor of an Obligor becomes entitled to declare any Financial Indebtedness of an Obligor due and payable prior to its specified maturity as a result of an event of default (however described),

**provided that** no Termination Event will occur under this Clause 49(a)(v) if, the aggregate amount of such Financial Indebtedness referred to in this Clause 49(a)(v) (i) in respect of the Charter Guarantor, is less than ten million Dollars (US\$10,000,000) and (ii) in respect of the Charterers, is less than five hundred thousand Dollars (US\$500,000);
- (vi) any of the following:
  - (A) an Obligor:
    - (1) is unable or admits inability to pay its debts as they fall due;
    - (2) is deemed to, or is declared to, be unable to pay its debts under applicable law;
    - (3) suspends or threatens to suspend making payments on any of its debts; or
    - (4) other than the Charter Guarantor, 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 Charter Guarantor, any of its Subsidiaries or any of their respective directors or authorised representatives by reason of actual or anticipated financial difficulties take any steps (whether by submitting or presenting a document setting out a proposal or proposed terms or otherwise) with more than 35% (by value) of creditors of the Group (taken as a whole) with a view to obtaining any form of moratorium, suspension or deferral of payments or reorganisation of debt (or certain debt), provided that this Clause 49(a)(vi)(B) shall not apply where the relevant steps are being taken solely with the Owners or any of the Owners' Subsidiaries;
  - (C) the value of the assets of an Obligor is less than its liabilities (taking into account contingent and prospective liabilities); or
  - (D) a moratorium is declared in respect of any indebtedness of an Obligor. If a moratorium occurs, the ending of the moratorium will not remedy any Termination Event caused by that moratorium;
- (vii) any corporate action, legal proceedings or other procedure or step is taken in relation to:
- (A) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration, bankruptcy or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of an Obligor;
  - (B) a composition, compromise, assignment or arrangement with any creditor of an Obligor;
  - (C) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager, trustee or other similar officer in respect of an Obligor or any of its assets; or
  - (D) enforcement of any Security Interest over any assets of an Obligor,
- or any analogous procedure or step is taken in any jurisdiction. This Clause 49(a)(vii) shall not apply to (i) any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within twenty one (21) days of commencement or (ii) any arrest or detention of the Vessel from which the Vessel is released within twenty one (21) days from the date of that arrest or detention;
- (viii) any expropriation, attachment, sequestration, distress or execution (or any analogous process in any jurisdiction) affects any asset or

- assets of an Obligor and is not discharged within twenty one (21) days.
- (ix) any Obligor ceases or threatens to cease, to carry on all or, any material part of such Obligor's business;
  - (x) any of the following:
    - (A) it is or becomes unlawful for an Obligor to perform any of its obligations under the Transaction Documents or any Security Interest under a Security Document ceases to be effective;
    - (B) any obligation or obligations of any Obligor under any Transaction Documents are not or cease to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Owners under the Transaction Documents; or
    - (C) any Transaction Document ceases to be in full force and effect or any Security Interest under a Security Document ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it (other than the Owners) to be ineffective,and no agreement is reached between the Owners and the Charterers to agree an alternative arrangement within thirty (30) days from the date of occurrence of any of the events stated above;
  - (xi) the authority or ability of an 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 an Obligor or any of its assets **provided that** rescission or repudiation of a Sub-Charter by a Sub-Charterer with the prior written consent of the Owners, would not constitute a Termination Event;
  - (xii) an Obligor rescinds or purports to rescind or repudiates or purports to repudiate a Transaction Document (in relation to a Sub-Charter, without the Owner's prior written consent) or any of the Security Interests under a Security Document or evinces an intention to rescind or repudiate a Transaction Document or any of the Security Interests under a Security Document;
  - (xiii) any of the conditions in Clause 36(b) is not satisfied within the specified time;
  - (xiv) any authorisation, approval, consent, licence, exemption, filing or registration or other requirement of any governmental, judicial or other public body or authority which is now, or which at any time during the Agreement Term becomes, necessary to enable any

- Obligor to comply with any of its obligations or undertakings contained in a Transaction Document to which it is a party is not obtained or is modified, revoked, suspended, withdrawn or withheld or does not remain in full force and effect and in any such case the same is not remedied within such reasonable time and by such measures as the Owners may approve;
- (xv) the Charter Guarantor gives notice to the Owners to determine any obligations under the Charter Guarantee;
- (xvi) any litigation, arbitration or administrative proceedings or investigations of, or before, any court, arbitral body, arbitral tribunal or agency are started or threatened, or any judgment or order of a court, arbitral body, arbitral tribunal, agency or other tribunal or any order or sanction of any governmental or other regulatory body is made, in relation to the Transaction Documents or the transactions contemplated in the Transaction Documents or against an Obligor or its assets which have, or has, or are, or is, reasonably likely to have a Material Adverse Effect;
- (xvii) for any reason whatsoever, the Vessel ceases to:
- (A) comply with the ISM Code or the ISPS Code; or
- (B) be managed by the Approved Manager in accordance with the Management Agreement or otherwise on terms in all respects approved by the Owners,
- in each case, which is not remedied within three (3) Business Days after the earlier of written notice from the Owners requesting action to remedy the same or the Charterers becoming aware of the same;
- (xviii) any event or circumstance occurs which the Owners reasonably believe has or is reasonably likely to have a Material Adverse Effect;
- (xix)
- (A) any of the Obligors or any Affiliate of any of them or any of their respective directors, officers or employees becomes a Restricted Party or becomes owned or controlled by, or acts directly or indirectly on behalf of, a Restricted Party or any of such persons becomes the owner or controller of a Restricted Party;
- (B) any proceeds of the Purchase Price are made available, directly or indirectly, to or for the benefit of a Restricted Party or otherwise is, directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions; or
- (C) any of the Obligors or any Affiliate of any of them or any of their respective directors, officers or employees is not in compliance with all Sanctions; or

- (D) the Vessel is employed, operated or managed in any manner which (i) requires it to call at any port in North Korea, Iran or Syria, or any area or country where trading the Vessel to such port or area or country would constitute or reasonably be expected to constitute a breach of any Sanctions, (ii) is contrary to any Sanctions and in particular, the Vessel is used by or to benefit any party which is a target of Sanctions and/or is a Restricted Party, (iii) would result or reasonably be expected to result in any Obligors, Sub-Charterer, Sub-Charter Guarantor or the Owners becoming a Restricted Party, or (iv) would trigger the operation of any Sanctions limitation or exclusion clause in any insurance documentation; or
- (xx) at such time when there is a change in the legal or beneficial ownership, shareholding or management control of the Charterers (including any material change in the composition of the board of directors of the Charterers) from that advised to the Owners by the Charterers at the date of this Charter (and, in particular, reflected in the officer's certificate of the Charterers provided to the Owners pursuant to the MOA or this Charter);
- (xxi) the Initial Sub-Charter is cancelled, repudiated, rescinded, terminated, expires or otherwise ceases to be in full force and effect prior to the third (3<sup>rd</sup>) anniversary of the Actual Delivery Date, **provided that** it shall not constitute a Termination Event under this clause if the Charterers, within forty five (45) days after the date that the Initial Sub-Charter is cancelled, repudiated, rescinded, terminated, expires or otherwise ceases to be in full force and effect, deliver the vessel into (and not just fix) a substitute Sub-Charter for the Vessel, with material terms and conditions satisfactory to the Owners and for the purposes of this clause any of the following requirements shall be deemed to be material:
- (A) such Sub-Charter shall be entered into with an Approved Sub-Charterer and shall not be on a bareboat charter basis unless approved by the Owners (acting reasonably);
- (B) the rate of daily charter hire under such Sub-Charter shall be no less than thirty six thousand five hundred Dollars (US\$36,500);
- (C) the fixed charter period of such Sub-Charter (without optional extensions) shall end on a date on or after the Initial Sub-Charter Fixed Term,
- in addition, (i) the Charterers shall provide the Owners with such executed sub-charter agreement and issued "on-hire" certificate evidencing the delivery of the Vessel into such Sub-Charter; and (ii) the Charterers shall assign the rights of any such Sub-Charter to the Owners on terms and conditions satisfactory to the Owners;

- (xxii) any "Termination Event" (as such term is defined under any Collateral Charter) occurs under any Collateral Charter; or
  - (xxiii) a "Termination Event" (as such term is defined under the Anthea Y Charter) in accordance with Clause 49(a)(i) of the Anthea Y Charter has occurred and is continuing; or
  - (xxiv) the Charterers (as sellers) fail to perform or comply with its undertaking provided to the Owners (as buyers) in accordance with Clause 19(b) of the MOA.
- (b) A Termination Event shall constitute (as the case may be) either a repudiatory breach of, or breach of condition by the Charterers under, this Charter or an agreed terminating event the occurrence of which will (in any such case) entitle the Owners to exercise all or any of the remedies set out below in this Clause 49.
- (c) At any time after a Termination Event shall have occurred and be continuing following the lapse of any applicable grace period as specified in paragraph (a) above, the Owners may:
- (i) at their option and by delivering to the Charterers a Termination Notice, terminate this Charter with immediate effect or on the date specified in such Termination Notice, and withdraw the Vessel from the service of the Charterers without noting any protest and without interference by any court or any other formality whatsoever, whereupon the Vessel shall no longer be in the possession of the Charterers with the consent of the Owners, and the Charterers shall redeliver the Vessel to the Owners in accordance with Clauses 42 (*Redelivery*) and 43 (*Redelivery conditions*);
  - (ii) enforce any Security Interest created pursuant to the relevant Transaction Documents; and
  - (iii) forfeit the refund of the Cash Collateral (which the Charterers irrevocably agree the Owners are entitled to do at any time after a Termination Event has occurred and is continuing) and apply the Cash Collateral against any amount of the Termination Sum payable and owing by the Charterers.
- (d) On the date falling no later than fifteen (15) days after the Termination Payment Date in respect of any termination of the chartering of the Vessel under this Charter in accordance with paragraph (c) above, the Charterers shall pay to the Owners an amount equal to the Termination Sum. For the avoidance of doubt, interest shall continue to accrue on the Termination Sum pursuant to paragraph (i) of Clause 40 (*Hire*) from the Termination Payment Date to the date of actual payment.
- (e) Following any termination to which this Clause 49 applies, all sums payable in accordance with paragraph (d) above shall be paid to such account or accounts as the Owners may direct and shall be applied by the Owners in the following order:

- (i) firstly, against the Termination Sum; and
  - (ii) secondly, in accordance with Clause 4.2.1(d) to (e) of the Security Trust Deed.
- (f) If the chartering of the Vessel or, as the case may be, the obligation of the Owners to deliver and charter the Vessel to the Charterers is terminated in accordance with the terms of this Charter, the obligation of the Charterers to pay Hire shall cease once the Charterers have made the payment pursuant to paragraph (d) above or Clause 40(k) (*Hire*) to the satisfaction of the Owners, whereupon the Owners shall arrange for title of the Vessel to be transferred to the Charterers in accordance with paragraphs (e) to (h) of Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*).
- (g) Without prejudice to the forgoing or to any other rights of the Owners under this Charter, at any time after a Termination Notice is served under Clause 49(c) (*Termination Events*), the Owners may, acting in their sole discretion without prejudice to the Charterers' obligations under Clause 43 (*Redelivery conditions*), retake possession of the Vessel and, the Charterers agree that the Owners, for such purpose, may put into force and exercise all their rights and entitlements at law and may enter upon any premises belonging to or in the occupation or under the control of the Charterers where the Vessel may be located as well as giving instructions to the Charterers' servants or agents for this purpose, provided that the Owners shall not be entitled to exercise their rights under this Clause if the Charterers have made the payment pursuant to Clause 49(d) (*Termination Events*) to the satisfaction of the Owners and the Owners have transferred title to the Vessel to the Charterers (or its nominee) in accordance with Clauses 52(e) (*Purchase Obligation, Call Option, Early Termination Event and Transfer of title*).
- (h) Following any termination to which this Clause 49 applies, if the Charterers have not paid to the Owners the Termination Sum on the date falling no later than fifteen (15) days after the applicable Termination Payment Date (and consequently the Owners have not transferred title to the Vessel to the Charterers (or its nominee) in accordance with Clause 52(e) (*Purchase Obligation, Early Termination Event and Transfer of title*), the Owners shall be entitled (but not obliged) to sell the Vessel and apply the proceeds of a sale of the Vessel received or receivable, net of any fees, commissions, documented costs, disbursements or other expenses incurred by the Owners as a result of the Owners arranging the proposed sale (the "**Net Proceeds**"), against the Termination Sum and:
- (i) if the Net Proceeds do not exceed the Termination Sum, claim from the Charterers for any shortfall together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof to the date of actual payment; or
  - (ii) if the Net Proceeds exceed the Termination Sum, any surplus shall be applied in the order set out in clause 4.2.1(d) to (e) of the Security Trust Deed,
- provided that** in the event:

- (A) the Owners have not yet entered into any agreement for the sale, charter or employment of the Vessel;
- (B) the Charterers furnish the Owners with an Offer no later than the date falling thirty (30) days after the Termination Payment Date (or such later date as may be agreed by the Owners, the "Latest MOA Date"); and
- (C) the potential buyer which has made the Offer (the "Potential Buyer") is acceptable to the Owners (acting reasonably, such acceptance not to be unreasonably withheld or delayed),

the Owners shall, subject to the entry into of a memorandum of agreement for the Vessel between the Potential Buyer and the Owners which shall be on terms acceptable to the Owners (the "**Potential Buyer MOA**") by the Latest MOA Date, sell the Vessel to the Potential Buyer in accordance with the terms of the Potential Buyer MOA. For the avoidance of doubt, the Owners may at its sole discretion (acting reasonably) proceed to complete any sale, charter or employment of the Vessel arranged by the Owners notwithstanding the Offer furnished by the Charterers. The proceeds of such sale shall, for the avoidance of any doubt, be applied in accordance with this Clause 49(h)(i) and (ii) as above.

For the purposes of this Clause 49(h):

"**Offer**" means a firm offer for the purchase of the Vessel:

- (i) for a purchase price in cash (payable on delivery and acceptance of the Vessel) not less than the Relevant Amount; and
- (ii) on customary terms for sale and purchase of commercial vessels of similar type.

"**Relevant Amount**" means the aggregate of the Termination Sum to be determined by the Owners payable on the delivery date of the Vessel under any Potential Buyer MOA and to the extent not already included within such Termination Sum, any actual or estimated costs associated with the entry into the Potential Buyer MOA by the Potential Buyer and the conclusion of the transaction and the delivery of the Vessel thereunder, including any brokers' fees or commission.

- (i) For the avoidance of doubt, the Charterers' obligation to pay the Termination Sum (and any of their other obligations under the Transaction Documents) shall not be affected irrespective of the Owners' ability to complete the sale of the Vessel referred to in Clause 49(h) above.
- (j) Save as otherwise expressly provided in this Charter, the Charterers shall not have the right to terminate this Charter any time prior to the expiration of the Agreement Term. The rights conferred upon the Owners by the provisions of

this Clause 49 are cumulative and in addition to any rights which they may otherwise have in law or in equity or by virtue of the provisions of this Charter.

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**Sub-chartering and assignment**

- (a) The Charterers shall not without the prior written consent of the Owners (such consent not to be unreasonably withheld):
  - (i) let the Vessel on demise charter for any period;
  - (ii) enter into any time or consecutive voyage charter in respect of the Vessel which exceeds 12 months in duration (with or without optional extensions);
  - (iii) except as may be permitted under any Sub-Charter, de-activate or lay up the Vessel; or
  - (iv) assign their rights under this Charter.
- (b) The Charterers acknowledge that any sub-chartering permitted in accordance with Clause 50(a) above shall additionally be subject (amongst other things) to the following conditions:
  - (i) the Owners being satisfied that the Charterers shall retain operational control of the Vessel (either directly or through any Approved Managers); and
  - (ii) all charterhire and any other sums to be received by the Charterers in connection with the Sub-Charter or any such sub-chartering shall be paid into the Operating Account.
- (c) Without prejudice to anything contained in this Clause 50, the Charterers shall only enter into any sub-charter for the Vessel which is for a purpose for which the Vessel is suited and with a sub-charterer who is not a Restricted Party and in each case, the Charterers shall assign to the Owners all their earnings arising out of and in connection with such sub-charter and all their rights and interest of any such sub-charter upon such terms and conditions as the Owners may require and the Charterers shall serve a notice on any sub-charterer and shall use reasonable endeavours to obtain a written acknowledgement of such earnings assignment from such sub-charterer in such form as is required by the Owners or any Finance Party (as the case may be).
- (d) The Charterers shall, without prejudice to the Owners' rights under any Transaction Document, procure that all Earnings (including any Earnings pursuant to the Sub-Charters) are remitted to the Operating Account.
- (e) Without prejudice to anything contained in this Clause 50, the Vessel shall not be employed, operated or managed in any manner which:
  - (i) is contrary to any Sanctions and in particular, the Vessel shall not be used by or to benefit any party which is a target of Sanctions and/or is a Restricted Party or reach any port in North Korea, Iran, Syria or

any area or country where trading the Vessel to such area or country would constitute or reasonably be expected to constitute a breach of any Sanctions or published boycotts imposed by any of the United Nations, the European Union, the United States of America, the United Kingdom or the People's Republic of China;

- (ii) would result or reasonably be expected to result in any Obligor, any Sub-Charter or the Owners becoming a Restricted Party; or
- (iii) would trigger the operation of any Sanctions limitation or exclusion clause in any insurance documentation.

**51 Name of Vessel**

Provided that the Charterers have obtained the prior written consent of the Owners (such consent not to be unreasonably withheld) but always subject to the provisions of any Sub-Charter:

- (i) the name of the Vessel may be chosen by the Charterers provided that the name chosen must be commercially sensible (not to be politically or commercially inappropriate); and
- (ii) the Vessel may be painted in the colours, display the funnel insignia and fly the house flag as required by the Charterers.

**52 Purchase Option, Call Option, Early Termination Event and Transfer of Title**

Purchase Option

(a) Subject to:

- (i) no Total Loss under Clause 53 (*Total loss*) having occurred;
- (ii) no Termination Event under Clause 49 (*Termination Events*) having occurred and being continuing; and
- (iii) the Charterers' delivery of the Purchase Option Notice to the Owners at least sixty (60) days prior to the proposed Purchase Option Date,

the Charterers may purchase the Vessel on any Purchase Option Date for the Purchase Option Price.

Call Option

(b) Subject to:

- (i) no Total Loss under Clause 53 (*Total loss*) having occurred;
- (ii) no Termination Event under Clause 49 (*Termination Events*) having occurred and being continuing; and
- (iii) the Charterers' delivery of the Call Option Notice to the Owners prior to the Call Option Expiry Date,

the Charterers may exercise the Call Option to purchase the Vessel on the Expiry Date for the Call Option Price.

(c)

- (i) If:
  - (A) neither the Purchase Option nor the Call Option has been exercised by the Call Option Expiry Date; or
  - (B) the Call Option has been exercised but the Call Option Price has not been paid in accordance with the terms of this Charter,the Charterers shall, no later than the Expiry Date, pay to the Owners the Option Premium in full.
- (ii) In the event that Clause 52(c) is applicable and the Option Premium is not paid by the Expiry Date, the Owners shall be entitled (but not obliged) at the Charterers' cost to:
  - (A) withdraw the Vessel from the service of the Charterers without noting any protest and without interference by any court or any other formality whatsoever, whereupon the Vessel shall no longer be in the possession of the Charterers with the consent of the Owners, and the Charterers shall redeliver the Vessel to the Owners in accordance with Clauses 42 (*Redelivery*) and 43 (*Redelivery conditions*); and
  - (B) remarket the Vessel for sale or deliver the Vessel into any sub-charter and any proceeds from such sale or earnings from any sub-charterer shall not be used to apply against the Option Premium due and payable.

Early Termination Event

(d)

If, at any time during the Agreement Term, any of the following events occur:

- (A) a Charter Guarantor Change of Control Event occurs (save for a Delisting Event prior to which the Charterers have provided additional security as may be required by the Owners and which is in form and substance acceptable to the Owners);
- (B)
  - (1) the Initial Sub-Charterer, any Sub-Charterer or Sub-Charter Guarantor or any of their respective directors, officers or employees becomes a Restricted Party or becomes owned or controlled by or acts directly or indirectly on behalf of, a Restricted Party or any of such persons becomes the owner or controller of a Restricted Party; or
  - (2) the Initial Sub-Charterer, any Sub-Charterer or Sub-Charter Guarantor or any of their respective directors,

officers or employees is not in compliance with all Sanctions, unless within sixty (60) days of the occurrence of any event set out in Clause 52(d)(B)(1) and 52(d)(B)(2) (each, a "**Sub-Charter Event**") (or such shorter period as permitted by any applicable authority), the relevant Sub-Charter and any Sub-Charter Guarantee relative to the applicable Sub-Charter Event are terminated and the Charterers enter into a replacement Sub-Charter (and if applicable any replacement Sub-Charter Guarantee) in form and substance and with counterparties acceptable to the Owners (acting reasonably);

then:

- (i) the Charterers shall immediately notify the Owners;
- (ii) subject to no Total Loss under Clause 53 (*Total loss*) having occurred and no Termination Event under Clause 49 (*Termination Events*) having occurred and being continuing, and regardless of whether the notice referred to in Clause 52(d)(i) above has been received by the Charterers, the Owners may (but shall not be obliged to) provide the Charterers with its intention to terminate the Charter and require the transfer of title to the Vessel from the Owners to the Charterers in exchange for payment by the Charterers to the Owners of the Termination Sum on such date specified by the Owners; and
- (iii) the Charterers shall pay to the Owners the Termination Sum on the Termination Payment Date as specified by the Owners pursuant to Clause 52(d)(ii).

For the avoidance of doubt, Hire shall in any event continue to be payable for the full period and this Charter shall otherwise continue to be in full force and effect until the Termination Sum has been received in full by the Owners.

Transfer of Title

- (e) Upon (1) in respect of a Purchase Option, the Call Option or an Early Termination Event, the full payment of the Purchase Option Price, the Call Option Price or the Termination Sum (as the case may be), (2) the full payment of the Termination Sum in accordance with Clause 40(k) (*Hire*), or (3) the full payment of the Termination Sum in accordance with Clause 49(d) (*Termination Events*) and any other sums payable by the Charterers to the Owners under this Charter and in each case, without any double counting, subject to compliance with the other conditions set out in this Clause 52, the Owners shall:
  - (i) transfer title to and ownership of the Vessel to the Charterers (or their nominee) by delivering to the Charterers (in each case at the Charterers' costs):

- (A) a duly executed and notarised, legalised and/or apostilled (as applicable) bill of sale in such form as is required by an Approved Flag or such other flag the Charterers select; and
  - (B) the Title Transfer PDA; and
  - (C) any additional document as may be required by the Vessel's flag to register title in the ownership of the Charterers, provided that any requirements for any additional documents are being notified to the Owners reasonably in advance to allow the Owners sufficient time to review, sign, notarise and/or legalise (where required) and deliver such additional documents;
- (ii) procure the deletion of any mortgage or prior Security Interest in relation to the Vessel (including the Security Interest in relation to the Share Pledge and Account Pledge) at the Charterers' costs, **provided always** that prior to such transfer or deletion (as the case may be), the Owners shall have received the letter of indemnity as referred to in paragraph (h) below from the Charterers, and the Charterers shall have performed all their obligations in connection herewith and with the Vessel, including without limitation the full payment of all Unpaid Sums and any sums pursuant to Clause 58 (*Further Indemnities*).
- (f) The transfer in accordance with paragraph (e) above shall be made in all respects at the Charterers' expense on an "as is, where is" basis and the Owners shall give the Charterers (or their nominee) no representations, warranties, agreements or guarantees whatsoever concerning or in connection with the Vessel, the Insurances, the Vessel's condition, state or class or anything related to the Vessel, expressed or implied, statutory or otherwise.
- (g) The Owners shall have no responsibility for the registrability of a bill of sale referred to in paragraph (e) above executed by the Owners, as far as such bill of sale is prescribed in forms generally acceptable to the Vessel's registry at the date of execution of such bill of sale.
- (h) The Charterers shall, immediately prior to the receipt of the bill of sale referred to in paragraph (e) above, furnish the Owners with a letter of indemnity (in a form satisfactory to the Owners) whereby the Charterers shall state that, among other things, the Owners have and will have no interest, concern or connection with the Vessel after the date of such letter and that the Charterers shall indemnify the Owners and keep the Owners indemnified forever against any claims made by any person arising in connection with the Vessel prior to the date the title of the Vessel is transferred to the Charterers.
- (i) If the chartering of the Vessel is terminated in accordance with this Clause 52, the obligation of the Charterers to pay the Hire shall cease only once the Charterers have paid the relevant Purchase Option Price, Call Option Price, or the Termination Sum (as applicable) and any other sums payable by the

Charterers to the Owners as required hereunder to the satisfaction of the Owners.

**Total Loss**

- (a) If circumstances exist giving rise to a Total Loss, the Charterers shall promptly notify the Owners of the facts of such Total Loss. If the Charterers wish to proceed on the basis of a Total Loss and advise the Owners thereof, the Owners shall agree to the Vessel being treated as a Total Loss for all purposes of this Charter. The Owners shall thereupon abandon the Vessel to the Charterers and/or execute such documents as may be required to enable the Charterers to abandon the Vessel to insurers and claim a Total Loss. Without prejudice to the obligations of the Charterers to pay to the Owners all monies then due or thereafter to become due under this Charter including but not limited to the Charterers' obligation to pay the Termination Sum on the Settlement Date in accordance with Clause 53(b) and 53(c) below, if the Vessel shall become a Total Loss during the Charter Period, the Charter Period shall end on the Settlement Date.
- (b) If the Vessel becomes a Total Loss during the Charter Period, the Charterers shall, on the Settlement Date, pay to the Owners the amount calculated in accordance with paragraph (c) below.
- (c) On the Settlement Date, the Charterers shall pay to the Owners an amount equal to the Termination Sum as at the Settlement Date. The foregoing obligations of the Charterers under this paragraph (c) shall apply regardless of whether or not any moneys are payable under any Insurances in respect of the Vessel, regardless of the amount payable thereunder, regardless of the cause of the Total Loss and regardless of whether or not any of the said compensation shall become payable.
- (d) All Total Loss Proceeds shall be paid to such account or accounts as the Owners may direct and shall be applied towards satisfaction of the Termination Sum and any other sums due and payable under the Transaction Documents. To the extent that there is any surplus after such application, any such surplus shall be applied in the order set out in Clause 4.2.1(d) to (e) of the Security Trust Deed.
- (e) The Charterers shall, at the Owners' request, provide satisfactory evidence, in the reasonable opinion of the Owners, as to the date on which the constructive total loss of the Vessel occurred pursuant to the definition of Total Loss.
- (f) The Charterers shall continue to pay Hire on the days and in the amounts required under this Charter notwithstanding that the Vessel shall become a Total Loss **provided always** that no further instalments of Hire shall become due and payable after the Charterers have made the payment pursuant to paragraph (c) above.

- 54 Appointment of Approved Manager**
- (a) The Charterers covenant not to appoint anyone other than the Approved Manager as managers or sub-managers of the Vessel without the prior written consent of the Owners (such consent not to be unreasonably withheld).
  - (b) Without prejudice to the foregoing, the Owners shall be entitled, but without obligation, to replace the Approved Managers with such other ship management company at the Charterers' costs upon the occurrence of a Termination Event which is continuing.
- 55 Fees and expenses**
- (a) The Charterers shall, on or prior to the Actual Delivery Date, pay to the Owners the Arrangement Fee. The Parties agree that the Arrangement Fee may be paid by way of deduction of the same from the Purchase Price payable by the Owners (as buyers) to the Charterers (as sellers) under the MOA. The Arrangement Fee shall not be refundable in any circumstance whatsoever.
  - (b) In addition to the Arrangement Fee, the Charterers shall bear all documented costs, fees (including documented legal fees) and disbursements reasonably incurred by the Owners and the Charterers in connection with:
    - (i) the negotiation, preparation, finalisation and execution of this Charter and the other Transaction Documents;
    - (ii) the delivery or redelivery of the Vessel under the MOA and this Charter;
    - (iii) all Registration Costs;
    - (iv) preparation or procurement of any survey, inspection, Valuation Report (subject to paragraph (dd) of Clause 48 (*Charterers' undertakings*)), tax or insurance advice; and
    - (v) such other activities relevant to the transaction contemplated herein.
- 56 Stamp duties and taxes**
- (a) The Charterers shall pay promptly but in any event within ten (10) Business Days (or other period as may be agreed by both parties) of demand by the Owners:
    - (i) an amount equal to the loss, liability or documented cost which the Owners determine will be or has been (directly or indirectly) suffered for or on account of Tax by the Owners in respect of a Transaction Document, together with any interest, penalties, costs and expenses payable or incurred; and
    - (ii) all stamp, documentary or other like duties and taxes to which this Charter and the other Transaction Documents may be subject or give rise, whether before or after the delivery of the Vessel by the Charterers to the Owners pursuant to the MOA as well as any duties imposed in any relevant jurisdiction upon running stores, provisions

and supplies furnished by the Owners from abroad to be stocked on board the Vessel and also from the payment of export duties, if any, to be imposed upon the Vessel as a whole or upon any of its parts or equipment, and shall indemnify the Owners on demand against any and all liabilities with respect to or resulting from any delay on the part of the Charterers to pay such duties or taxes.

- (b) All amounts set out or expressed in a Transaction Document to be payable to the Owners which constitute the consideration for any supply for Indirect Tax purposes shall be deemed to be exclusive of any Indirect Tax. If any Indirect Tax is chargeable on any supply made by the Owners to the Charterers in connection with a Transaction Document, the Charterers shall pay to the Owners an amount equal to the amount of the Indirect Tax (in addition to and at the same time as paying any other consideration for such supply).
- (c) Where a Transaction Document requires Charterers to reimburse or indemnify the Owners for any documented costs or expenses, the Charterers shall also at the same time reimburse or indemnify (as the case may be) the Owners against all Indirect Tax incurred by the Owners in respect of the documented costs or expenses save to the extent the Owners reasonably determines that they are entitled to credit or repayment in respect of the Indirect Tax from the relevant tax authority.
- (d) For the avoidance of doubt, the Charterers shall and shall procure that the Charter Guarantor shall, indemnify, protect, defend and hold harmless any Tax incurred by the Owners relating to, resulting from or arising out of or in connection with, directly or indirectly from the acts listed in Clause 58(a)(ii)(A)(*Further Indemnities*).

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**Operational notifiable events**

The Charterers shall immediately notify the Owners of the occurrence of any of the following events:

- (a) any requirement or recommendation imposed by the Classification Society or any competent authority which is not promptly complied with within any applicable grace period agreed by the Classification Society or such competent authority (as the case may be);
- (b) whenever the Vessel is:
  - (i) arrested or detained, for a period of at least one (1) day; or
  - (ii) confiscated, seized, requisitioned, impounded or forfeited, by any government or other competent authorities or any other persons and the release of the Vessel following such arrest, confiscation, seizure, requisition, impoundment, forfeiture or detention;
- (c) in the event of a fire requiring the use of fixed fire systems or collision / grounding and the costs of such damage will or is reasonably likely to exceed the Threshold Amount;

- (d) (by email) whenever the Vessel is planned for dry-docking, whether in accordance with Clause 10(g) (Part II) or any Sub-Charter and whether routine or emergency;
- (e) the Vessel is taken under tow, save for any routine towage (including when leaving or entering a port);
- (f) whenever a Classification Society or flag authority refuses to issue or withdraw trading certification, and any actual or threatened withdrawal, suspension, cancellation or modification of:
  - (i) the Safety Management Certificate (as such term is defined pursuant to the ISM Code);
  - (ii) the Approved Technical Manager's current Document of Compliance (as such term is defined pursuant to the ISM Code);
  - (iii) the ISSC of the Vessel; or
  - (iv) the IAPPC of the Vessel;
- (g) any claim for breach of the ISM Code or the ISPS Code being made against the Charterers, the ISM Company, an Approved Manager or otherwise in connection with the Vessel, save that in respect of the Sub-Charterers, unless such breach does not affect the operation of the Vessel in all respects;
- (h) any exercise of any lien on the Vessel or her Earnings; or
- (i) any incident of, repair of, damage to or alteration of the Vessel the costs of which exceeds or may reasonably likely to exceed the Threshold Amount.

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**Further indemnities**

- (a) Whether or not any of the transactions contemplated hereby are consummated, the Charterers shall and shall procure that the Charter Guarantor shall, in addition to the provisions under Clause 17 (*Indemnity*) (Part II) of this Charter, indemnify, protect, defend and hold harmless the Owners, any Collateral Owners, the Security Trustee, their respective Affiliates and the Finance Parties and their respective officers, directors, agents and employees (collectively, the "**Indemnitees**") throughout the Agreement Term from, against and in respect of, any and all liabilities, obligations, losses, damages, penalties, fines, documented fees, claims, tax, actions, proceedings, judgement, order or other sanction, lien, salvage, general average, suits, documented costs, expenses and disbursements, including reasonable legal fees and expenses, of whatsoever kind and nature (collectively, the "**Expenses**"), imposed on, suffered or incurred by any Indemnitee, in any way relating to, resulting from or arising out of or in connection with, in each case, directly or indirectly, any one or more of the following:
  - (i) this Charter, the Initial MOA (and any document delivered thereunder) and any other Transaction Documents and any

- amendment, supplement or modification thereof or thereto requested by the Charterers;
- (ii) the Vessel or any part thereof, including with respect to:
    - (A) the ownership of, manufacture, design, possession, use or non-use, operation, maintenance, sub-chartering, testing, repair, overhaul, condition, alteration, modification, addition, improvement, storage, seaworthiness, replacement, repair of the Vessel or any part (including, in each case, latent or other defects, whether or not discoverable and any claim for patent, trademark, or copyright infringement and all liabilities, obligations, losses, damages and claims in any way relating to or arising out of spillage of cargo or fuel, out of injury to persons, properties or the environment or strict liability in tort);
    - (B) any claim or penalty arising out of Sanctions or violations of applicable law by any of the Obligor or Sub-Charterers;
    - (C) death or property damage of shippers or others;
    - (D) any liens in respect of the Vessel or any part thereof;
    - (E) any registration and/or tonnage fees (whether periodic or not) in respect of the Vessel payable to any registry of ships and any service fees payable to any service provider in relation to maintaining such registration at any registry of ships; or
    - (F) any Environmental Claim which may arise in connection with the Vessel, unless directly and solely caused by the gross negligence or wilful misconduct of an Indemnitee provided that at that time no Potential Termination Event or Termination Event has occurred and there is no breach or contributory negligence of an Obligor;
  - (iii) any breach of or failure to perform or observe, or any other non-compliance with, any covenant or agreement or other obligation to be performed by the Obligor under any Transaction Document to which it is a party or the falsity of any representation or warranty of the Obligor in any Transaction Document to which it is a party or the occurrence of any Potential Termination Event or Termination Event;
  - (iv) in preventing or attempting to prevent the arrest, confiscation, seizure, taking and execution, requisition, impounding, forfeiture or detention of the Vessel, or in securing or attempting to secure the release of the Vessel in connection with the exercise of the rights of a holder of a lien created by any of the Obligor;
  - (v) incurred or suffered by the Owners in:

- (A) procuring the delivery of the Vessel to the Charterers under Clause 35 (*Delivery*), including the determining of Market Value prior to the delivery of the Vessel under the MOA;
- (B) recovering possession of the Vessel following termination of this Charter under Clause 49 (*Termination Events*) or earlier termination of this Charter and arranging for transfer of title of the Vessel under this Charter;
- (C) in connection with any Sub-Charter Termination Event; or
- (D) effecting the transfer of title from the Owners to the Charterers under any provision of this Charter;
- (vi) arising from the Master or officers of the Vessel or the Charterers' or their respective agents signing bills of lading or other documents;
- (vii) in connection with:
  - (A) the arrest, seizure, taking into custody or other detention by any court or other tribunal or by any governmental entity; or
  - (B) subjection to distress by reason of any process, claim, exercise of any rights conferred by a lien or by any other action whatsoever, of the Vessel which are expended, suffered or incurred as a result of or in connection with any claim or against, or liability of, the Charterers or any other member of the Charterers' group or any Approved Managers, together with any documented costs and expenses or other outgoings which may be paid or incurred by the Owners in releasing the Vessel from any such arrest, seizure, custody, detention or distress.
- (b) The Charterers shall and shall procure that the Charter Guarantor shall pay to the Owners promptly on the Owners' written demand within ten (10) Business Days the amount of all documented costs and expenses (including legal fees) incurred by the Owners in connection with the enforcement of, or the preservation of any rights under, any Transaction Document including (without limitation)
  - (i) any documented losses, costs and expenses which the Owners may from time to time sustain, incur or become liable for by reason of the Owners being deemed by any court or authority to be an operator, or in any way concerned in the operation, of the Vessel and
  - (ii) collecting and recovering the proceeds of any claim under any of the Insurances.

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**Further assurances and undertakings**

Each party shall make all applications and execute all other documents and do all other acts and things as may be necessary to implement and to carry out their obligations under, and the intent of, this Charter.

- 60 Cumulative rights**  
The rights, powers and remedies provided in this Charter are cumulative and not exclusive of any rights, powers or remedies at law or in equity unless specifically otherwise stated.
- 61 No waiver**  
No delay, failure or forbearance by a party to exercise (in whole or in part) any right, power or remedy under, or in connection with, this Charter will operate as a waiver. No waiver of any breach of any provision of this Charter will be effective unless that waiver is in writing and signed by the party against whom that waiver is claimed. No waiver of any breach will be, or be deemed to be, a waiver of any other or subsequent breach.
- 62 Entire Agreement**  
(a) This Charter may not be amended, altered or modified except by a written instrument executed by each of the Parties.  
(b) This Charter contains all the understandings and agreements of whatsoever kind and nature existing between the parties in respect of this Charter, the rights, interests, undertakings agreements and obligations of the parties to this Charter and shall supersede all previous and contemporaneous negotiations and agreements but shall be read in conjunction with the MOA.
- 63 Invalidity**  
If any term or provision of this Charter or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable the remainder of this Charter or application of such term or provision to persons or circumstances (other than those as to which it is already invalid or unenforceable) shall (to the extent that such invalidity or unenforceability does not materially affect the operation of this Charter) not be affected thereby and each term and provision of this Charter shall be valid and be enforceable to the fullest extent permitted by law.
- 64 English language**  
All notices, communications and financial statements and reports under or in connection with this Charter and the other Transaction Documents shall be in English language or, if in any other language, shall be accompanied by a translation into English. In the event of any conflict between the English text and the text in any other language, the English text shall prevail.
- 65 No partnership**  
Nothing in this Charter creates, constitutes or evidences any partnership, joint venture, agency, trust or employer/employee relationship between the parties, and neither party may make, or allow to be made any representation that any such relationship exists between the parties. Neither party shall have the authority to act for, or incur any obligation on behalf of, the other party, except as expressly provided in this Charter.

**Notices**

- (a) Any notices to be given to the Owners under this Charter shall be sent in writing by registered letter, facsimile or email and addressed to:

**Sea 254 Leasing Co. Limited**

c/o CMB Financial Leasing Co., Ltd.

Address: 21F, China Merchants Bank Building, No. 1088, Lujiazui Ring Road, Shanghai, China 200120

Email: xiao\_yue@cmbchina.com / zyzlsceb@cmbchina.com

Tel No.: +86 21 6106 1534

Attention: Yue XIAO (Nicholas), Shipping Leasing Department

or to such other address, facsimile number or email address as the Owners may notify to the Charterers in accordance with this Clause 66.

- (b) Any notices to be given to the Charterers under this Charter shall be sent in writing by registered letter, facsimile or email and addressed to:

**Global Ship Lease 71 LLC**

c/o Technomar Shipping Inc.

Address: 3-5 Menandrou Street, Kifissia, 14561, Athens, Greece

Email: finance@technomar.gr with copy to (i) legalconfidential@technomar.gr and (ii) tpsaropoulos@technomar.gr

Attention: Legal Department / Mr. Tassos Psaropoulos

or to such other address, facsimile number or email address as the Charterers may notify to the Owners in accordance with this Clause 66.

- (c)

(i) Any such notice shall be deemed to have reached the party to whom it was addressed, when dispatched and acknowledged received (in case of a facsimile or an email) or when delivered (in case of a registered letter). A notice or other such communication received on a non-working day or after business hours in the place of receipt shall be deemed to be served on the next following working day in such place.

(ii) Any communication or document to be made or delivered by one party to another under or in connection with the Transaction 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:

- (A) 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
  - (B) 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.
- (iii) Any such electronic communication or delivery as specified in paragraph (ii) above to be made between an Obligor and the Owners 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.
  - (iv) Any such electronic communication or delivery as specified in paragraph (ii) 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 Owners only if it is addressed in such a manner as the Owners shall specify for this purpose.
  - (v) Any electronic communication or document which becomes effective, in accordance with paragraph (iv) 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 Charter shall be deemed only to become effective on the following day.
  - (vi) Any reference in a Transaction 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 paragraph (c).

**67 Conflicts**

Unless stated otherwise, in the event of there being any conflict between the provisions of Clauses 1 (*Definitions*) (Part II) to 31 (*Notices*) (Part II) and the provisions of Clauses 32 (*Definitions*) to 76 (*FATCA*), the provisions of Clauses 32 (*Definitions*) to 76 (*FATCA*) shall prevail.

**68 Survival of Charterers' obligations**

The termination of this Charter for any cause whatsoever shall not affect the right of the Owners to recover from the Charterers any money due to the Owners in consequence thereof and all other rights of the Owners (including but not limited to any rights, benefits or indemnities which are provided to continue after the termination of this Charter) are reserved hereunder.

69

**Counterparts**

This Charter may be executed in any number of counterparts and any single counterpart or set of counterparts signed, in either case, by all the Parties shall be deemed to constitute a full and original agreement for all purposes.

70

**Third Parties Act**

- (a) The Security Trustee and any person which is an Indemnitee or a Finance Party from time to time and is not a party to this Charter shall be entitled to enforce such terms of this Charter as provided for in this Charter in relation to the obligations of the Charterers to the Security Trustee, such Indemnitee or (as the case may be) Finance Party, subject to the provisions of Clause 71 (*Law and dispute resolution*) and the Third Parties Act. The Third Parties Act applies to this Charter as set out in this Clause 70.
- (b) Save as provided above, a person who is not a party to this Charter has no right under the Third Parties Act to enforce or to enjoy the benefit of any term of this Charter.

71

**Law and dispute resolution**

- (a) This Charter and any non-contractual obligations arising from or in connection with it are in all respects governed by and shall be interpreted in accordance with English law and any dispute arising out of or in connection with this Agreement shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.
- (b) The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.
- (c) The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the fourteen (14) days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both the Owners and the Charterers as if the sole arbitrator had been appointed by agreement.
- (d) Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.
- (e) In cases where neither the claim nor any counterclaim exceeds the sum of US\$100,000 the arbitration shall be conducted in accordance with the LMAA

Small Claims Procedure current at the time when the arbitration proceedings are commenced.

**72 Waiver of immunity**

- (a) To the extent that the Charterers may in any jurisdiction claim for themselves or their assets or revenues immunity from any proceedings, suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Charterers or their assets or revenues, the Charterers agree not to claim and irrevocably waive such immunity to the full extent permitted by the laws of such jurisdiction.
- (b) The Charterers consent generally in respect of any proceedings to the giving of any relief and the issue of any process in connection with such proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such proceedings. The Charterers agree that in any proceedings in England this waiver shall have the fullest scope permitted by the English State Immunity Act 1978 and that this waiver is intended to be irrevocable for the purposes of such Act.

**73 Set-off**

Following the occurrence of a Termination Event which is continuing, the Owners may set off any matured and/or contingent obligation due from the Charterers under the Transaction Documents against any obligation (whether matured or not) owed by the Owners to the Charterers, regardless of the place of payment or currency of either obligation. If the obligations are in different currencies, the Owners may convert either obligation at a market rate of exchange in their usual course of business for the purpose of the set-off.

**74 Value Maintenance Covenants**

- (a) In this Clause 74:

"**Value Maintenance Ratio**" means the ratio (expressed as a percentage) of:

- (i) the Market Value of the Vessel; to
- (ii) the aggregate of the Cost Balance then applicable as at the next applicable Hire Payment Date.

"**Value Maintenance Threshold**" means the ratio (expressed as a percentage) of:

- (A) at any time from the Actual Delivery Date up to and including the third (3<sup>rd</sup>) anniversary thereof, one hundred and thirty five per cent. (135%); and
  - (B) at any time after the third (3<sup>rd</sup>) anniversary of the Actual Delivery Date, one hundred and thirty per cent. (130%).
- (b)

- (i) For the purposes of testing the Value Maintenance Ratio on a Valuation Date, the Market Value shall be determined by the Owners based on the most recent Valuation Report provided to the Owners in accordance with the requirements under this Clause 74 **provided that**:
  - (A) in the absence of a Termination Event which is continuing, the Charterers shall arrange, deliver to the Owners and bear the cost of the issuance of each such Valuation Report once every six (6) months during the Charter Period, and any additional Valuation Report shall be at the Owners' cost; and
  - (B) upon the occurrence of a Termination Event that is continuing, the Charterers shall arrange, deliver to the Owners and bear the cost of the issuance of all Valuation Reports as may be required by the Owners (acting in their sole discretion),

**provided further that** if the Charterers fail to deliver any Valuation Report in accordance with the requirements under this Clause 74, the Owners shall be entitled to arrange a Valuation Report at the Charterers' cost.
- (ii) Each Valuation Report to be provided by the Charterers to the Owners for the purpose of sub-paragraph (i) above shall:
  - (A) be issued by an Approved Broker on the relevant Valuation Date;
  - (B) be made without physical inspection of the Vessel and on a desktop, charter-free basis;
  - (C) on the basis of a sale for prompt delivery for cash at arm's length on normal commercial terms as between a willing seller and a willing buyer; and
  - (D) upon occurrence of a Termination Event which is continuing, be delivered to the Owners within thirty (30) days from the day requested by the Owners to the Charterers in writing.
- (iii) If an Approved Broker determines that the Market Value shall fall within a range, the valuation as determined by such Approved Broker should be the lower value of such range.
- (iv) Each valuation shall be provided by an Approved Broker in US Dollars.
- (v) The Owners may test the Value Maintenance Ratio on any Valuation Date in accordance with the methodology described in sub-paragraph (b) above.
- (vi) If, after conducting testing the Value Maintenance Ratio on the relevant Valuation Date, the Owners determine that the Value

Maintenance Ratio is less than the Value Maintenance Threshold, then the Charterers shall, within thirty (30) days of the Owners' notice to the Charterers of the same, provide cash collateral in the amount of the shortfall and deposit the same in the Operating Account or any other account nominated by the Owners, for the purpose of and in order to restore the Value Maintenance Ratio to the Value Maintenance Threshold. For the avoidance of doubt, the Minimum Cash Balance shall not at any time be included in the determination of any satisfaction of the Value Maintenance Threshold. The Market Value of the Vessel shall be determined one (1) month following the provision of such cash collateral at the Charterers' cost and, if the Value Maintenance Threshold is evidenced to be met, the Owners shall immediately release such cash collateral to the Charterers and, if the Value Maintenance Threshold is not met as at such time, the Market Value of the Vessel shall be determined each month thereafter at the Charterers' cost.

75

**Financial covenants**

- (a) The Charterers shall procure that the Charter Guarantor will ensure that at all times during the Agreement Term, maintain the Free Liquidity in an amount of twenty million US Dollars (US\$20,000,000).  
For the purpose of this Clause 74(a), the following term has the meanings ascribed to them below:  
"**Free Liquidity**" means, on a date of calculation, on a consolidated basis, the aggregate of the unencumbered cash balances held by the Charter Guarantor as evidenced by the Charter Guarantor's latest financial statements delivered pursuant to Clause 48(y).
- (b) Each of the financial covenants as set out in this Clause 75 shall be calculated in accordance with GAAP and tested by reference to each of the financial statements in respect of the Charter Guarantor delivered pursuant to Clause 48(x).
- (c) The Charterers shall supply and shall procure that the Charter Guarantor shall supply to the Owners a Compliance Certificate with each set of financial statements delivered pursuant to paragraph (b) above setting out (in reasonable detail) computations as to compliance with Clause 75 (*Financial Covenants*) as at the date as at which those financial statements were drawn up.
- (d) Each Compliance Certificate shall be signed by a director or the Chief Financial Officer of the Charter Guarantor.
- (e) If at any time any other Financial Indebtedness of the Charter Guarantor and/or any of its Subsidiaries shall include any financial covenant in respect of the Charter Guarantor (whether set forth as a covenant, undertaking, event of default, restriction or other such provision) (a "**Financial Covenant**") that would be more beneficial to the Owners than any analogous provision contained in this Charter (an "**Additional Financial Covenant**"), then such

Additional Financial Covenant shall be deemed automatically incorporated into the terms of this Charter (an "**MFN Amendment**"). Such MFN Amendment shall be reversed and the financial covenants restored to those that were in effect immediately prior to an MFN Amendment when (i) such other financial indebtedness containing the Additional Financial Covenant is repaid in full other than as a result of or in connection with an actual event of default (howsoever defined); or (ii) the original terms of an Additional Financial Covenant provided that it has ceased to apply. The Charterers shall promptly notify the Owners of any change or event that requires the incorporation or reverse of an MFN Amendment. The Charterers agree that it will, and will procure that the Charter Guarantor will, promptly enter into such necessary documentation as may be required to amend and supplement the Charter Guarantee and this Charter so as to reflect and incorporate such new or amended financial covenants that are more favourable to the Owners in accordance with this clause.

76

**FATCA**

- (a) Subject to Clause 76(c) below, the Charterers shall (and shall procure that each Obligor will) and the Owners shall, within ten (10) Business Days of a reasonable request by a Party:
- (i) confirm to such Party whether it is:
    - (A) a FATCA Exempt Party; or
    - (B) not a FATCA Exempt Party; and
  - (ii) supply to such Party such forms, documentation and other information relating to its status under FATCA as such party reasonably requests for the purposes of its compliance with FATCA; and
  - (iii) supply to such Party such forms, documentation and other information relating to its status as such Party request for the purposes of its compliance with any other law, regulation, or exchange of information regime.
- (b) If a Party confirms to the other Party pursuant to Clause 76(a)(i) 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 the other Party promptly.
- (c) Clause 76(a) shall not oblige the Owners to do anything, and Clause 76(a)(iii) 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 fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with Clause 76(a)(i) or Clause 76(a)(ii) (including, for the avoidance of doubt, where Clause 76(c) applies), then such Party shall be treated for the purposes of the Transaction 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.
- (e) 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.
- (f) 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 Charterer and the Owners and the Owners shall notify the Owners.

77

**Day Count Convention**

Any interest, commission or fee accruing under a Transaction 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.

78

**Confidentiality**

- (a) The Parties shall maintain the information provided in connection with the Transaction Documents strictly confidential and agree to disclose to no person other than:
  - (i) its board of directors, employees (only on a need to know basis), and shareholders, professional advisors (including the legal and accounting advisors and auditors) and rating agencies;
  - (ii) as may be required to be disclosed under applicable law or regulations or for the purpose of legal proceedings;
  - (iii) in the case of the Owners, (1) to any of its Affiliate (more than one of them, collectively, the "**Permitted Parties**"), any Finance Party or other actual or potential financier providing funding for the acquisition or refinancing of the Vessel (provided the same have entered into similar confidentiality arrangements), (2) to professional advisers, auditors, insurers or insurance brokers and service providers of the Permitted Parties who are under a duty of confidentiality to the Permitted Parties and (3) as required by any law or any government, quasi-government, administrative, regulatory or supervisory body or authority, court or tribunal with jurisdiction over any of the Permitted Parties;

- (iv) in the case of the Charterers, to any Sub-Charterers (but subject always to paragraph (b) below) in respect of obtaining any consent required under the terms of any relevant Sub-Charter;
  - (v) any Approved Managers, the classification society and flag authorities, in each case as may be necessary in connection with the transactions contemplated hereunder; and
  - (vi) any person which is a classification society or other entity which the Owners, any of their Affiliates or a Finance Party has engaged to make the calculations necessary to enable the Owners, any of their Affiliates or a Finance Party to comply with their reporting obligations under the Poseidon Principles (as defined under Clause 48(z)(ii)(B)).
- (b) Any other disclosure by each Party shall be subject to the prior written consent of the other Party, provided that the Charterers may disclose any information provided in connection with the Transaction Documents to their sub-contractors and any Sub-Charterers, in each case subject to the procurement of a confidentiality undertaking (in form and substance satisfactory to the Owners) from such sub-contractor or Sub-Charterers.

Schedule 1

FORM OF PROTOCOL OF DELIVERY AND ACCEPTANCE

PROTOCOL OF DELIVERY AND ACCEPTANCE

It is hereby certified that pursuant to a bareboat charter dated 2021 and made between **SEA 254 LEASING CO. LIMITED**, a company incorporated in Hong Kong with its registered address at 27/F Three Exchange Square 8, Connaught Place, Central, Hong Kong (the "**Owner**") as owner and **GLOBAL SHIP LEASE 71 LLC**, a company incorporated in Liberia with its registered address at 80 Broad Street, Monrovia, Liberia (the "**Bareboat Charterer**") as bareboat charterer (as may be amended and supplemented from time to time, the "**Bareboat Charter**") in respect of one (1) container ship named m.v. "**BARBARA**" to be renamed "**GSL TINOS**") and registered in Liberia under the laws and flag of Liberia with IMO number 9437050 (the "**Vessel**"), the Vessel is delivered for charter by the Owner to the Bareboat Charterer, and accepted by the Bareboat Charterer from the Owner at hours ( time) on the date hereof in accordance with the terms and conditions of the Bareboat Charter.

This protocol of delivery and acceptance may be executed in any number of counterparts each of which shall be original but which shall together constitute the same instrument.

IN WITNESS WHEREOF, the Owner and the Bareboat Charterer have caused this PROTOCOL OF DELIVERY AND ACCEPTANCE to be executed by their duly authorised representative on this day of 2021.

THE OWNER  
**SEA 254 LEASING CO. LIMITED**  
by:

THE BAREBOAT CHARTERER  
**GLOBAL SHIP LEASE 71 LLC**  
by:

\_\_\_\_\_  
Name:  
Title:  
Date:

\_\_\_\_\_  
Name:  
Title:  
Date:

Schedule 2

FORM OF TITLE TRANSFER PROTOCOL OF DELIVERY AND ACCEPTANCE

**PROTOCOL OF DELIVERY AND ACCEPTANCE**

m.v. "GSL TINOS"

**SEA 254 LEASING CO. LIMITED**, a company incorporated in Hong Kong with its registered address at 27/F Three Exchange Square 8, Connaught Place, Central, Hong Kong (the "**Owners**") deliver to **GLOBAL SHIP LEASE 71 LLC**, a company incorporated in Liberia with its registered address at 80 Broad Street, Monrovia, Liberia (the "**Bareboat Charterers**") the Vessel described below and the Bareboat Charterers accept delivery of, title and risk to the Vessel pursuant to the terms and conditions of the bareboat charter dated 2021 (as may be amended and supplemented from time to time) and made between (1) the Owners and (2) the Bareboat Charterers.

Name of Vessel: m.v. "GSL TINOS"

Flag: [ ]

Place of Registration: [ ]

IMO Number: 9437050

Gross Registered Tonnage: [ ]

Net Registered Tonnage: [ ]

Dated:

At:     hours ([ ] time)

Place of delivery:

THE OWNERS  
**SEA 254 LEASING CO. LIMITED**

by:  
/s/ Tan Li Kix, Joan

\_\_\_\_\_  
Name: Tan Li Kix, Joan

Title: Attorney-in-fact

Date:

THE BAREBOAT CHARTERERS  
**GLOBAL SHIP LEASE 71 LLC**

by:

\_\_\_\_\_  
Name:

Title:

Date:

**SIGNATURE PAGE**  
**ADDITIONAL CLAUSES**  
**TO BAREBOAT CHARTER FOR THE VESSEL "BARBARA" TO BE RENAMED**  
**"GSL TINOS"**

**THE OWNERS**  
**SEA 254 LEASING CO. LIMITED**  
by:

/s/ Tan Li Kix, Joan  
Name: Tan Li Kix, Joan  
Title: Attorney-in-fact  
Date: 26 August 2021

**THE CHARTERERS**  
**GLOBAL SHIP LEASE 71 LLC**  
by:

/s/ Aglaia Lida Papadi  
Name: Aglaia Lida Papadi  
Title: attorney-in-fact  
Date: 26 August 2021

# SALEFORM 2012

Norwegian Shipbrokers' Association's  
Memorandum of Agreement for sale and purchase of ships

Dated: 26 August 2021

GLOBAL SHIP LEASE 71 LLC, a company incorporated in Liberia with its registered address at 80 Broad Street, Monrovia, Liberia (Name of sellers), hereinafter called the "Sellers", have agreed to sell, and

SEA 254 LEASING CO. LIMITED, a company incorporated in Hong Kong with its registered office at 27/F Three Exchange Square 8, Connaught Place, Central, Hong Kong (Name of buyers), hereinafter called the "Buyers", have agreed to buy:

Name of vessel: "Barbara" to be renamed "GSL Tinos"

IMO Number: 9437050

Classification Society: DNV GL

Class Notation: 100 AS E Container ship BWM DG IW LC RSCS

MC E AUT EP-D RCP (1025/75)

Year of Build: 2010 Builder/Yard: Zhejiang Ouhua Shipbuilding Co., Ltd., PRC

Flag: Republic of Portugal (bareboat charter registration only); Hamburg, Germany (as underlying registry)

Place of Registration: Madeira (bareboat charter registration only); Germany— Leer (as underlying registry)

GT/NT: 52,726 / 32,613

hereinafter called the "Vessel", on the following terms and conditions:

## Definitions

"Banking Days" are days on which banks are open both in the country of the currency stipulated for the Purchase Price in Clause 1 (Purchase Price) and in the place of closing stipulated in Clause 8 (Documentation) and Shanghai, Singapore, Athens, Hamburg, Copenhagen, Hong Kong and London (add additional jurisdictions as appropriate).

"Buyers' Nominated Flag State" means Liberia (state flag state).

"Class" means the class notation referred to above.

"Classification Society" means the Society referred to above.

~~"Deposit" shall have the meaning given in Clause 2 (Deposit)~~

~~"Deposit Holder" means (state name and location of Deposit Holder) or, if left blank, the Sellers' Bank, which shall hold and release the Deposit in accordance with this Agreement.~~

"In writing" or "written" means a letter handed over from the Sellers to the Buyers or vice versa, a registered letter, e-mail or telefax.

"Parties" means the Sellers and the Buyers.

"Purchase Price" means the price for the Vessel as stated in Clause 1 (Purchase Price).

**"Sellers' Account" means (state details of bank account) at the Sellers' Bank.**

**"Sellers' Bank" means (state name of bank, branch and details) or, if left blank, the bank notified by the Sellers to the Buyers for receipt of the balance of the Purchase Price.**

**1. Purchase Price**

The Purchase Price is **the lower of (a) the Market Value and (b) USD50,000,000 (fifty million United States Dollars)** (state currency and amount both in words and figures).

**2. Deposit**

No deposit for the Purchase Price is payable.

~~As security for the correct fulfilment of this Agreement the Buyers shall lodge a deposit of % (per cent) or, if left blank, 10% (ten per cent), of the Purchase Price (the "Deposit") in an interest bearing account for the Parties with the Deposit Holder within three (3) Banking Days after the date that:~~

~~(i) this Agreement has been signed by the Parties and exchanged in original or by email or telefax; and~~

~~(ii) the Deposit Holder has confirmed in writing to the Parties that the account has been opened.~~

~~The Deposit shall be released in accordance with joint written instructions of the Parties. Interest, if any, shall be credited to the Buyers. Any fee charged for holding and releasing the Deposit shall be borne equally by the Parties. The Parties shall provide to the Deposit Holder all necessary documentation to open and maintain the account without delay.~~

**3. Payment**

**See Additional Clause 22 (Payment).**

On delivery of the Vessel, but not later than three (3) Banking Days after the date that Notice of Readiness has been given in accordance with Clause 5 (Time and place of delivery and notices):

(i) the Deposit shall be released to the Sellers; and

(ii) the balance of the Purchase Price and all other sums payable on delivery by the Buyers to the Sellers under this Agreement shall be paid in full free of bank charges to the Sellers' Account.

**4. Inspection**

~~(a)\* The Buyers have inspected and accepted the Vessel's classification records. The Buyers have also inspected the Vessel at/in (state place) on (state date) and have accepted the Vessel following this inspection and the sale is outright and definite, subject only to the terms and conditions of this Agreement.~~

~~(b)\* The Buyers shall have the right to inspect the Vessel's classification records and declare whether same are accepted or not within (state date/period).~~

The Sellers shall make the Vessel available for inspection at/in (state place/range) within (state date/period).

The Buyers shall undertake the inspection without undue delay to the Vessel. Should the Buyers cause undue delay they shall compensate the Sellers for the losses thereby incurred.

The Buyers shall inspect the Vessel without opening up and without cost to the Sellers.

During the inspection, the Vessel's deck and engine log books shall be made available for examination by the Buyers.

The sale shall become outright and definite, subject only to the terms and conditions of this Agreement, provided that the Sellers receive written notice of acceptance of the Vessel from the Buyers within seventy two (72) hours after completion of such inspection or after the date/last day of the period stated in Line 59, whichever is earlier.

Should the Buyers fail to undertake the inspection as scheduled and/or notice of acceptance of the Vessel's classification records and/or of the Vessel not be received by the Sellers as aforesaid, the Deposit together with interest earned, if any, shall be released immediately to the Buyers, whereafter this Agreement shall be null and void.

Buyers, whereafter this Agreement shall be null and void.

\*4(a) and 4(b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 4(a) shall apply.

#### 5. Time and place of delivery and notices

(a) The Vessel shall be delivered and taken over safely afloat at sea or a safe and accessible berth or anchorage at/in **(subject to the trading limits as permitted under the Bareboat Charter) (state place/range)** in the Sellers' option and as agreed by the Parties, provided that the Vessel shall not be delivered in a place that causes the Buyers to incur tax liabilities that the Buyers would not have incurred had the sale been completed in international waters.

~~Notice of Readiness shall not be tendered before: (date)~~

Cancelling Date (see Clauses 5(c), 6 (a)(i), 6 (a) (iii) and 14): **9 September 2021 or such later date as the Buyers may agree.**

(b) The Sellers ~~shall keep the Buyers well informed of the Vessel's itinerary and shall, immediately upon receipt, provide to the Buyers copies of any notices received from the Initial Sellers under clause 5(b) of the Initial MOA, and provide the Buyers with twenty (20), ten (10), five (5) and three (3) two (2) Banking Days' notice prior to the proposed Pre-positioning Date and of the date the Sellers intend to tender Notice of Readiness and of the intended date and place of delivery.~~

~~When the Vessel is at the place of delivery and physically ready for delivery in accordance with this Agreement, the Sellers shall give the Buyers a written Notice of Readiness for delivery.~~

(c) If the Sellers anticipate that, notwithstanding the exercise of due diligence by them, the Vessel will not be ready for delivery by the Cancelling Date they may notify the Buyers in writing stating the date when they anticipate that the Vessel will be ready for delivery and proposing a new Cancelling Date. Upon receipt of such notification the Buyers shall have the option of either cancelling this Agreement in accordance with Clause 14 (Sellers' Default) within three (3) Banking Days of receipt of the notice or of accepting the new date as the new Cancelling Date.

If the Buyers have not declared their option within three (3) Banking Days of receipt of the Sellers' notification or if the Buyers accept the new date, the date proposed in the Sellers' notification shall be deemed to be the new Cancelling Date and shall be substituted for the Cancelling Date stipulated in line 79.

If this Agreement is maintained with the new Cancelling Date all other terms and conditions hereof including those contained in Clauses 5(b) and 5(d) shall remain unaltered and in full force and effect.

(d) Cancellation, failure to cancel or acceptance of the new Cancelling Date shall be entirely without prejudice to any claim for damages the Buyers may have under Clause 14 (Sellers' Default) for the Vessel not being ready by the original Cancelling Date.

(e) Should the Vessel become an actual, constructive or compromised total loss before delivery ~~the Deposit together with interest earned, if any, shall be released immediately to the Buyers whereafter this~~ the Agreement shall be null and void provided that the Sellers shall indemnify the Buyers in accordance with the terms set out in Clause 21, notwithstanding that this Agreement becomes null and void as a result of the Vessel being a total loss.

## 6. Divers Inspection / Drydocking

The Vessel will be delivered without drydocking.

(a)\*

~~(i) The Buyers shall have the option at their cost and expense to arrange for an underwater inspection by a diver prior to the delivery of the vessel approved by the Classification Society prior to the delivery of the Vessel. Such option shall be declared latest nine (9) days prior to the Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this Agreement. The Sellers shall at their cost and expense make the Vessel available for such inspection. This inspection shall be carried out without undue delay and in the presence of a Classification Society surveyor arranged for by the Sellers and paid for by the Buyers. The Buyers' representative(s) shall have the right to be present at the diver's inspection as observer(s) only without interfering with the work or decisions of the Classification Society surveyor. The extent of the inspection and the conditions under which it is performed shall be to the satisfaction of the Classification Society. If the conditions at the place of delivery are unsuitable for such inspection, the Sellers shall at their cost and expense make the Vessel available at a suitable alternative place near to the delivery port, in which event the Cancelling Date shall be extended by the additional time required for such positioning and the subsequent re-positioning. The Sellers may not tender Notice of Readiness prior to completion of the underwater inspection.~~

~~(ii) If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, then (1) unless repairs can be carried out afloat to the satisfaction of the Classification Society, the Sellers shall arrange for the Vessel to be drydocked at their expense for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules (2) such defects shall be made good by the Sellers at their cost and expense to the Sellers shall pay for the underwater inspection and the Classification Society's attendance.~~

~~Notwithstanding anything to the contrary in this Agreement, if the Classification Society~~

do not require the aforementioned defects to be rectified before the next class against a deduction from the Purchase Price of the estimated direct cost (of labour and materials) of carrying out the repairs to the satisfaction of the Classification Society, whereafter the Buyers shall have no further rights whatsoever in respect of the defects and/or repairs. The estimated direct cost of the repairs shall be the average of quotes for the repair work obtained from two reputable independent shipyards at or in the vicinity of the port of delivery, one to be obtained by each of the Parties within two (2) the Parties agree otherwise. Should either of the Parties fail to obtain such a quote within the stipulated time then the quote duly obtained by the other Party shall be the sole basis for the estimate of the direct repair costs. The Sellers may not tender Notice of Readiness prior to such estimate having been established.

(iii) If the Vessel is to be drydocked pursuant to Clause 6(a)(ii) and no suitable dry docking facilities are available at the port of delivery, the Sellers shall take the Vessel to a port range as per Clause 5(a). Once drydocking has taken place the Sellers shall deliver the Vessel at a port within the delivery range as per Clause 5(a) which shall, for the purpose of this Clause, become the new port of delivery. In such event the Cancelling Date shall be extended by the additional time required for the drydocking and extra steaming, but limited to a maximum of fourteen (14) days.

(b)\* The Sellers shall place the Vessel in drydock at the port of delivery for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules. If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, such defects shall be made good at the Sellers' cost and expense to the satisfaction of the Classification Society without condition/recommendation\*\*. In such event the Sellers are also to pay for the costs and expenses in connection with putting the Vessel in and taking her out of drydock, including the drydock dues and the Classification Society's fees. The Sellers shall also pay for these costs and expenses if parts of the tailshaft system are condemned or found defective or broken so as to affect the Vessel's class. In all other cases, the Buyers shall pay the aforesaid costs and expenses, dues and fees.

6(e) If the Vessel is drydocked pursuant to Clause 6 (a)(ii) or 6 (b) above:

(i) The Classification Society may require survey of the tailshaft system, the extent of the survey being to the satisfaction of the Classification surveyor. If such survey is not required by the Classification Society, the Buyers shall have the option to require the tailshaft to be drawn and surveyed by the Classification Society, the extent of the survey consistent with the current stage of the Vessel's survey cycle. The Buyers shall declare whether they require the tailshaft to be drawn and surveyed not later than by the completion of the inspection by the Classification Society. The drawing and refitting of the tailshaft shall be arranged by the Sellers. Should any parts of the tailshaft system be condemned or found defective so as to affect the Vessel's class, those parts shall be renewed or made good at the Seller's cost and expense to the satisfaction of Classification Society without condition/recommendation\*\*.

(ii) The costs and expenses relating to the survey of the tailshaft system shall be borne by the Buyers unless the Classification Society requires such survey to be carried out or if

parts of the system are condemned or found defective or broken so as to affect the Vessel's class, in which case the Sellers shall pay these costs and expenses.

(iii) The Buyers' representative(s) shall have the right to be present in the drydock, as observer(s) only without interfering with the work or decisions of the Classification Society surveyor.

(iv) The Buyers shall have the right to have the underwater parts of the Vessel cleaned and painted at their risk, cost and expense without interfering with the Sellers' or the Classification Society surveyor' work, if any, and without affecting the Vessel's timely delivery. If, however, the Buyers' work in drydock is still in progress when the Sellers have completed the work which the Sellers are required to do, the additional docking time needed to complete the Buyers' work shall be for the Buyers' risk, cost and expense. In the event that the Buyers' work requires such additional time, the Sellers may upon completion of the Seller's work tender Notice of Readiness for delivery whilst the Vessel is still in drydock and, notwithstanding Clause 5(a), the Buyers shall be obliged to take delivery in accordance with Clause 3 (Payment), whether the Vessel is in drydock or not.

\*6(a) and 6(b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 6(a) shall apply.

\*\*Notes or memoranda, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.

## 7. Spares, bunkers and other items

The Sellers shall deliver the Vessel to the Buyers with everything belonging to her on board and on shore. All spare parts and spare equipment including spare tail end shaft(s) and/or spare propeller(s)/propeller blade(s), if any, belonging to the Vessel at the time of inspection ~~delivery~~, used or unused, whether on board or not shall become the Buyers' property, but spares on order are excluded. Forwarding charges, if any, shall be for the Buyers' account. The Sellers are not required to replace spare parts including spare tail end shaft(s) and spare propeller(s)/propeller blade(s) which are taken out of spare and used as replacement prior to delivery, but the replaced items shall be the property of the Buyers. Unused stores and provisions shall be included in the sale and be taken over by the Buyers without extra payment.

Library and forms exclusively for use in the Sellers' vessel(s) and captain's, officers' and crew's personal belongings including the slop chest are excluded from the sale without compensation, as well as the following additional items (include list)

Items on board which are on hire or owned by third parties, listed as follows, are excluded from the sale without compensation (include list)

Items on board at the time of inspection which are on hire or owned by third parties, not listed above, shall be replaced or procured by the Sellers prior to delivery at their cost and expense. Any remaining bunkers and unused lubricating and hydraulic oils and greases in storage tanks and unopened drums shall remain the property of the Sellers or the Initial Sub-Charterers but remain on board the Vessel on or after delivery and no payment shall be required by the Buyers in respect thereof. The Buyers shall take over remaining bunkers and unused lubricating and hydraulic oils and greases in storage tanks and unopened drums and pay either:

(a) \*the actual net price (excluding barging expenses) as evidenced by invoices or vouchers; or

~~(b) the current net market price (excluding barging expenses) at the port and date of delivery of the Vessel or, if unavailable, at the nearest bunkering port, for the quantities taken over.~~

~~Payment under this Clause shall be made at the same time and placed and in the same currency as the Purchase Price.~~

~~"inspection" in this Clause 7, shall mean the Buyers' inspection according to Clause 4(a) or 4(b) (Inspection), if applicable. If the Vessel is taken over without inspection, the date of this Agreement shall be the relevant date.~~

~~\*(a) and (b) are alternatives, delete whichever is not applicable. In the absence of deletions alternative (a) shall apply.~~

## 8. Documentation

~~(See Additional Clause 24 (Conditions Precedent)).~~

The place of closing:

(a) In exchange for payment of the Purchase Price the Sellers shall provide the Buyers with the following delivery documents:

(i) Legal Bill(s) of sale in a form recordable in the Buyers' Nominated Flag State, transferring title of the Vessel and stating that the Vessel is free from all mortgages, and legalised or apostilled, as required by the Buyers' Nominated Flag State;

(ii) Evidence that all necessary corporate, shareholder and other action has been taken by the Sellers to authorise the execution, delivery and performance of this Agreement;

(iii) Power of Attorney of the Sellers appointing one or more representatives to act on behalf of the Sellers in the performance of this Agreement, duly notarially attested and legalised or apostilled (as appropriate);

(iv) Certificate or Transcript of Registry issued by the competent authorities of the flag state Vessel is free from registered encumbrances and mortgages, to be faxed or e-mailed by such authority to the closing meeting with the original to be sent to the Buyers as soon as possible after delivery of the Vessel;

(iv) Declaration of Class or (depending on the Classification Society) a Class Maintenance Certificate issued within three (3) Banking Days prior to delivery confirming that the Vessel is in Class free of condition/recommendation;

(vi) Certificate of Deletion of the Vessel from the Vessel's registry or other official evidence of deletion appropriate to the Vessel's registry at the time of delivery, or, in the event that the registry does not as a matter of practice issue such documentation immediately, a written undertaking by the Sellers to effect deletion from the Vessel's registry forthwith and provide a certificate or other official evidence of deletion to the Buyers promptly and latest within four (4) weeks after the Purchase Price has been paid and the Vessel has been delivered;

~~(vii) A copy of the Vessel's Continuous Synopsis Record certifying the date on which the Vessel ceased to be registered with the Vessel's registry, or, in the event that the registry does not as a matter of practice issue such certificate immediately, a written undertaking from the Sellers to provide the copy of this certificate promptly upon it being issued together with evidence of submission by the Sellers of a duly executed Form 2 stating the date on which the Vessel shall cease to be registered with the Vessel's registry;~~

~~(viii) Commercial Invoice for the Vessel;~~

~~(ix) Commercial Invoice(s) for bunkers, lubricating and hydraulic oils and greases;~~

~~(x) A copy of the Seller's letter to their satellite communication provider cancelling the Vessel's communications contract which is to be sent immediately after delivery of the Vessel;~~

~~(xi) Any additional documents as may reasonably be required by the competent authorities of the Buyers' Nominated Flag State for the purpose of registering the Vessel, provided the Buyers notify the Sellers of any such documents as soon as possible after the date of this Agreement; and~~

~~(xii) The Sellers' letter of confirmation that to the best of their knowledge, the Vessel is not black listed by any nation or international organisation.~~

~~(b) At the time of delivery the Buyers shall provide the Sellers with:~~

~~(i) Evidence that all necessary corporate, shareholder and other action has been taken by the Buyers to authorise the execution, delivery and performance of this Agreement; and~~

~~(ii) Power of Attorney of the Buyers appointing one or more representatives to act on behalf of the Buyers in the performance of this Agreement, duly notarially attested and legalised or apostilled (as appropriate);~~

~~(c) If any of the documents listed in Sub clauses (a) and (b) above are not in the English language they shall be accompanied by an English translation by an authorised translator or certified by a lawyer qualified to practice in the country of the translated language;~~

~~(d) The Parties shall to the extent possible exchange topics, drafts or samples of the documents listed in Sub clause (a) and Sub clause (b) above for review and comment by the other party not later than (state number of days), or if left blank, nine (9) days prior to the Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this Agreement.~~

~~(e) Concurrent with the exchange of documents in Sub clause (a) and Sub clause (b) above, the Sellers shall also hand to the Buyers the classification certificate(s) as well as all plans, drawings and manuals, (excluding ISM/ISPS manuals), which are on board the Vessel. Other certificates which are on board the Vessel shall also be handed over to the Buyers unless the Sellers are required to retain same, in which case the Buyers have the right to take copies.~~

~~(f) Other technical documentation which may be in the Sellers' possession shall promptly after delivery be forwarded to the Buyers at their expense, if they so request. The Sellers may keep the Vessel's log books but the Buyer have the right to take copies of same.~~

~~(g) The Parties shall sign and deliver to each other a Protocol of Delivery and Acceptance~~

~~confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.~~

**9. Encumbrances**

The Sellers warrant that the Vessel, at the time of delivery, is free from all charters (~~other than the Bareboat Charter and the Initial Sub-Charter (as defined in the Bareboat Charter)~~), encumbrances, mortgages and maritime liens or any other debts whatsoever, and is not subject to Port State or other administrative detentions. The Sellers hereby undertake to indemnify the Buyers against all consequences of claims made against the Vessel which have been incurred prior to the time of delivery.

**10. Taxes, fees and expenses**

Any taxes, fees and documented expenses in connection with the purchase and registration in the Buyers' Nominated Flag State, any Registration Costs and any ~~shall be for the Buyers' account whereas~~, as similar charges in connection with the closing of the Sellers' register shall be for the Sellers' account.

**11. Condition on delivery**

See also Clause 20 (Delivery under this Agreement and the Bareboat Charter).

The Vessel with everything belonging to her shall be at the Sellers' risk and expense until she is delivered to the Buyers, but subject to the terms and conditions of this Agreement she shall be delivered and taken over "as is where is" she was at the time of delivery inspection, fair wear and tear excepted.

However, the Vessel shall be delivered free of cargo and free of stowaways with her Class maintained without any conditions that are overdue condition/recommendation\*, free of average damage affecting the Vessel's class, and with her classification certificates and national certificates, as well as all other certificates the Vessel had at the time of ~~inspection~~ delivery, valid and unextended without any conditions that are overdue condition/recommendation\* by the Classification Society or the relevant authorities at the time of delivery.

~~"inspection" in this Clause 11, shall mean the Buyers' inspection according to Clause 4(a) or 1(b) (Inspections), if applicable. If the Vessel is taken over without inspection, the date of this Agreement shall be the relevant date.~~

\*Notes and memoranda, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.

**12. Name/markings**

Not applicable

Upon delivery the Buyers undertake to change the name of the Vessel and alter funnel markings,

**13. Buyers' default**

~~Should the Deposit not be lodged in accordance with Clause 2 (Deposit), the Sellers have the right to cancel this Agreement, and they shall be entitled to claim compensation for their losses and for all expenses incurred together with interest.~~

~~Should the Purchase Price Relevant Amount not be paid in accordance with Clause 213 (Payment) as the sole and direct result of the Buyers' acts or omissions and such non-payment has not been remedied within three (3) Banking Days of such failure to pay, the Sellers have the right to cancel this Agreement, in which case this Agreement will become void without liability to either the Buyers or the Sellers, the Deposit together with interest earned, if any, shall be released to the Sellers. If the Deposit does not cover their loss, the Sellers shall be entitled to claim further compensation for their losses and for all expenses incurred together with interest.~~

**14. Sellers' default**

Should the Sellers fail to give Notice of Readiness in accordance with Clause 5(b) or fail to be ready to validly complete a legal transfer by the Cancelling Date the Buyers shall have the option of cancelling this Agreement. If after Notice of Readiness has been given but before the Buyers have taken delivery, the Vessel ceases to be physically ready for delivery and is not made physically ready again by the Cancelling Date and new Notice of Readiness given, the Buyers shall retain their option to cancel. In the event that the Buyers elect to cancel this Agreement, the Deposit together with interest earned, if any, shall be released to them immediately,

Should the Sellers fail to give Notice of Readiness by the Cancelling Date or fail to be ready to validly complete a legal transfer as aforesaid they shall make due compensation to the Buyers for their loss and for all expenses together with interest if their failure is due to proven negligence and whether or not the Buyers cancel this Agreement.

**15. Buyers' representatives**

Not applicable.

~~After this Agreement has been signed by the Parties and the Deposit has been lodged, the Buyers have the right to place two (2) representatives on board the Vessel at their sole risk and expense.~~

~~These representatives are on board for the purpose of familiarisation and in the capacity of observers only, and they shall not interfere in any respect with the operation of the Vessel. The Buyers and the Buyers' representatives shall sign the Sellers' P&I Club's standard letter of indemnity prior to their embarkation.~~

**16. Law and Arbitration**

See Clause 25 (Law and dispute resolution).

~~(a) \*This Agreement shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this Agreement shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re enactment thereof save to the extent necessary to give effect to the provisions of this Clause.~~

~~The arbitration shall be conducted in accordance with the London Maritime Arbitrators.~~

~~Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.~~

~~The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the other party does not appoint its own arbitrator and give notice that it has not done so within the fourteen (14) days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both Parties as if the sole arbitrator had been appointed by agreement.~~

~~In cases where neither the claim nor any counterclaim exceeds the sum of US\$100,000 the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.~~

~~(b)\* This Agreement shall be governed by and construed in accordance with Title 9 of the United States Code and the substantive law (not including the choice of law rules) of the State of New York and any dispute arising out of or in connection with this Agreement shall be referred to three (3) persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for the purposes of enforcing any award, judgment may be entered on an award by any court of competent jurisdiction. The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc.~~

~~In cases where neither the claim nor any counterclaim exceeds the sum of US\$ 100,000 the arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the Society of Maritime Arbitrators, Inc.~~

~~(c) This Agreement shall be governed by and construed in accordance with the laws of (state place) and any dispute arising out of or in connection with this Agreement shall be referred to arbitration at (state place), subject to the procedures applicable there.~~

~~\*16(a), 16(b) and 16(c) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 16(a) shall apply.~~

## 17. Notices

All notices to be provided under this Agreement shall be in writing.

Contact details for recipients of notices are as follows:

For the Buyers:

**SEA 254 LEASING CO. LIMITED**

c/o CMB Financial Leasing Co., Ltd.

Address: 21F, China Merchants Bank Building, No.1088, Lujiazui Ring Road, Shanghai, China 200120

Email: xiao\_yue@cmbchina.com / zyzsceb@cmbchina.com

Tel No.: +86 21 6106 1534

Attention: Yue XIAO (Nicholas), Shipping Leasing Department

For the Sellers:  
**GLOBAL SHIP LEASE 71 LLC**  
c/o Technomar Shipping Inc.  
Address: 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece

Email: [finance@technomar.gr](mailto:finance@technomar.gr)  
with a copy to:  
(a) [legalconfidential@technomar.gr](mailto:legalconfidential@technomar.gr); and  
(b) [tpsaropoulos@technomar.gr](mailto:tpsaropoulos@technomar.gr)

**18. Entire Agreement**

~~The written terms of this Agreement comprise the entire agreement between the Buyers and the Sellers in relation to the sale and purchase of the Vessel and supersede all previous agreements whether oral or written between the Parties in relation thereto.~~

~~Each of the Parties acknowledges that in entering into this Agreement it has not relied on and shall have no right or remedy in respect of any statement, representation, assurance or warranty (whether or not made negligently) other than as is expressly set out in this Agreement.~~

Any terms implied into this Agreement by any applicable statute or law are hereby excluded to the extent that such exclusion can legally be made. Nothing in this Clause shall limit or exclude any liability for fraud.

Additional Clauses 19 to 26 (both inclusive) form an integral part of this Agreement. In the event of any inconsistency between (i) any terms set out in Clauses 1 to 18 of this Agreement and (ii) any terms set out in Additional Clauses (i.e., Clauses 19 to 26) of this Agreement, the terms of the Additional Clauses shall prevail.

For and on behalf of the Sellers

For and on behalf of the Buyers

**GLOBAL SHIP LEASE 71 LLC**

**SEA 254 LEASING CO. LIMITED**

Name:

Name:

Title:

Title:

For the Sellers:  
**GLOBAL SHIP LEASE 71 LLC**  
c/o Technomar Shipping Inc.  
Address: 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece

Email: [finance@technomar.gr](mailto:finance@technomar.gr)  
with a copy to:  
[legalconfidential@technomar.gr](mailto:legalconfidential@technomar.gr); and  
[tpsaropoulos@technomar.gr](mailto:tpsaropoulos@technomar.gr)

**18. Entire Agreement**

~~The written terms of this Agreement comprise the entire agreement between the Buyers and the Sellers in relation to the sale and purchase of the Vessel and supersede all previous agreements whether oral or written between the Parties in relation thereto.~~

~~Each of the Parties acknowledges that in entering into this Agreement it has not relied on and shall have no right or remedy in respect of any statement, representation, assurance or warranty (whether or not made negligently) other than as is expressly set out in this Agreement.~~

~~Any terms implied into this Agreement by any applicable statute or law are hereby excluded to the extent that such exclusion can legally be made. Nothing in this Clause shall limit or exclude any liability for fraud.~~

Additional Clauses 19 to 26 (both inclusive) form an integral part of this Agreement. In the event of any inconsistency between (i) any terms set out in Clauses 1 to 18 of this Agreement and (ii) any terms set out in Additional Clauses (i.e., Clauses 19 to 26) of this Agreement, the terms of the Additional Clauses shall prevail.

For and on behalf of the Sellers

**GLOBAL SHIP LEASE 71 LLC**

/s/ Aglaia Lida Papadi

Name: Aglaia Lida Papadi

Title: Attorney-in-fact

For and on behalf of the Buyers

**SEA 254 LEASING CO. LIMITED**

/s/ Tan Li Xin, Joan

Name: Tan Li Xin, Joan

Title: Attorney-in-fact

**TO MEMORANDUM OF AGREEMENT FOR  
THE VESSEL "BARBARA" TO BE RENAMED "GSL TINOS"**

**19. Sellers' representations and undertaking**

(a) The Sellers represent and warrant that:

- (i) on the Delivery Date, they are the legal and beneficial owners of the Vessel; and
- (ii) as at the date hereof and on the Delivery Date:

i. none of the:

- 1. Sellers, any of its Affiliate (as defined in the Bareboat Charter), nor any of their respective directors, officers and employees are a Restricted Party; and
- 2. to the best knowledge of the Sellers, as at the date of this Agreement, neither the Initial Sub-Charterer nor the Initial Sellers or any of its respective directors,

is a Restricted Party; and

- 3. the Sellers, any of its Affiliate (as defined in the Bareboat Charter) and their respective directors, officers and employees; and
- 4. to the best knowledge of the Sellers, as at the date of this Agreement, the Initial Sub-Charterer and the respective directors of the Initial Sub-Charterer,

are in compliance with all Sanctions laws, and none of them have been or are currently being investigated on compliance with Sanctions, they have not received notice or are aware of any claim, action, suit or proceeding against any of them with respect to Sanctions and they have not taken any action to evade the application of Sanctions; and

- (iii) no part of the Purchase Price nor the Vessel shall be made available, directly or indirectly, to or for the benefit of a Restricted Party nor shall they be otherwise directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions laws; and
- (iv) the copy of each of the Initial MOA, the Initial Sub-Charter, the Side Agreement and the Deposit Holder Agreement provided to the Buyers prior to the date hereof is a true and complete copy of such document

and there have been no amendments, supplements or variations to the same, provided that any further amendments, supplements or variations on or prior to the Delivery Date shall be subject to the Buyers' written consent (which shall not be unreasonably withheld or delayed) and thereafter copies of any such further amendment, supplement or variation should be provided by the Sellers to the Buyers promptly.

- (b) The Sellers hereby undertake to the Buyers that the Sellers shall not without the Buyers' written consent sign or release:
  - (i) the protocol of delivery and acceptance under the Initial MOA; or
  - (ii) the Release Letter.

**20. Delivery under this Agreement and the Bareboat Charter**

- (a) The Vessel will, subject to the terms and conditions of this Agreement, be delivered by the Sellers to the Buyers under this Agreement.
- (b) Upon the delivery of the Vessel under this Agreement, the Vessel shall simultaneously be delivered to the Sellers as charterers pursuant to a bareboat charterparty dated on or about the date of this Agreement (the "Bareboat Charter") made or to be made (as the case may be) between the Buyers (as owners) and the Sellers (as charterers).
- (c) The Sellers shall be fully responsible for the Buyers' fulfilment of physical delivery as new owner of the Vessel to the Sellers (as charterers) under the Bareboat Charter. The Buyers' obligation to take delivery of the Vessel under this Agreement is subject to the Sellers (as charterers) taking delivery of the Vessel simultaneously under the Bareboat Charter.
- (d) If any of the Bareboat Charter, the Initial MOA or the Initial Sub-Charter is cancelled or the delivery of the Vessel does not take place under the Bareboat Charter by the Cancelling Date, this Agreement shall be null and void, provided however that Clause 14 (Sellers' default) and Clause 21 (Indemnities) below shall survive.

**21. Indemnities**

- (a) The Sellers shall pay such amounts to the Buyers in respect of all claims, documented expenses, liabilities, losses, fees (including but not limited to legal fees (which have been pre-approved by the Sellers provided no Termination Event has occurred), any Registration Costs, any vessel registration and any tonnage fees) suffered or incurred by or imposed on the Buyers arising from this Agreement, or resulting from the occurrence of a Termination Event which is continuing (as defined in the Bareboat Charter), or in connection with the delivery, registration and purchase of the Vessel by the Buyers whether prior to, during or after termination of this Agreement (including but not limited to the Delivery Date not occurring on the proposed

delivery date set out in the Payment Notice) and whether or not the Vessel is in the possession or the control of the Sellers or otherwise in relation to any non-delivery to or acceptance by the Sellers (as charterers) of the Vessel under the Bareboat Charter.

(b) Notwithstanding anything to the contrary herein, any breach of the terms of this Agreement or termination of this Agreement pursuant to the terms hereof, the indemnities provided by the Sellers in favour of the Buyers shall continue in full force and effect.

## 22. Payment

- (a) The Sellers and the Buyers agree that the Relevant Amount shall, subject to Clause 23 (*Partial set-off of Purchase Price*) below (if applicable), be paid in full by the Buyers by depositing with the Initial Sellers' Bank (in a suspense account) in accordance with the Payment Notice, the Relevant Amount which shall be subsequently released to the Sellers or to such person(s) as may be nominated by the Sellers in accordance with paragraph (b) below. The Payment Notice shall be issued by the Sellers to the Buyers after all the Pre-positioning Date CPs have been satisfied or waived to the satisfaction of the Buyers, which shall be on or before the date falling two (2) Banking Days prior to the proposed Pre-positioning Date.
- (b) On or before the Pre-positioning Date if the Buyers have received evidence (which may be in the form of confirmation that an MT199 message is acceptable to the Sellers' Bank and the Buyers (the "**Conditional Payment Message**")) that the Relevant Amount will be held to the order of the Buyers, and to be released to such person(s) as may be nominated by the sellers upon presentation to the Initial Sellers' Bank of a copy (transmitted by fax, email or otherwise) of each of (i) the protocol of delivery and acceptance under the Initial MOA which is duly signed by an authorised signatory of the Initial Sellers and an authorised signatory of the Sellers evidencing the delivery by the Initial Sellers and acceptance by the Sellers of the Vessel under the Initial MOA and (ii) the Release Letter which is signed by an authorised signatory of the Sellers which is named in the Conditional Payment Message and approved by the Buyers, the Buyers shall deposit with the Initial Sellers' Bank the Relevant Amount to be so held and so released, **provided that** the Buyers' obligation to deposit with the Initial Sellers' Bank the Relevant Amount is always subject to the Buyers being satisfied that all of the Pre-Positioning Date CPs have been satisfied.
- (c) A transfer of funds by the Buyers to the Initial Sellers' Bank in accordance with paragraph (b) above shall constitute payment of the Purchase Price for the purposes of this Agreement and shall, as from the date of such transfer, constitute a valid and binding obligation upon the Sellers in respect of the repayment of the Relevant Amount in accordance with and in the manner contemplated by this Agreement (including but not limited to Clauses 22(d)), the Conditional Payment Message and the Release Letter. The Sellers agree to release, discharge, defend, indemnify, waive and hold harmless the Buyers from and against any liability, obligation or claim which may be

asserted, claimed or recovered against the Buyers for any reason directly arising out of the release or the failure to release (as the case may be) of any part of the Purchase Price by the Initial Sellers' Bank except if the same results from or is a direct consequence of the Buyers' failure to perform their obligations under or in breach of any provisions under this Agreement or the Bareboat Charter.

- (d) Without prejudice to any other provisions under this Agreement, the Sellers shall pay to the Buyers:
- (i) within five (5) Banking Days after the date on which any part of the Purchase Price is released in accordance with paragraph (b) above, and in accordance with the invoice to be issued by the Buyers to the Sellers for the same; and
  - (ii) if applicable, on demand by the Buyers on and after the Return Due Date in relation to any part of the Purchase Price which is or should be returned to the Buyers in accordance with the Conditional Payment Message (whether or not it is actually returned on the Return Due Date);

each as applicable, an amount equal to the interest accrued over the relevant Pre-positioning Period and calculated at the rate of Overnight LIBOR Rate plus 325 basis points over such part of the Purchase Price.

### **23. Partial set-off of Purchase Price**

**The Sellers hereby consent, acknowledge and confirm that:**

- (a) notwithstanding Clause 1 (Purchase Price), the amount due and payable from the Buyers to the Sellers in accordance with Clause 22 (Payment) shall be set off against the amount of Advance Hire (as defined in the Bareboat Charter) and the Arrangement Fee due from the Sellers (as charterers) to the Buyers (as owners) payable pursuant to the Bareboat Charter; and
- (b) for the avoidance of doubt, on the date of payment of the Relevant Amount, (A) the Buyers shall not be obliged to pay the Sellers and the Sellers shall not be entitled to receive from the Buyers an amount which is more than the difference between (i) the Purchase Price and (ii) the aggregate of the Advance Hire and the Arrangement Fee as set off in accordance with paragraph (a) above and (B) the Sellers shall not be obliged to pay the Buyers and the Buyers shall not be entitled to receive from the Sellers payments towards the Advance Hire as a result of this Clause 23 (Partial set-off of Purchase Price).

### **24. Conditions precedent**

(a) Release of the Relevant Amount is conditional upon the Sellers providing the Buyers with the following delivery documents and evidence:

- (i) Two (2) original Legal Bill(s) of Sale in a form recordable in the Buyers' Nominated Flag State, transferring title of the Vessel from the Sellers to the Buyers and stating that the Vessel is free from all registered mortgages, encumbrances and maritime liens or any other debts whatsoever, duly notarially attested or acknowledged and (if required by the Buyers' Nominated Flag State) legalised or apostilled, as required by the Buyers' Nominated Flag State;
- (ii) Evidence that all necessary corporate, shareholder and other action has been taken by the Sellers to authorise the execution, delivery and performance of this Agreement;
- (iii) An original Power of Attorney of the Sellers appointing one or more representatives to act on behalf of the Sellers in the performance of this Agreement, duly notarially attested or acknowledged and (if required by the Buyers' Nominated Flag State) legalised or apostilled, as required by the Buyers' Nominated Flag State;
- (iv) A copy of Declaration of Class or (depending on the Classification Society) a Class Certificate issued within three (3) Banking Days prior to the Delivery Date confirming that the Vessel is in Class free of overdue condition;
- (v) All of the following:
  - (A) Evidence that on the Delivery Date the Vessel will be registered in the ownership of the Buyers as owners of all of the shares in the Vessel with the Buyers' Nominated Flag State; and
  - (B) A copy of the bill of sale to the Buyers referred to in Sub-clause (i) above marked "not released/non-negotiable".
- (vi) An original Commercial Invoice for the Vessel;
- (vii) Copies of the valuations to determine Market Value;
- (viii) Any additional documents as may reasonably be required by the competent authorities of the Buyers' Nominated Flag State for the purpose of registering the Vessel, provided the Buyers notify the Sellers of any such documents as soon as possible after the date of this Agreement;
- (ix) An original of the Sellers' letter of confirmation that to the best of their knowledge, the Vessel is not sanctioned, avoided, prohibited or proscribed by any nation or international organisation and the Vessel is eligible to trade lawfully worldwide;
- (x) An original certificate from a director / officer of the Sellers confirming that all copies of documents provided under this Agreement are true copies of such documents (or a pdf copy of the certificate together with confirmation from the Sellers that the original certificate will be despatched to the Buyers as soon as practicable);
- (xi) In respect of the Initial MOA:

- (A) a copy of the Initial MOA;
  - (B) a copy of the Deposit Holder Agreement (as defined in the Initial MOA);
  - (C) a copy of the Initial Sub-Charter;
  - (D) a copy of the Side Agreement; and
  - (E) written confirmation by the Sellers satisfactory to the Buyers that the Sellers have not exercised the option under the Side Agreement to cancel the Initial Sub-Charter and the Vessel will be delivered into the Initial Sub-Charter on the Delivery Date;
- (xii) Evidence that any difference in the Relevant Amount and the total amounts payable by the Sellers to the Initial Sellers under the Initial MOA have been or will be paid directly by the Sellers (or as the case may be, the Initial Sub-Charterers) to the Initial Sellers on the Delivery Date and such amounts will be released to the Initial Sellers no later than the time the Relevant Amount is released to the Initial Sellers under Clause 22(b) (*Payment*);
- (xiii) Copies of all documents listed at paragraphs 1, 2 and 3 of the Initial MOA Addendum, including but not limited to the protocol of delivery and acceptance under the Initial MOA which is duly signed by an authorised signatory of the Initial Sellers and an authorised signatory of the Sellers evidencing the delivery by the Initial Sellers and acceptance by the Sellers of the Vessel under the Initial MOA;
- (xiv) The Buyers being satisfied that, in their opinion,
- (A) the conditions precedent set out in:
    - (1) Clause 36(a) (*Conditions precedent and conditions subsequent*) of the Bareboat Charter have been satisfied on the Pre-positioning Date; and
    - (2) Clause 36(b) (*Conditions precedent and conditions subsequent*) of the Bareboat Charter have been satisfied on the Delivery Date or, in each case, such other date as the Sellers and Buyers may mutually agree;
  - (B) no Termination Event (as defined in the Bareboat Charter) or Potential Termination Event (as defined in the Bareboat Charter) is, in each case, continuing or would result from:
    - (1) the pre-positioning of the Relevant Amount; or
    - (2) the release of the Relevant Amount to the Sellers or its nominee; and
  - (C) the representations and warranties referred to in Clause 19 (*Sellers' representations*) hereof and clause 47 (*Charterers' representations and*

warranties) of the Bareboat Charter are true and correct on the Delivery Date.

The conditions set out in this Clause 24 are for the sole benefit of the Buyers and may be waived or deferred by the Buyers in whole or in part and with or without conditions. The foregoing is without prejudice to the Buyers' rights to require fulfilment of any such conditions by the Sellers in whole or in part at any time after the date of release of the Relevant Amount.

If the Buyers in their sole discretion agree to accept the delivery of the Vessel from the Sellers before all of the documents and evidence required under Clause 24(a) have been delivered to or to the order of the Buyers, the Sellers undertake to deliver all outstanding documents and evidence to or to the order of the Buyers no later than ten (10) Business Days after the date of delivery of the Vessel or such other later date as specified by the Buyers, acting in their sole discretion. The Buyers' acceptance of the delivery of the Vessel from the Sellers under this Agreement shall not, unless otherwise notified by the Buyers (acting in their sole discretion) to the Sellers in writing, be taken as a waiver of the Buyers' rights to require production of all the documents and evidence required under this Clause 24(a).

- (b) At the time of delivery the Buyers shall provide the Sellers with:
  - (i) the certified copy of the resolutions passed by the board of directors of the Buyers to authorise the execution, delivery and performance of this Agreement; and
  - (ii) (if applicable) the original Power of Attorney of the Buyers appointing one or more representatives to act on behalf of the Buyers in the performance of this Agreement (or a pdf copy of the Power of Attorney together with confirmation from the Buyers that the original will be despatched to the Sellers as soon as practicable).
- (c) If any of the documents listed in Sub-clauses (a) and (b) above are not in the English language they shall be accompanied by an English translation by an authorised translator or certified by a lawyer qualified to practice in the country of the translated language.
- (d) The Parties shall to the extent possible exchange copies, drafts or samples of the documents listed in Sub-clause (a) and Sub-clause (b) above for review and comment by the other party not later than nine (9) days prior to the Vessel's intended date of delivery as notified by the Sellers pursuant to Clause 5(b) of this Agreement.
- (e) Concurrent with the exchange of documents in Sub-clause (a) and Sub-clause (b) above, the Buyers shall gain title and ownership to the classification certificate(s) as well as all plans, drawings and manuals, which are on board the Vessel and shall remain on board the Vessel. Other certificates which are on board the Vessel shall also be handed over to the Buyers unless such certificates are required to remain on board, or the Sellers are required to retain same in their capacity as bareboat charterers, in which case the Sellers shall, upon the request of the Buyers, provide copies of the same at the expense of the Sellers.

- (f) Simultaneously with the release of the Relevant Amount the Parties shall sign and deliver to each other a Protocol of Delivery and Acceptance in the form as attached in Schedule 2 hereto confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.

## 25. Law and dispute resolution

- (a) This Agreement and any non-contractual obligations arising from or in connection with it are in all respects governed by and shall be interpreted in accordance with English law and any dispute arising out of or in connection with this Agreement shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.
- (b) The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.
- (c) The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the fourteen (14) days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both the Buyers and the Sellers as if the sole arbitrator had been appointed by agreement.
- (d) Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.
- (e) In cases where neither the claim nor any counterclaim exceeds the sum of US\$100,000 the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

## 26. Further definitions

In this Agreement:

"**Approved Broker**" has the meaning ascribed to it in the Bareboat Charter.

"**Bareboat Charter**" has the meaning ascribed to it in Clause 20(b).

"**Delivery Date**" means the date of delivery of the Vessel by the Sellers to the Buyers pursuant to this Agreement.

"**Delivery Date CPs**" means the conditions precedent set out in paragraphs 24(a)(i), 24(a)(vi), 24(a)(ix), 24(a)(xi)(E), 24(a)(xiii), 24(a)(xiv)(A)(2), 24(a)(xiv)(B)(2), 24(a)(xiv)(C), of Clause 24 (*Conditions precedent*).

"**Deposit Holder Agreement**" has the meaning given to it in the Initial MOA.

"**Initial MOA**" means the memorandum of agreement for the Vessel dated 12 May 2021 entered into between the Initial Sellers as sellers and the Initial Sub-Charterers as buyers, as amended by a nomination agreement dated 15 June 2021 entered into between the Initial Sellers as sellers, the Initial Sub-Charterers as initial buyers and the Sellers as the buyers' nominee, and an addendum no. 1 thereto dated 15 June 2021 (the "**Initial MOA Addendum**"), an addendum no. 2 thereto dated 4 August 2021 and addendum no. 3 thereto dated 17 August 2021, as may be further amended or supplemented from time to time.

"**Initial Sellers**" means ERB. 5.300TEU GmbH & Co. KG, a company incorporated in Germany with its registered address at Elbchausee 370, 22609, Hamburg, Germany.

"**Initial Sellers' Account**" has the meaning given to the term "**Sellers' Account**" in the Initial MOA.

"**Initial Sellers' Bank**" has the meaning given to the term "Sellers' Bank" in the Initial MOA.

"**Initial Sub-Charter**" means the time charterparty in respect of the Vessel dated 15 June 2021 between the Sellers and the Initial Sub-Charterers, with a daily hire rate at no less than thirty-six thousand five hundred Dollars (US\$36,500) for the fixed three year period from delivery and at no less than seventeen thousand two hundred and fifty Dollars (US\$17,250) for the optional three year period thereafter, as may be further amended or supplemented from time to time.

"**Initial Sub-Charterers**" means Maersk A/S, a company incorporated in Denmark with its registered address at Esplanaden 50, 1263 Copenhagen K, Denmark.

"**Market Value**" has the meaning ascribed to paragraph (a) of the definition of "Market Value" in the Bareboat Charter.

"**Overnight LIBOR Rate**" means, for any day, the rate per annum equal to the British Bankers Association LIBOR Rate ("**BBA LIBOR**"), as published by Thomson Reuters (or other commercially available source providing quotations of BBA LIBOR as designated by the Buyers from time to time) at approximately 11:00 a.m., London time, on such day for United States Dollar deposits (for delivery on such day) with a term equivalent to one (1) day.

"**Payment Notice**" means a notice of the relevant amounts payable by the Buyers under this Agreement to be issued by the Sellers to the Buyers, in substantially the form set out in Schedule 1 (*Form of Payment Notice*) hereto (or such other form as the Buyers may require).

"**Pre-positioning Date**" means date falling one (1) Banking Day prior to the proposed Delivery Date.

**"Pre-positioning Date CPs"** means the conditions precedent set out in Clause 24 (*Conditions precedent*) which are not the Delivery Date CPs.

**"Pre-positioning Period"** means:

- (a) if any part of the Purchase Price deposited with the Initial Sellers' Bank by the Buyers is released in accordance with paragraph (b) of Clause 22 (Payment), the period commencing from (and inclusive of) the Pre-positioning Date and ending on (and inclusive of) the date such part of the Purchase Price is released in accordance with paragraph (b) of Clause 22 (Payment); or
- (b) if any part of the Purchase Price deposited with the Initial Sellers' Bank by the Buyers is or should be returned to the Buyers in accordance with the Conditional Payment Message (whether or not it is actually returned on the Return Due Date), the period commencing from (and inclusive of) the Pre-positioning Date and ending on (and inclusive of) the date such part of the Purchase Price is returned to the Buyers in accordance with the Conditional Payment Message.

**"Release Letter"** means a release letter to be signed pursuant to the Conditional Payment Message in form and substance acceptable to the Buyers.

**"Relevant Amount"** means the Owners' Cost (as defined in the Bareboat Charter) less the Arrangement Fee (as defined in the Bareboat Charter).

**"Registration Costs"** has the meaning ascribed to it in the Bareboat Charter.

**"Restricted Countries"** means those countries subject to country-wide or territory-wide Sanctions and/or trade embargoes, in particular but not limited to pursuant to the U.S.'s Office of Foreign Asset Control of the U.S. Department of Treasury ("**OFAC**") including at the date of this Agreement, but without limitation, Iran, North Korea and Syria and any additional countries based on respective country-wide or territory-wide Sanctions being imposed by OFAC or any of the regulative bodies referred to in the definition of Restricted Party.

**"Restricted Party"** means a person or entity or any other parties (i) located, domiciled, resident or incorporated in Restricted Countries, and/or (ii) subject to any sanction administrated by the United Nations, the European Union, Switzerland, the United States and the OFAC, the United Kingdom, Her Majesty's Treasury ("**HMT**") and the Foreign and Commonwealth Office of the United Kingdom, the People's Republic of China and/or (iii) owned or controlled by or affiliated with persons, entities or any other parties as referred to in (i) and (ii).

**"Return Due Date"** means the date which is the thirteenth (13<sup>th</sup>) Banking Day after the Pre-positioning Date.

**"Sanctions"** means any sanctions, embargoes, freezing provisions, prohibitions or other restrictions relating to trading, doing business, investment, exporting, financing or making assets available (or other activities similar to or connected with any of the foregoing) imposed by law or regulation of the United Nations, United Kingdom, the United States of America (including, without limitation, CISADA and OFAC), the

People's Republic of China or the Council of the European Union or the jurisdiction of incorporation of the Buyers and the Sellers.

**"Side Agreement"** means the agreement relating to the Initial MOA dated 15 June 2021 entered into between the Initial Sub-Charterers and the Sellers.

To: **SEA 254 LEASING CO. LIMITED**

From: **GLOBAL SHIP LEASE 71 LLC**

2021

Dear Sirs

**One container vessel m.v. "Barbara" to be renamed "GSL Tinos"  
- memorandum of agreement dated 2021 (the "MOA")**

1. We refer to the MOA. This is a Payment Notice.
2. Terms defined in the MOA shall have the same meaning in this Payment Notice unless given a different meaning in this Payment Notice.
3. Pursuant to Clause 5(b) of the MOA, we hereby give you notice of the proposed delivery date of the Vessel, being \_\_\_\_\_ 2021 and the proposed place of delivery of the Vessel, being [ ] in accordance with Clause 5(a) of the MOA.
4. We irrevocably request that you advance USD [●], being the Relevant Amount in respect of the Vessel, to the Initial Sellers' Account on \_\_\_\_\_ 2021, which is a Banking Day, by paying the advance in accordance with the MOA, to the Initial Sellers' Account, as follows:

Beneficiary Bank:	[●]
Swift Code:	[●]
Account #:	[●]
Name on Account:	[●]

5. We warrant that no Potential Termination Event or Termination Event (each as defined in the Bareboat Charter) has occurred or would result from the payment of the amounts requested above.

Yours faithfully

For and on behalf of  
**GLOBAL SHIP LEASE 71 LLC**

.....  
Name:  
Title:

**Schedule 2**  
**Form of Protocol of Delivery and Acceptance**

**Protocol of Delivery and Acceptance**

KNOW ALL MEN BY THESE PRESENTS, that Global Ship Lease 71 LLC of 80 Broad Street, Monrovia, Liberia (the "**Sellers**") have sold and do grant and deliver, at \_\_\_\_\_ hours (Shanghai Time) on \_\_\_\_\_ day of \_\_\_\_\_ 2021, unto Sea 254 Leasing Co. Limited of 27/F Three Exchange Square 8, Connaught Place, Central, Hong Kong (the "**Buyer**"), all rights, title and interest in and to one (1) second-hand vessel of name "Barbara" (to be renamed "GSL Tinos") (IMO No. 9437050) of Liberia flag, of GRT 52,726 and NRT 32,613, together with all stores and equipment of whatever nature, now on board and on shore and on order, and free from all charters (other than the Bareboat Charter and the Initial Sub-Charter (each as defined in the MOA)), encumbrances, mortgages, maritime liens or any other debts whatsoever, pursuant to the Memorandum of Agreement dated \_\_\_\_\_ 2021 (the "**MOA**") between the Sellers and the Buyers and any addenda thereto.

The Buyers do hereby accept delivery, title and risks of and to the aforesaid vessel in pursuance of the terms and conditions of the MOA on the date and any addendum thereto and at the time and place stated above.

This PROTOCOL OF DELIVERY AND ACCEPTANCE 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 PROTOCOL OF DELIVERY AND ACCEPTANCE.

Seller

Buyer

**Global Ship Lease 71 LLC**

**Sea 254 Leasing Co. Limited**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name:

Name:

Title:

Title:

In witness of which the parties to this Agreement have executed this Agreement the day and year first before written.

**SELLERS**

**Signed** by Aglaia Lida Papadi                    )     /s/ Aglaia Lida Papadi  
as attorney-in-fact                                )  
for and on behalf of                                )  
**GLOBAL SHIP LEASE 71 LLC**                    )  
in the presence of:                                )

Witness signature: /s/ Chrisanthy Klisaris  
Name: Chrisanthy Klisaris  
Address: 3-5 Menandrou Str.,  
Kifissia, 14561, Athens, Greece

**BUYERS**

**Signed** by **Tan Li Xin, Joan**  
Attorney-in-Fact                                ) /s/ Tan Li Xin, Joan  
as duly authorised signatory                    )  
for and on behalf of                                )  
**SEA 254 LEASING CO. LIMITED**                )  
in the presence of:                                )

Witness signature: /s/ Kanageswary d/o Rajandran  
Name: Kanageswary d/o Rajandran  
Address: STEPHENSON HARWOOD LLP  
1 Raffles Place #18-61 Tower 2  
Singapore 048616



# BARECON 2001

## STANDARD BAREBOAT CHARTER PART I

1. Shipbroker <b>N/A</b>	2. Place and date <b>26 August 2021</b>	
3. Owners/Place of business (Cl. 1) <b>SEA 251 LEASING CO. LIMITED 27/F Three Exchange Square 8, Connaught Place, Central, Hong Kong</b>	4. Bareboat Charterers/Place of business (Cl. 1) <b>GLOBAL SHIP LEASE 68 LLC 80 Broad Street, Monrovia, Liberia</b>	
5. Vessel's name, call sign and flag (Cl. 1 and 3) <b>Name: "Bernadette" to be renamed "GSL Kithira" Flag: Liberia</b>		
6. Type of Vessel <b>5,470 TEU container vessel</b>	7. GT/NT <b>52,726 / 32,613</b>	
8. When/Where built <b>2009 Zhejiang Ouhua Shipbuilding Co., Ltd., PRC</b>	9. Total DWT (abt.) in metric tons on summer freeboard <b>65,550</b>	
10. Classification Society (Cl. 3) <b>DNV GL or any other generally recognised first class classification society that is a member of the International Association of Classification Societies (IACS) as selected by the Charterers and approved by the Owners (such approval not to be unreasonably withheld).</b>	11. Date of last special survey by the Vessel's classification society <b>May 2019</b>	
12 Further particulars of Vessel (also indicate minimum number of months' validity of class certificates agreed acc. to Cl. 3) <b>IMO Number: 9407885</b>		
13. Port or Place of delivery (Cl. 3) <b>As per MOA</b>	14. Time for delivery (Cl. 4) <b>N/A</b>	15. Cancelling date (Cl. 5) <b>N/A</b>
16. Port or Place of redelivery (Cl. 15) <b>See Additional Clause 42 (Redelivery)</b>	17. No. of months' validity of trading and class certificates upon redelivery (Cl. 15) <b>N/A</b>	
18. Running days' notice if other than stated in Cl. 4 <b>N/A</b>	19. Frequency of dry-docking (Cl. 10(g)) <b>In accordance with the normal procedure for vessels of the same type, size and age of the Vessel and as required by the Classification Society or flag state and not less than once every sixty (60) months</b>	
20. Trading limits (Cl. 6) <b>Trading worldwide via safe ports / safe berths / safe anchorages within International Navigating Limits (INL) or otherwise in accordance with the terms of this Charter, always afloat at any time of tide and subject to exclusions and limitations in Clause 41 (Insurance).</b>		
21. Charter period (Cl. 2) <b>Seventy-two (72) months commencing from the Actual Delivery Date</b>	22. Charter hire (Cl. 11) <b>See Additional Clause 40 (Hire)</b>	

23. New class and other safety requirements (state percentage of Vessel's insurance value acc. to Box 29)(Cl. 10(a)(ii)) <b>See Additional Clause 39(b) (Structural changes and alterations)</b>	
24. Rate of interest payable acc. to Cl. 11 (f) and, if applicable, acc. to PART IV <b>See Additional Clause 40 (Hire)</b>	25. Currency and method of payment (Cl. 11) <b>US Dollars</b> <b>(see also Additional Clause 40 (Hire))</b>
26. Place of payment; also state beneficiary and bank account (Cl. 11) <b>See Additional Clause 40 (Hire)</b>	27. Bank guarantee/bond (sum and place) (Cl. 24) (optional) <b>N/A</b>
28. Mortgage(s), if any (state whether 12(a) or (b) applies; if 12(b) applies state date of Financial Instrument and name of Mortgagee(s)/Place of business) (Cl. 12)  <b>12(b) applies; form of Financial Instrument and name of Mortgagee to be determined</b>	29. Insurance (hull and machinery and war risks) (state value acc. to Cl. 13(f) or, if applicable, acc. to Cl. 14(k)) (also state if Cl. 14 applies)  <b>See Additional Clause 41 (Insurance)</b>
30. Additional insurance cover, if any, for Owners' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g))  <b>No limitation</b>	31. Additional insurance cover, if any, for Charterers' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g))  <b>No limitation</b>

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First published in 1974 as BARECON A and B. Amalgamated and revised in 1989. Revised 2001.

32. Latent defects (only to be filled in if period other than stated in Cl. 3)	33. Brokerage commission and to whom payable (Cl. 27) <b>N/A</b>
34. Grace period (state number of clear banking days) (Cl. 28) <b>See Additional Clause 49 (Termination Events)</b>	35. Dispute Resolution (state 30(a), 30(b) or 30(c); if 30(c) agreed Place of Arbitration must be stated (Cl. 30) <b>See Additional Clause 71 (Law and dispute resolution)</b>
36. War cancellation (indicate countries agreed) (Cl. 26(f)) <b>N/A</b>	
37. Newbuilding Vessel (indicate with "yes" or "no" whether PART III applies) (optional) <b>No; Part III does not apply</b>	38. Name and place of Builders (only to be filled in if PART III applies) <b>N/A</b>
39. Vessel's Yard Building No. (only to be filled in if PART III applies) <b>N/A</b>	40. Date of Building Contract (only to be filled in if PART III applies) <b>N/A</b>
41. Liquidated damages and costs shall accrue to (state party acc. to Cl. 1) <b>a) N/A b) N/A c) N/A</b>	
42. Hire/Purchase agreement (indicate with "yes" or "no" whether PART IV applies) (optional) <b>No; Part IV does not apply</b>	43. Bareboat Charter Registry (indicate with "yes" or "no" whether PART V applies) (optional) <b>No</b>
44. Flag and Country of the Bareboat Charter Registry (only to be filled in if PART V applies) <b>N/A</b>	45. Country of the Underlying Registry (only to be filled in if PART V applies) <b>N/A</b>
46. Number of additional clauses covering special provisions, if agreed <b>Clause 32 (Definitions) to Clause 78 (Confidentiality) (both inclusive) as attached hereto, form an integral part of this Charter. In the event of any conflict or inconsistency between the terms of any Additional Clauses with any provision of Part I or Part II of this Charter, such Additional Clauses prevail.</b>	

PREAMBLE - It is mutually agreed that this Contract shall be performed subject to the conditions contained in this Charter which shall include PART I and PART II. In the event of a conflict of conditions, the provisions of PART I shall prevail over those of PART II to the extent of such conflict but no further. It is further mutually agreed that PART III and/or PART IV and/or PART V shall only apply and only form part of this Charter if expressly agreed and stated in Boxes 37, 42 and 43. If PART III and/or PART IV and/or PART V apply, it is further agreed that in the event of a conflict of conditions, the provisions of PART I and PART II shall prevail over those of PART III and/or PART IV and/or PART V to the extent of such conflict but no further.

Signature (Owners) <b>SEA 251 LEASING CO. LIMITED</b>  <u>/s/ Tan Li Xin, Joan</u> Name: Tan Li Xin, Joan Title: Attorney-in-fact	Signature (Charterers) <b>GLOBAL SHIP LEASE 68 LLC</b>  <u>/s/ Aglaia Lida Papadi</u> Name: Aglaia Lida Papadi Title: Attorney-in-fact
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**PART II**  
**BARECON 2001 Standard Bareboat Charter**

**1. Definitions**

In this Charter, the following terms shall have the meanings hereby assigned to them :

*"The Owners"* shall mean the party identified in Box 3 ~~together with their successors, permitted transferees and assignees;~~

*"The Charterers"* shall mean the party identified in Box 4 ~~together with their successors, permitted transferees and assignees;~~

*"The Vessel"* shall mean the vessel named in Box 5 and with particulars as stated in Boxes 6 to 12.

*"Financial Instrument"* means the mortgage, deed of covenant or other such financial security instrument as ~~annexed to this Charter and stated in Box 29~~ may at a later date be granted by the Owners to any bank or Financial Institution in accordance with this Charter.

See also Additional Clause 32 (Definitions) and Additional Clause 33 (Interpretations).

**2 Charter Period**

In consideration of the hHire detailed in Box 22, the Owners have agreed to let and the Charterers have agreed to hire the Vessel for the period stated in Box 21 ("The Charter Period").

**3. Delivery**

See Additional Clause 35 (Delivery).

*(not applicable when Part III applies, as indicated in Box 37)*

~~(a) The Owners shall before and at the time of delivery exercise due diligence to make the Vessel seaworthy And in every respect ready in hull, machinery and equipment for service under this Charter. The Vessel shall be delivered by the Owners and taken over by the Charterers at the port or place indicated in Box 13 in such ready safe berth as the Charterers may direct.~~

~~(b) The Vessel shall be properly documented on delivery in accordance with the laws of the flag State indicated in Box 5 and the requirements of the classification society stated in Box 10. The Vessel upon delivery shall have her survey cycles up to date and trading and class certificates valid for at least the number of months agreed in Box 12.~~

~~(c) The delivery of the Vessel by the Owners and the taking over of the Vessel by the Charterers shall constitute a full performance by the Owners of all the Owners' obligations under this Clause 3, and thereafter the Charterers shall not be entitled to make or assert any claim against the Owners on account of any conditions, representations or warranties expressed or implied with respect to the Vessel but the Owners shall be liable for the cost of but not the time for repairs or renewals occasioned by the latent defects in the Vessel, her machinery or appurtenances, existing at the time of delivery under this Charter, provided such defects have manifested themselves within twelve (12) months after delivery unless otherwise provided in Box 32.~~

**4. Time for Delivery**

See Additional Clause 35 (Delivery).

*(not applicable when Part III applies, as indicated in Box 37)*

~~The Vessel shall not be delivered before the date indicated in Box 14 without the Charterers' consent and the Owners shall exercise due diligence to deliver the Vessel not later than the date indicated in Box 15.~~

~~Unless otherwise agreed in Box 18, the Owners shall give the Charterers not less than thirty (30) running days' preliminary and not less than fourteen (14) running days' definite notice of the date on which the Vessel is expected to be ready for delivery. The Owners shall keep the Charterers closely advised of possible changes in the Vessel's position.~~

**5. Cancelling**

See Additional Clause 34 (Background).

*(not applicable when Part III applies, as indicated in Box 37)*

~~(a) Should the Vessel not be delivered latest by the cancelling date indicated in Box 15, the Charterers shall have the option of cancelling this Charter by giving the Owners notice of cancellation within thirty six (36) running hours after the cancelling date stated in Box 15, failing which this Charter shall remain in full force and effect.~~

~~(b) If it appears that the Vessel will be delayed beyond the cancelling date, the Owners may, as soon as they are in a position to state with reasonable certainty the day on which the Vessel should be ready, give notice thereof to the Charterers asking whether they will exercise their option of cancelling, and the option must then be declared within one hundred and sixty eight (168) running hours of the receipt by the Charterers of such notice or within thirty six (36) running hours after the cancelling date, whichever is the~~

earlier. If the Charterers do not then exercise their option of cancelling, the seventh day after the readiness date stated in the Owners' notice shall be substituted for the cancelling date indicated in Box 15 for the purpose of this Clause 5.

~~(c) Cancellation under this Clause 5 shall be without prejudice to any claim the Charterers may otherwise have on the Owners under this Charter.~~

## **6. Trading Restrictions**

The Vessel shall be employed in lawful trades for the carriage of suitable lawful merchandise within the trading limits indicated in Box 20.

The Charterers undertake not to employ the Vessel or suffer the Vessel to be employed otherwise than in conformity with the terms of the contracts of insurance (including any warranties expressed or implied therein) without first obtaining the consent of the insurers to such employment and complying with such requirements as to extra premium (which shall be at the Charterers' expense) or otherwise as the insurers may prescribe.

The Charterers also undertake not to employ the Vessel or suffer her employment in any trade or business which is forbidden by the law of any country to which the Vessel may sail or is otherwise illicit or in carrying illicit or prohibited goods or in any manner whatsoever which may render her liable to condemnation, destruction, seizure or confiscation.

Notwithstanding any other provisions contained in this Charter it is agreed that nuclear fuels or radioactive products or waste are specifically excluded from the cargo permitted to be loaded or carried under this Charter. This exclusion does not apply to radio-isotopes

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used or intended to be used for any industrial, commercial, agricultural, medical or scientific purposes provided the Vessel's P&I Club's Owners' prior approval has been obtained to loading thereof and, upon the Owners' request (such request to be made not more than once every three (3) months) the Charterers shall provide the Owners with a copy of such approval from the Vessel's P&I Club.

### 7. Surveys on Delivery and Redelivery

See Additional Clause 42 (Redelivery).

*(not applicable when Part III applies, as indicated in Box 37)*

The Owners and Charterers shall each appoint surveyors for the purpose of determining and agreeing in writing the condition of the Vessel at the time of delivery and redelivery hereunder. The Owners shall bear all expenses of the On-hire Survey including loss of time, if any, and the Charterers shall bear all expenses of the Off-hire Survey including loss of time, if any, at the daily equivalent to the rate of hire or pro-rata thereof.

### 8. Inspection

See Additional Clause 48(nn)(i).

The Owners shall have the right at any time after giving reasonable notice to the Charterers to inspect or survey the Vessel or instruct a duly authorised surveyor to carry out such survey on their behalf:

**(a)** to ascertain the condition of the Vessel and satisfy themselves that the Vessel is being properly repaired and maintained. The costs and fees for such inspection or survey shall be paid by the Owners unless the Vessel is found to require repairs or maintenance in order to achieve the condition so provided;

**(b)** in dry dock if the Charterers have not dry docked Her in accordance with Clause 10(g). The costs and fees for such inspection or survey shall be paid by the Charterers; and

**(c)** for any other commercial reason they consider necessary (provided it does not unduly interfere with the commercial operation of the Vessel). The costs and fees for such inspection and survey shall be paid by the Owners.

All time used in respect of inspection, survey or repairs shall be for the Charterers' account and form part of the Charter Period.

The Charterers shall also permit the Owners to inspect the Vessel's log books whenever requested and shall whenever required by the Owners furnish them with full information regarding any casualties or other accidents or damage to the Vessel.

### 9. Inventories, Oil and Stores

See also Additional Clause 37 (Bunkers and Luboils).

~~An inventory of the Vessel's major spare parts for the Main Engine, Diesel Generators and E.R. Auxiliary Machinery. A complete inventory of the Vessel's entire equipment, outfit including spare parts, appliances and of all consumable stores on board the Vessel shall be made by the Charterers in conjunction with the Owners on delivery and again on redelivery of the Vessel unless the Vessel has been sold to the Charterers pursuant to the exercise of a Purchase Option, Call Option or Early Termination Event. The Charterers shall at the time of delivery provide for (at no cost to the Owners) and the Owners, respectively, shall at the time of delivery and redelivery take over and pay for all bunkers, lubricating oil, unbroached provisions, paints, ropes and other consumable stores (excluding spare parts) in the said Vessel at the then current market prices at the ports of delivery and redelivery, respectively. The Charterers shall ensure that all spare parts listed in the inventory and used during the Charter Period are replaced at their expense prior to redelivery of the Vessel.~~

### 10. Maintenance and Operation

**(a)(i)** Maintenance and Repairs - During the Charter Period the Vessel shall be in the full possession and at the absolute disposal for all purposes of the Charterers and under their complete control in every respect. The Charterers shall maintain the Vessel, her machinery, boilers, appurtenances and spare parts in a good state of repair, in efficient operating condition and in accordance with good commercial maintenance practice for vessels of this type and, except as provided for in Clause 14(l), if applicable, at their own expense they shall at all times keep the Vessel's Class fully up to date with the Classification Society indicated in Box 10 free of overdue recommendations, qualifications and conditions and maintain all other necessary certificates in force at all times.

**(ii)** New Class and Other Safety Requirements In the event of any improvement, structural changes or new equipment becoming necessary for the continued operation of the Vessel by reason of new class requirements or by compulsory legislation costing (excluding the Charterers' loss of time) more than the percentage stated in Box 23, or if Box 23 is left blank, 5 per cent. of the Vessel's insurance value as stated in Box 20, then the extent, if any, to which the rate of hire shall be varied and the ratio in which the cost of compliance shall be shared between the parties concerned in order to achieve a reasonable distribution thereof as between the Owners and the Charterers having regard, inter alia, to the length of the period remaining under this Charter shall, in the absence of agreement, be referred to the dispute resolution method agreed in Clause 30.

**(iii) Financial Security** - The Charterers shall maintain financial security or responsibility in respect of third party liabilities as required by any government, including federal, state or municipal or other division or authority thereof, to enable the Vessel, without penalty or charge, lawfully to enter, remain at, or leave any port, place, territorial or contiguous waters of any country, state or municipality in performance of this Charter without any delay. This obligation shall apply whether or not such requirements have been lawfully imposed by such government or division or authority thereof. The Charterers shall make and maintain all arrangements by bond or otherwise as may be necessary to

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satisfy such requirements at the Charterers' sole expense and the Charterers shall indemnify the Owners against all consequences whatsoever ~~(including loss of time)~~ for any failure or inability to do so.

**(b)** Operation of the Vessel - The Charterers shall at their own expense and by their own procurement man, victual, navigate, operate, supply, fuel and, whenever required, repair the Vessel during the Charter Period and they shall pay all charges and expenses of every kind and nature whatsoever incidental to their use and operation of the Vessel under this Charter, including annual flag State fees and any foreign general municipality and/or state taxes. The Master, officers and crew of the Vessel shall be the servants of the Charterers for all purposes whatsoever, even if for any reason appointed by the Owners. Charterers shall comply with the regulations regarding officers and crew in force in the country of the Vessel's flag or any other applicable law.

**(c)** The Charterers shall keep the Owners and the mortgagee(s) advised of ~~the any~~ intended employment, planned dry-docking and major repairs of the Vessel, as reasonably required. See also Additional Clause 57

(Operational notifiable events).

**(d)** Flag and Name of Vessel – ~~During the Charter Period, the Charterers shall have the liberty to paint the Vessel in their own colours, install and display their funnel insignia and fly their own house flag. The Charterers shall also have the liberty, with the Owners' consent, which shall not be unreasonably withheld, to change the flag and/or the name of the Vessel during the Charter Period. Painting and re-painting, instalment and re-instalment, registration and re-registration, if required by the Owners, shall be at the Charterers' expense and time.~~

See also Additional Clause 39 (Structural changes and alterations) and Additional Clause 51 (Name of Vessel).

**(e)** Changes to the Vessel – See Additional Clause 39(a). ~~Subject to Clause 10(a)(ii), the Charterers shall make no structural changes in the Vessel or changes in the machinery, boilers, appurtenances or spare parts thereof without in each instance first securing the Owners' approval thereof. If the Owners so agree, the Charterers shall, if the Owners so require, restore the Vessel to its former condition before the termination of this Charter.~~

**(f)** Use of the Vessel's Outfit, Equipment and Appliances - The Charterers shall have the use of all outfit, equipment, and appliances on board the Vessel at the time of delivery, provided the same or their substantial equivalent shall be returned to the Owners on redelivery in the same good order and condition as when received, ordinary wear and tear excepted. The Charterers shall from time to time during the Charter Period replace such items of equipment as shall be so damaged or worn as to be unfit for use in accordance with the guidelines of the Classification Society and shall ensure that title to any part replaced, renewed or substituted remains with the Owners. The Charterers are to procure that all repairs to or replacement of any damaged, worn or lost parts or equipment be effected in such manner (both as regards workmanship and quality of materials) as not to diminish the value of the Vessel. The Charterers have the right to fit additional equipment and replace, renew or substitute any damaged or worn machinery and equipment to be fit for use at their expense and risk but title to such additional equipment and such replaced, renewed or substituted machinery and equipment (or any parts thereof) shall be deemed to have passed to the Owners immediately upon such fitting and the Charterers shall remove such equipment at the end of the period (unless the Vessel has been sold to the Charterers pursuant to the exercise of a Purchase Option, Call Option or Early Termination Event) if requested by the Owners. Any equipment including radio equipment on hire on the Vessel at time of delivery shall be kept and maintained by the Charterers and the Charterers shall assume the obligations and liabilities of the Owners under any lease contracts in connection therewith and shall reimburse/indemnify the Owners for all expenses incurred in connection therewith, also for any new equipment required in order to comply with radio regulations.

**(g)** Periodical Dry-Docking - The Charterers shall (at their cost and expense) dry-dock the Vessel and clean and paint her underwater parts whenever the same may be necessary, but not less than once during the period stated in Box 19 or, if Box 19 has been left blank, every sixty (60) calendar months after delivery or such other period as may be required by the Classification Society or flag State.

## **11. Hire**

See Additional Clause 40 (Hire).

**(a)** The Charterers shall pay hire due to the Owners punctually in accordance with the terms of this Charter in respect of which time shall be of the essence.

**(b)** ~~The Charterers shall pay to the Owners for the hire of the Vessel a lump sum in the amount indicated in Box 22 which shall be payable not later than every thirty (30) running days in advance, the first lump sum being payable on the date and hour of the Vessel's delivery to the Charterers. Hire shall be paid continuously throughout the Charter Period.~~

**(c)** ~~Payment of hire shall be made in cash without discount in the currency and in the manner indicated in Box 25 and at the place mentioned in Box 26.~~

**(d)** ~~Final payment of hire, if for a period of less than thirty (30) running days, shall be calculated proportionally according to the number of days and hours remaining before redelivery and advance payment to be effected accordingly.~~

**(e)** ~~Should the Vessel be lost or missing, hire shall cease from the date and time when she was lost or last heard of. The date upon which the Vessel is to be treated as lost or missing shall be ten (10) days after the Vessel was last reported or when the Vessel is posted as missing by Lloyd's, whichever occurs first. Any hire paid in advance to be adjusted accordingly.~~

~~(f) Any delay in payment of hire shall entitle the Owners to interest at the rate per annum as agreed~~

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in Box 24. If Box 24 has not been filled in, the three months Interbank offered rate in London (LIBOR or its successor) for the currency stated in Box 25, as quoted by the British Bankers' Association (BBA) on the date when the hire fell due, increased by 2 per cent., shall apply.

~~(g) Payment of interest due under sub clause 11(f) shall be made within seven (7) running days of the date of the Owners' invoice specifying the amount payable or, in the absence of an invoice, at the time of the next hire payment date.~~

## 12. Mortgage

~~(only to apply if Box 28 has been appropriately filled in)~~

~~\*) (a) The Owners warrant that they have not effected any mortgage(s) of the Vessel and that they shall not effect any mortgage(s) without the prior consent of the Charterers, which shall not be unreasonably withheld.~~

~~\*) (b) The Vessel chartered under this Charter ~~is~~ may be financed by a mortgage according to the Financial Instrument. The Charterers undertake to comply, and provide such information and documents to enable the Owners to comply, with all such instructions or directions in regard to the employment, insurances, operation, repairs and maintenance of the Vessel as laid down in the Financial Instrument or as may be directed from time to time during the currency of the Charter by the mortgagee(s) in conformity with ~~the~~ each Financial Instrument. The Charterers confirm that, for this purpose, they will, once such Financial Instrument is available, have acquainted themselves with all relevant terms, conditions and provisions of the Financial Instrument and agree to acknowledge this and any assignment of this Charter and the Owners' earnings and insurances in writing in any form that may reasonably be required by the mortgagee(s). For the avoidance of doubt and notwithstanding anything to the contrary contained in this Charter unless otherwise agreed by the Charterers, the Charterers shall not be obliged to comply with any provision of a Financial Instrument that imposes obligations on the Charterers which are more onerous than those imposed pursuant to this Charter. See also Additional Clause 45 (Owners' mortgage; Owners transfers). The Owners warrant that they have not effected any mortgage(s) other than stated in Box 28 and that they shall not agree to any amendment of the mortgage(s) referred to in Box 28 or effect any other mortgage(s) without the prior consent of the Charterers, which shall not be unreasonably withheld.~~

~~\*) (Optional, Clauses 12(a) and 12(b) are alternatives; indicate alternative agreed in Box 28).~~

## 13. Insurance and Repairs

See Additional Clause 41 (Insurance).

~~(a) During the Charter Period the Vessel shall be kept insured by the Charterers at their expense against hull and machinery, war and Protection and Indemnity risks (and any risks against which it is compulsory to insure for the operation of the Vessel, including maintaining financial security in accordance with sub clause 10(a)(iii)) in such form as the Owners shall in writing approve, which approval shall not be unreasonably withheld. Such insurances shall be arranged by the Charterers to protect the interests of both the Owners and the Charterers and the mortgagee(s) (if any), and The Charterers shall be at liberty to protect under such insurances the interests of any managers they may appoint. Insurance policies shall cover the Owners and the Charterers according to their respective interests. Subject to the provisions of the Financial Instrument, if any, and the approval of the Owners and the insurers, the Charterers shall effect all insured repairs and shall undertake settlement and reimbursement from the insurers of all costs in connection with such repairs as well as insured charges, expenses and liabilities to the extent of coverage under the insurances herein provided for.~~

~~The Charterers ~~also to~~ shall remain responsible for and to effect repairs and settlement of costs and expenses incurred thereby in respect of all other repairs not covered by the insurances and/or not exceeding any possible franchise(s) or deductibles provided for in the insurances.~~

~~All time used for repairs under the provisions of sub-clause 13(a) and for repairs of latent defects according to Clause 3(c) above, including any deviation, shall be for the Charterers' account.~~

~~(b) If the conditions of the above insurances permit additional insurance to be placed by the parties, such cover shall be limited to the amount for each party set out in Box 30 and Box 31, respectively. The Owners or the Charterers as the case may be shall immediately furnish the other party with particulars of any additional insurance effected, including copies of any cover notes or policies and the written consent of the insurers of any such required insurance in any case where the consent of such insurers is necessary.~~

~~(c) The Charterers shall upon the request of the Owners, provide information and promptly execute such documents as may be required to enable the Owners to comply with the insurance provisions of the Financial Instrument.~~

~~(d) Subject to the provisions of the Financial Instrument, if any, should the Vessel become an actual, constructive, compromised or agreed total loss under the insurances required under sub clause 13(a), all insurance payments for such loss shall be paid to the Owners who shall distribute the moneys between the Owners and the Charterers according to their respective interests. The Charterers undertake to notify the Owners and the mortgagee(s), if any, of any occurrences in consequence of which the Vessel is likely to become a total loss as defined in this Clause.~~

~~(e) The Owners shall upon the request of the Charterers, promptly execute such documents as may be required to enable the Charterers to abandon the Vessel to insurers and claim a constructive total loss.~~

~~(f) For the purpose of insurance coverage against hull and machinery and war risks under the provisions of sub clause 13(a), the value of the Vessel is the sum indicated in Box 29.~~

#### **14. Insurance, Repairs and Classification**

~~(Optional, only to apply if expressly agreed and stated in Box 29, in which event Clause 13 shall be considered deleted).~~

~~(a) During the Charter Period the Vessel shall be kept~~

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~~insured by the Owners at their expense against hull and machinery and war risks under the form of policy or policies attached hereto. The Owners and/or insurers shall not have any right of recovery or subrogation against the Charterers on account of loss of or any damage to the Vessel or her machinery or appurtenances covered by such insurance, or on account of payments made to discharge claims against or liabilities of the Vessel or the Owners covered by such insurance. Insurance policies shall cover the Owners and the Charterers according to their respective interests.~~

~~(b) During the Charter Period the Vessel shall be kept insured by the Charterers at their expense against Protection and Indemnity risks (and any risks against which it is compulsory to insure for the operation of the Vessel, including maintaining financial security in accordance with sub-clause 10(a)(iii)) in such form as the Owners shall in writing approve which approval shall not be unreasonably withheld.~~

~~(c) In the event that any act or negligence of the Charterers shall vitiate any of the insurance herein provided, the Charterers shall pay to the Owners all losses and indemnify the Owners against all claims and demands which would otherwise have been covered by such insurance.~~

~~(d) The Charterers shall, subject to the approval of the Owners or Owners' Underwriters, effect all insured repairs, and the Charterers shall undertake settlement of all miscellaneous expenses in connection with such repairs as well as all insured charges, expenses and liabilities, to the extent of coverage under the insurances provided for under the provisions of sub-clause 14(a).~~

~~The Charterers to be secured reimbursement through the Owners' Underwriters for such expenditures upon presentation of accounts.~~

~~(e) The Charterers to remain responsible for and to effect repairs and settlement of costs and expenses incurred thereby in respect of all other repairs not covered by the insurances and/or not exceeding any possible franchise(s) or deductibles provided for in the insurances.~~

~~(f) All time used for repairs under the provisions of sub-clauses 14(d) and 14(e) and for repairs of latent defects according to Clause 3 above, including any deviation, shall be for the Charterers' account and shall form part of the Charter Period.~~

~~The Owners shall not be responsible for any expenses as are incident to the use and operation of the Vessel for such time as may be required to make such repairs.~~

~~(g) If the conditions of the above insurances permit additional insurance to be placed by the parties such cover shall be limited to the amount for each party set out in Box 30 and Box 31, respectively. The Owners or the Charterers as the case may be shall immediately furnish the other party with particulars of any additional insurance effected, including copies of any cover notes or policies and the written consent of the insurers of any such required insurance in any case where the consent of such insurers is necessary.~~

~~(h) Should the Vessel become an actual, constructive, compromised or agreed total loss under the insurances required under sub-clause 14(a), all insurance payments for such loss shall be paid to the Owners, who shall distribute the moneys between themselves and the Charterers according to their respective interests.~~

~~(i) If the Vessel becomes an actual, constructive, compromised or agreed total loss under the insurances arranged by the Owners in accordance with sub-clause 14(a), this Charter shall terminate as of the date of such loss.~~

~~(j) The Charterers shall upon the request of the Owners, promptly execute such documents as may be required to enable the Owners to abandon the Vessel to the insurers and claim a constructive total loss.~~

~~(k) For the purpose of insurance coverage against hull and machinery and war risks under the provisions of sub-clause 14(a), the value of the Vessel is the sum indicated in Box 29.~~

~~(l) Notwithstanding anything contained in sub-clause 10(a), it is agreed that under the provisions of Clause 14, if applicable, the Owners shall keep the Vessel's Class fully up to date with the Classification Society indicated in Box 10 and maintain all other necessary~~

~~certificates in force at all times.~~

## **15. Redelivery**

See Additional Clause 42 (Redelivery) and Additional Clause 43 (Redelivery conditions).

~~At the expiration of the Charter Period the Vessel shall be redelivered by the Charterers to the Owners at a safe and ice-free port or place as indicated in Box 16, in such ready safe berth as the Owners may direct. The Charterers shall give the Owners not less than thirty (30) running days' preliminary notice of expected date, range of ports of redelivery or port or place of redelivery and not less than fourteen (14) running days' definite notice of expected date and port or place of redelivery.~~

~~Any changes thereafter in the Vessel's position shall be notified immediately to the Owners.~~

~~The Charterers warrant that they will not permit the Vessel to commence a voyage (including any preceding ballast voyage) which cannot reasonably be expected to be completed in time to allow redelivery of the Vessel within the Charter Period. Notwithstanding the above, should the Charterers fail to redeliver the Vessel within The Charter Period, the Charterers shall pay the daily equivalent~~

to the rate of hire stated in Box 22 plus 10 per cent. or to the market rate, whichever is the higher, for the number of days by which the Charter Period is exceeded. All other terms, conditions and provisions of this Charter shall continue to apply.

~~Subject to the provisions of Clause 10, the Vessel shall be redelivered to the Owners in the same or as good structure, state, condition and class as that in which she was delivered, fair wear and tear not affecting class excepted.~~

~~The Vessel upon redelivery shall have her survey cycles up to date and trading and class certificates valid for at least the number of months agreed in Box 17.~~

#### **16. Non-Lien**

The Charterers will not suffer, nor permit to be continued, any lien or encumbrance incurred by them or their agents, which might have priority over the title and interest of the Owners in the Vessel other than any Permitted Encumbrances). The Charterers further agree to fasten to the Vessel in a conspicuous

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place and to keep so fastened during the Charter Period a notice reading as follows:

"This Vessel is the property of (name of Owners). It is under charter to (name of Charterers) and by the terms of the Charter Party neither the Charterers nor the Master have any right, power or authority to create, incur or permit to be imposed on the Vessel any lien whatsoever."

See paragraph (i) of Additional Clause 48 (Charterers' undertakings).

**17. Indemnity**

See also Additional Clause 58 (Further Indemnities).

**(a)** The Charterers shall indemnify the Owners against any loss, damage or documented expense incurred by the Owners arising out of or in relation to the operation of the Vessel by the Charterers, and against any lien of whatsoever nature (save for any liens caused directly and solely by the Owners (in the absence of any Termination Event or contributory negligence of the Charterers)) arising out of an event occurring during the Charter Period. If the Vessel be arrested or otherwise detained by reason of claims or liens arising out of her operation hereunder by the Charterers, the Charterers shall at their own expense take all reasonable steps to secure that within a reasonable time the Vessel is released, including the provision of bail.

Without prejudice to the generality of the foregoing, the Charterers agree to indemnify the Owners against all consequences or liabilities arising from the Master, officers or agents signing Bills of Lading or other documents.

~~**(b)** If the Vessel be arrested or otherwise detained by reason of a claim or claims against the Owners, the Owners shall at their own expense take all reasonable steps to secure that within a reasonable time the Vessel is released, including the provision of bail.~~

~~In such circumstances the Owners shall indemnify the Charterers against any loss, damage or expense incurred by the Charterers (including hire paid under this Charter) as a direct consequence of such arrest or detention.~~

**18. Lien**

The Owners to have a lien upon all cargoes, sub-hires and sub-freights belonging or due to the Charterers or any sub-charterers and any Bill of Lading freight for all claims under this Charter, ~~and the Charterers to have a lien on the Vessel for all moneys paid in advance and not earned.~~

**19. Salvage**

All salvage and towage performed by the Vessel shall be for the Charterers' benefit and the cost of repairing damage occasioned thereby shall be borne by the Charterers.

**20. Wreck Removal**

In the event of the Vessel becoming a wreck or obstruction to navigation the Charterers shall indemnify the Owners against any sums whatsoever which the Owners shall become liable to pay and shall pay in consequence of the Vessel becoming a wreck or obstruction to navigation.

**21. General Average**

The Owners shall not contribute to General Average.

**22. Assignment, Sub-Charter and Sale**

See Additional Clause 45 (Owners' mortgage; Owners transfers) and Additional Clause 50 (Sub-chartering and assignment).

**(a)** The Charterers shall not assign or transfer this Charter nor sub-charter the Vessel on a bareboat basis except with the prior consent in writing of the Owners, which shall not be unreasonably withheld, and subject to such terms and conditions as the Owners shall approve.

~~**(b)** The Owners shall not sell the Vessel during the currency of this Charter except with the prior written consent of the Charterers, which shall not be unreasonably withheld, and subject to the buyer accepting an assignment of this Charter.~~

**23. Contracts of Carriage**

**\*) (a)** The Charterers are to procure that all documents issued during the Charter Period evidencing the terms and conditions agreed in respect of carriage of goods shall contain a paramount clause incorporating any legislation relating to carrier's liability for cargo compulsorily applicable in the trade; if no such legislation exists, the documents shall incorporate the Hague-Visby Rules. The documents shall also contain the New Jason Clause and the Both-to-Blame Collision Clause.

~~**\*) (b)** The Charterers are to procure that all passenger tickets issued during the Charter Period for the carriage of passengers and their luggage under this Charter shall contain a paramount clause incorporating any legislation relating to carrier's liability for~~

passengers and their luggage compulsorily applicable in the trade; if no such legislation exists, the passenger tickets shall incorporate the Athens Convention Relating to the Carriage of Passengers and their Luggage by Sea, 1974, and any protocol thereto.

~~\*) Delete as applicable.~~

#### **24. Bank Guarantee**

*(Optional, only to apply if Box 27 filled in)*

~~The Charterers undertake to furnish, before delivery of the Vessel, a first class bank guarantee or bond in the sum and at the place as indicated in Box 27 as guarantee for full performance of their obligations under this Charter.~~

#### **25. Requisition/Acquisition**

~~(a) In the event of the Requisition for Hire of the Vessel by any governmental or other competent authority (hereinafter referred to as "Requisition for Hire") irrespective of the date during the Charter Period when "Requisition for Hire" may occur and irrespective of the length thereof and whether or not it be for an indefinite or a limited period of time, and irrespective of whether it may or will remain in force for the remainder of the Charter Period, this Charter shall not be deemed thereby or thereupon to be frustrated or otherwise terminated and the Charterers shall continue to pay the stipulated hire in the manner provided by this Charter until the time when the Charter would have terminated pursuant to any of the provisions hereof always provided however that in the event of "Requisition for Hire" any Requisition Hire or compensation received or receivable by the Owners shall be payable to the Charterers during the~~

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remainder of the Charter Period or the period of the "Requisition for Hire" whichever be the shorter.

~~(b) In the event of the Owners being deprived of their ownership in the Vessel by any Compulsory Acquisition of the Vessel or requisition for title by any governmental or other competent authority (hereinafter referred to as "Compulsory Acquisition"), then, irrespective of the date during the Charter Period when "Compulsory Acquisition" may occur, this Charter shall be deemed terminated as of the date of such "Compulsory Acquisition". In such event Charter Hire to be considered as earned and to be paid up to the date and time of such "Compulsory Acquisition".~~

**26. War**

**(a)** For the purpose of this Clause, the words "War Risks" shall include any war (whether actual or threatened), act of war, civil war, hostilities, revolution, rebellion, civil commotion, warlike operations, the laying of mines (whether actual or reported), acts of piracy, acts of terrorists, acts of hostility or malicious damage, blockades (whether imposed against all vessels or imposed selectively against vessels of certain flags or ownership, or against certain cargoes or crews or otherwise howsoever), by any person, body, terrorist or political group, or the Government of any state whatsoever, which may be dangerous or are likely to be or to become dangerous to the Vessel, her cargo, crew or other persons on board the Vessel.

**(b)** ~~The Vessel, provided that copies of such applicable additional insurance cover shall be provided to the Owners upon the Owners' request (such request to be made not more than once every three (3) months), unless the written consent of the Owners be first obtained, shall not continue to or go through any port, place, area or zone (whether of land or sea), or any waterway or canal, where it reasonably appears that the Vessel, her cargo, crew or other persons on board the Vessel, in the reasonable judgement of the Owners, may be, or are likely to be, exposed to War Risks. Should the Vessel be within any such place as aforesaid, which only becomes dangerous, or is likely to be or to become dangerous, after her entry into it, the Owners shall have the right to require the Vessel to leave such area unless copies of such applicable additional insurance cover are provided to the Owners upon the Owners' request (such request to be made not more than once every three (3) months).~~

**(c)** The Vessel shall not load contraband cargo, or ~~to~~ pass through any blockade, whether such blockade be imposed on all vessels, or is imposed selectively in any way whatsoever against vessels of certain flags or ownership, or against certain cargoes or crews or otherwise howsoever, or ~~to~~ proceed to an area where she shall be subject, or is likely to be subject to a belligerent's right of search and/or confiscation.

**(d)** If the insurers of the war risks insurance, when Clause 14 is applicable, should require payment of premiums and/or calls because, pursuant to the Charterers' orders, the Vessel is within, or is due to enter and remain within, any area or areas which are specified by such insurers as being subject to additional premiums because of War Risks, then such premiums and/or calls shall be reimbursed by the Charterers to the Owners at the same time as the next payment of Hire is due.

**(e)** The Charterers shall have the liberty:

**(i)** to comply with all orders, directions, recommendations or advice as to departure, arrival, routes, sailing in convoy, ports of call, stoppages, destinations, discharge of cargo, delivery, or in any other way whatsoever, which are given by the Government of the Nation under whose flag the Vessel sails, or any other Government, body or group whatsoever acting with the power to compel compliance with their orders or directions;

**(ii)** to comply with the orders, directions or recommendations of any war risks underwriters who have the authority to give the same under the terms of the war risks insurance;

**(iii)** to comply with the terms of any resolution of the Security Council of the United Nations, any directives of the European Community, the effective orders of any other Supranational body which has the right to issue and give the same, and with national laws aimed at enforcing the same to which the Owners are subject, and to obey the orders and directions of those who are charged with their enforcement.

**(f)** In the event of outbreak of war (whether there be a declaration of war or not) (i) between any two or more of the following countries: the United States of America; Russia; the United Kingdom; France; and the People's Republic of China, (ii) between any two or more of the countries stated in Box 36, both the Owners and the Charterers shall have the right to cancel this Charter, whereupon the Charterers shall redeliver the Vessel to the Owners in accordance with Clause 15, if the Vessel has cargo on board after discharge thereof at destination, or if debarred under this Clause from reaching or entering it at a near, open and safe port as directed by the Owners, or if the Vessel has no cargo on board, at the port at which the Vessel then is or if at sea at a near, open and safe port as directed by the Owners. In all cases Hire shall continue to be paid in accordance with Clause 11 and except as aforesaid all other provisions of this Charter shall apply until redelivery.

**27. Commission**

Not applicable

~~The Owners to pay a commission at the rate indicated in Box 33 to the Brokers named in Box 33 on any hire paid under the Charter. If no rate is indicated in Box 33, the commission to be paid by the Owners shall cover the actual expenses of the Brokers and a reasonable fee for their work. If the full hire is not paid owing to breach of the Charter by either of the parties the party liable therefor shall indemnify the Brokers against their loss of commission. Should the parties agree to cancel the Charter, the Owners shall indemnify the Brokers against any loss of commission but in such case the commission shall not exceed the brokerage on one year's hire.~~

## **28. Termination**

See Additional Clause 49 (Termination Events) and Clause 53 (Total Loss)

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**(a) Charterers' Default**

The Owners shall be entitled to withdraw the Vessel from the service of the Charterers and terminate the Charter with immediate effect by written notice to the Charterers if:

(i) the Charterers fail to pay hire in accordance with Clause 11. However, where there is a failure to make punctual payment of hire due to oversight, negligence, errors or omissions on the part of the Charterers or their bankers, the Owners shall give the Charterers written notice of the number of clear banking days stated in Box 34 (as recognised at the agreed place of payment) in which to rectify the failure, and when so rectified within such number of days following the Owners' notice, the payment shall stand as regular and punctual.

Failure by the Charterers to pay hire within the number of days stated in Box 34 of their receiving the Owners' notice as provided herein, shall entitle the Owners to withdraw the Vessel from the service of the Charterers and terminate the Charter without further notice;

(ii) the Charterers fail to comply with the requirements of:

(1) Clause 6 (Trading Restrictions)

(2) Clause 13(a) (Insurance and Repairs) provided that the Owners shall have the option, by written notice to the Charterers, to give the Charterers a specified number of days grace within which to rectify the failure without prejudice to the Owners' right to withdraw and terminate under this Clause if the Charterers fail to comply with such notice;

(iii) the Charterers fail to rectify any failure to comply with the requirements of sub-clause 10(a)(i) (Maintenance and Repairs) as soon as practically possible after the Owners have requested them in writing so to do and in any event so that the Vessel's insurance cover is not prejudiced.

**(b) Owners' Default**

If the Owners shall by any act or omission be in breach of their obligations under this Charter to the extent that the Charterers are deprived of the use of the Vessel and such breach continues for a period of fourteen (14) running days after written notice thereof has been given by the Charterers to the Owners, the Charterers shall be entitled to terminate this Charter with immediate effect by written notice to the Owners.

**(c) Loss of Vessel**

This Charter shall be deemed to be terminated if the Vessel becomes a total loss or is declared as a constructive or compromised or arranged total loss. For the purpose of this sub-clause, the Vessel shall not be deemed to be lost unless she has either become an actual total loss or agreement has been reached with her underwriters in respect of her constructive, compromised or arranged total loss or if such agreement with her underwriters is not reached it is adjudged by a competent tribunal that a constructive loss of the Vessel has occurred.

(d) Either party shall be entitled to terminate this Charter with immediate effect by written notice to the other party in the event of an order being made or resolution passed for the winding up, dissolution, liquidation or bankruptcy of the other party (otherwise than for the purpose of reconstruction or amalgamation) or if a receiver is appointed, or if it suspends payment, ceases to carry on business or makes any special arrangement or composition with its creditors.

(e) The termination of this Charter shall be without prejudice to all rights accrued due between the parties prior to the date of termination and to any claim that either party might have.

**29. Repossession**

See Additional Clause 42 (Redelivery) and Additional Clause 43 (Redelivery conditions).

In the event of the termination of this Charter in accordance with the applicable provisions of Clause 29 of this Charter, the Owners shall have the right to repossess the Vessel from the Charterers at her current or next port of call, or at a port or place convenient to them without hindrance or interference by the Charterers, courts or local authorities. Pending physical repossession of the Vessel in accordance with this Clause 29, the Charterers shall hold the Vessel as gratuitous bailee only to the Owners and the Charterers shall procure that the master and crew follow the orders and directions of the Owners.

The Owners shall arrange for an authorised representative to board the Vessel as soon as reasonably practicable following the termination of the Charter. The Vessel shall be deemed to be repossessed by the Owners from the Charterers upon the boarding of the Vessel by the Owners' representative. All arrangements and expenses relating to the settling of wages, disembarkation and repatriation of the Charterers' Master, officers and crew shall be the sole responsibility of the Charterers.

**30. Dispute Resolution**

See Additional Clause 71 (Law and dispute resolution).

<sup>\*)</sup> (a) This Contract shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this Contract shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.

~~The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.~~

~~The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within 14 calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the 14 days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the 14 days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if he had been appointed by agreement.~~

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Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.

In cases where neither the claim nor any counterclaim exceeds the sum of US\$50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

~~\*) (b) This Contract shall be governed by and construed in accordance with Title 9 of the United States Code and the Maritime Law of the United States and any dispute arising out of or in connection with this Contract shall be referred to three persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for the purposes of enforcing any award, judgement may be entered on an award by any court of competent jurisdiction. The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc. In cases where neither the claim nor any counterclaim exceeds the sum of US\$50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the Society of Maritime Arbitrators, Inc. current at the time when the arbitration proceedings are commenced.~~

~~\*) (c) This Contract shall be governed by and construed in accordance with the laws of the place mutually agreed by the parties and any dispute arising out of or in connection with this Contract shall be referred to arbitration at a mutually agreed place, subject to the procedures applicable there.~~

~~(d) Notwithstanding (a), (b) or (c) above, the parties may agree at any time to refer to mediation any difference and/or dispute arising out of or in connection with this Contract.~~

In the case of a dispute in respect of which arbitration has been commenced under (a), (b) or (c) above, the following shall apply:

~~(i) Either party may at any time and from time to time elect to refer the dispute or part of the dispute to mediation by service on the other party of a written notice (the "Mediation Notice") calling on the other party to agree to mediation.~~

~~(ii) The other party shall thereupon within 14 calendar days of receipt of the Mediation Notice confirm that they agree to mediation, in which case the parties shall thereafter agree a mediator within a further 14 calendar days, failing which on the application of either party a mediator will be appointed promptly by the Arbitration Tribunal ("the Tribunal") or such person as the Tribunal may designate for that purpose. The mediation shall be conducted in such place and in accordance with such procedure and on such terms as the parties may agree or, in the event of disagreement, as may be set by the mediator.~~

~~(iii) If the other party does not agree to mediate, that fact may be brought to the attention of the Tribunal and may be taken into account by the Tribunal when allocating the costs of the arbitration as between the parties.~~

~~(iv) The mediation shall not affect the right of either party to seek such relief or take such steps as it considers necessary to protect its interest.~~

~~(v) Either party may advise the Tribunal that they have agreed to mediation. The arbitration procedure shall continue during the conduct of the mediation but the Tribunal may take the mediation timetable into account when setting the timetable for steps in the arbitration.~~

~~(vi) Unless otherwise agreed or specified in the mediation terms, each party shall bear its own costs incurred in the mediation and the parties shall share equally the mediator's costs and expenses.~~

~~(vii) The mediation process shall be without prejudice and confidential and no information or documents disclosed during it shall be revealed to the Tribunal except to the extent that they are disclosable under the law and procedure governing the arbitration.~~

~~(Note: The parties should be aware that the mediation process may not necessarily interrupt time limits.)~~

~~(e) If Box 35 in Part I is not appropriately filled in, sub clause 30(a) of this Clause shall apply. Sub clause 30(d) shall apply in all cases.~~

~~\*) Sub clauses 30(a), 30(b) and 30(c) are alternatives; indicate alternative agreed in Box 35.~~

### **31. Notices**

See Additional Clause 66 (Notices).

~~(a) Any notice to be given by either party to the other party shall be in writing and may be sent by fax, telex, registered or recorded mail or by personal service.~~

~~(b) The address of the Parties for service of such communication shall be as stated in Boxes 3 and 4 respectively.~~



**PART III**  
**PROVISIONS TO APPLY FOR NEWBUILDING VESSELS ONLY**  
(Optional, only to apply if expressly agreed and stated in Box 37)

**1. Specifications and Building Contract**

~~(a) The Vessel shall be constructed in accordance with the Building Contract (hereafter called "the Building Contract") as annexed to this Charter, made between the Builders and the Owners and in accordance with the specifications and plans annexed thereto, such Building Contract, specifications and plans having been counter signed as approved by the Charterers.~~

~~(b) No change shall be made in the Building Contract or in the specifications or plans of the Vessel as approved by the Charterers as aforesaid, without the Charterers' consent.~~

~~(c) The Charterers shall have the right to send their representative to the Builders' Yard to inspect the Vessel during the course of her construction to satisfy themselves that construction is in accordance with such approved specifications and plans as referred to under sub clause (a) of this Clause.~~

~~(d) The Vessel shall be built in accordance with the Building Contract and shall be of the description set out therein. Subject to the provisions of sub clause 2(c)(ii) hereunder, the Charterers shall be bound to accept the Vessel from the Owners, completed and constructed in accordance with the Building Contract, on the date of delivery by the Builders. The Charterers undertake that having accepted the Vessel they will not thereafter raise any claims against the Owners in respect of the Vessel's performance or specification or defects, if any.~~

~~Nevertheless, in respect of any repairs, replacements or defects which appear within the first 12 months from delivery by the Builders, the Owners shall endeavour to compel the Builders to repair, replace or remedy any defects or to recover from the Builders any expenditure incurred in carrying out such repairs, replacements or remedies.~~

~~However, the Owners' liability to the Charterers shall be limited to the extent the Owners have a valid claim against the Builders under the guarantee clause of the Building Contract (a copy whereof has been supplied to the Charterers). The Charterers shall be bound to accept such sums as the Owners are reasonably able to recover under this Clause and shall make no further claim on the Owners for the difference between the amount(s) so recovered and the actual expenditure on repairs, replacement or remedying defects or for any loss of time incurred.~~

~~Any liquidated damages for physical defects or deficiencies shall accrue to the account of the party stated in Box 41(a) or if not filled in shall be shared equally between the parties.~~

~~The costs of pursuing a claim or claims against the Builders under this Clause (including any liability to the Builders) shall be borne by the party stated in Box 41(b) or if not filled in shall be shared equally between the parties.~~

**2. Time and Place of Delivery**

~~(a) Subject to the Vessel having completed her acceptance trials including trials of cargo equipment in accordance with the Building Contract and specifications to the satisfaction of the Charterers, the Owners shall give and the Charterers shall take delivery of the Vessel afloat when ready for delivery and properly documented at the Builders' Yard or some other safe and readily accessible dock, wharf or place as may be agreed between the parties hereto and the Builders. Under the Building Contract the Builders have estimated that the Vessel will be ready for delivery to the Owners as therein provided but the delivery date for the purpose of this Charter shall be the date when the Vessel is in fact ready for delivery by the Builders after completion of trials whether that be before or after as indicated in the Building Contract. The Charterers shall not be entitled to refuse acceptance of delivery of the Vessel and upon and after such acceptance, subject to Clause 1(d), the Charterers shall not be entitled to make any claim against the Owners in respect of any conditions, representations or warranties, whether express or implied, as to the seaworthiness of the Vessel or in respect of delay in delivery.~~

~~(b) If for any reason other than a default by the Owners under the Building Contract, the Builders become entitled under that Contract not to deliver the Vessel to the Owners, the Owners shall upon giving to the Charterers written notice of Builders becoming so entitled, be excused from giving delivery of the Vessel to the Charterers and upon receipt of such notice by the Charterers this Charter shall cease to have effect.~~

~~(c) If for any reason the Owners become entitled under the Building Contract to reject the Vessel the Owners shall, before exercising such right of rejection, consult the Charterers and thereupon~~

~~(i) if the Charterers do not wish to take delivery of the Vessel they shall inform the Owners within seven (7) running days by notice in writing and upon receipt by the Owners of such notice this Charter shall cease to have effect; or~~

~~(ii) if the Charterers wish to take delivery of the Vessel they may by notice in writing within seven (7) running days require the Owners to negotiate with the Builders as to the terms on which delivery should be taken and/or refrain from exercising their right to rejection and upon receipt of such notice the Owners shall commence such negotiations and/ or take delivery of the Vessel from the Builders and deliver her to the Charterers;~~

~~(iii) in no circumstances shall the Charterers be entitled to reject the Vessel unless the Owners are able to reject the Vessel from the Builders;~~

~~(iv) if this Charter terminates under sub clause (b) or (c) of this Clause, the Owners shall thereafter not be liable to the Charterers for any claim under or arising out of this Charter or its termination.~~

~~(d) Any liquidated damages for delay in delivery under the Building Contract and any costs incurred in pursuing a claim therefor shall accrue to the account of the party stated in Box 41(c) or if not filled in shall be shared equally between the parties.~~

### **3. Guarantee Works**

~~If not otherwise agreed, the Owners authorise the Charterers to arrange for the guarantee works to be performed in accordance with the building contract terms, and hire to continue during the period of guarantee works.~~

~~The Charterers have to advise the Owners about the performance to the extent the Owners may request.~~

### **4. Name of Vessel**

~~The name of the Vessel shall be mutually agreed between the Owners and the Charterers and the Vessel shall be~~

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**PART III**  
**PROVISIONS TO APPLY FOR NEWBUILDING VESSELS ONLY**  
(Optional, only to apply if expressly agreed and stated in Box 37)

~~Painted in the colours, display the funnel insignia and fly the house flag as required by the Charterers.~~

**5. Survey on Redelivery**

~~The Owners and the Charterers shall appoint surveyors for the purpose of determining and agreeing in writing the condition of the Vessel at the time of re-delivery.~~

~~Without prejudice to Clause 15 (Part II), the Charterers shall bear all survey expenses and all other costs, if any, including the cost of docking and undocking, if required, as well as all repair costs incurred. The Charterers shall also bear all loss of time spent in connection with any docking and undocking as well as repairs, which shall be paid at the rate of hire per day or pro rata.~~

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**PART IV  
HIRE/PURCHASE AGREEMENT**

(Optional, only to apply if expressly agreed and stated in Box 42)

~~On expiration of this Charter and provided the Charterers have fulfilled their obligations according to Part I and II as well as Part III, if applicable, it is agreed, that on payment of the final payment of hire as per Clause 11 the Charterers have purchased the Vessel with everything belonging to her and the Vessel is fully paid for.~~

~~In the following paragraphs the Owners are referred to as the Sellers and the Charterers as the Buyers.~~

~~The Vessel shall be delivered by the Sellers and taken over by the Buyers on expiration of the Charter.~~

~~The Sellers guarantee that the Vessel, at the time of delivery, is free from all encumbrances and maritime liens or any debts whatsoever other than those arising from anything done or not done by the Buyers or any existing mortgage agreed not to be paid off by the time of delivery. Should any claims, which have been incurred prior to the time of delivery be made against the Vessel, the Sellers hereby undertake to indemnify the Buyers against all consequences of such claims to the extent it can be proved that the Sellers are responsible for such claims. Any taxes, notarial, consular and other charges and expenses connected with the purchase and registration under Buyers' flag, shall be for Buyers' account. Any taxes, consular and other charges and expenses connected with closing of the Sellers' register, shall be for Sellers' account.~~

~~In exchange for payment of the last month's hire instalment the Sellers shall furnish the Buyers with a Bill of Sale duly attested and legalized, together with a certificate setting out the registered encumbrances, if any. On delivery of the Vessel the Sellers shall provide for deletion of the Vessel from the Ship's Register and deliver a certificate of deletion to the Buyers. The Sellers shall, at the time of delivery, hand to the Buyers all classification certificates (for hull, engines, anchors, chains, etc.), as well as all plans which may be in Sellers' possession.~~

~~The Wireless Installation and Nautical Instruments, unless on hire, shall be included in the sale without any extra payment.~~

~~The Vessel with everything belonging to her shall be at Sellers' risk and expense until she is delivered to the Buyers, subject to the conditions of this Contract and the Vessel with everything belonging to her shall be delivered and taken over as she is at the time of delivery, after which the Sellers shall have no responsibility for possible faults or deficiencies of any description.~~

~~The Buyers undertake to pay for the repatriation of the Master, officers and other personnel if appointed by the Sellers to the port where the Vessel entered the Bareboat Charter as per Clause 3 (Part II) or to pay the equivalent cost for their journey to any other place.~~

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**PART V**  
**PROVISIONS TO APPLY FOR VESSELS REGISTERED IN A BAREBOAT CHARTER REGISTRY**  
(Optional, only to apply if expressly agreed and stated in Box 43)

**1. Definitions**

For the purpose of this PART V, the following terms shall have the meanings hereby assigned to them:

~~“The Bareboat Charter Registry” shall mean the registry of the State whose flag the Vessel will fly and in which the Charterers are registered as the bareboat charterers during the period of the Bareboat Charter.~~

~~“The Underlying Registry” shall mean the registry of the state in which the Owners of the Vessel are registered as Owners and to which jurisdiction and control of the Vessel will revert upon termination of the Bareboat Charter Registration.~~

**2. Mortgage**

~~The Vessel chartered under this Charter is financed by a mortgage and the provisions of Clause 12(b) (Part II) shall apply.~~

**3. Termination of Charter by Default**

~~If the Vessel chartered under this Charter is registered in a Bareboat Charter Registry as stated in Box 44, and if the Owners shall default in the payment of any amounts due under the mortgage(s) specified in Box 29, the Charterers shall, if so required by the mortgagee, direct the Owners to re-register the Vessel in the Underlying Registry as shown in Box 45.~~

~~In the event of the Vessel being deleted from the Bareboat Charter Registry as stated in Box 44, due to a default by the Owners in the payment of any amounts due under the mortgage(s), the Charterers shall have the right to terminate this Charter forthwith and without prejudice to any other claim they may have against the Owners under this Charter.~~

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**ADDITIONAL CLAUSES  
TO BAREBOAT CHARTER FOR THE VESSEL "BERNADETTE" TO BE RENAMED  
"GSL KITHIRA"**

**32 Definitions**

In this Charter:

"**2018 Withdrawal Act**" means the European Union (Withdrawal) Act 2018.

"**2020 Withdrawal Act**" means the European Union (Withdrawal Agreement) Act 2020.

"**Account Bank**" means ABN AMRO Bank N.V. of Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands or any other third party bank acceptable to the Owners (acting reasonably).

"**Account Pledge**" means a deed or other instrument by the Charterers in favour of the Security Trustee in an agreed form conferring a Security Interest over the Operating Account.

"**Actual Delivery Date**" means the date of delivery of the Vessel by the Owners to the Charterers under this Charter.

"**Advance Hire**" has the meaning given to such term in Clause 40(a)(i) (*Hire*).

"**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.

"**Agreement Term**" means the period commencing on the date of this Charter and terminating on the later of:

- (a) the expiration of the Charter Period; and
- (b) the date on which all money of any nature owed by the Obligor Parties (as defined in the Security Trust Deed) to the Creditor Parties (as defined in the Security Trust Deed) under the Transaction Documents (as defined in the Security Trust Deed) or otherwise in connection with the Vessel and any Collateral Vessel have been paid in full to the Creditor Parties (as defined in the Security Trust Deed) and no obligations of the Obligor Parties (as defined in the Security Trust Deed) of any nature to the Creditor Parties (as defined in the Security Trust Deed) or otherwise in connection with the Transaction Documents (as defined in the Security Trust Deed) or with this Vessel and any Collateral Vessel remain unperformed or undischarged.

"**AML Laws**" means all applicable financial record-keeping and reporting requirements, anti-money laundering statutes (including all applicable rules and regulations thereunder) and all applicable related or similar laws, rules, regulations or guidelines, of all jurisdictions including and without limitation, the United States of America, the European Union, the United Kingdom and the People's Republic of China and which in each case are:

- (a) issued, administered or enforced by any governmental agency having jurisdiction over any Obligor or Owners;
- (b) of any jurisdiction in which any Obligor or Owners conduct business; or
- (c) to which any Obligor or Owners is subjected or subject to.

"**Anthea Y Charter**" means the bareboat charter on barecon 2001 form with additional clauses dated 20 May 2021 (as may from time to time be amended, supplemented, novated or replaced) made between Sea 156 Leasing Co. Limited as owners and Telemachus Marine LLC as charterers, in relation to the vessel "Anthea Y" (IMO No.: 9710244).

"**Anti-Terrorism Financing Laws**" means all applicable anti-terrorism laws, rules, regulations or guidelines of any jurisdiction, including and not limited to the United States of America, the European Union, the United Kingdom or the People's Republic of China which are:

- (a) issued, administered or enforced by any governmental agency, having jurisdiction over any Obligor or Owners;
- (b) of any jurisdiction in which any Obligor or Owners conduct business; or
- (c) to which any Obligor or Owners is subjected or subject to.

"**Applicable Rate**" means:

- (a) for any Hire Period of which the Variable Hire Determination Date falls before a Replacement Benchmark has been agreed pursuant to Clause 40(m)(ii)(B) (*Hire*), LIBOR; or
- (b) for any Hire Period of which the Variable Hire Determination Date falls upon or after a Replacement Benchmark is agreed on pursuant to Clause 40(m)(ii)(B) (*Hire*), the Replacement Benchmark.

"**Approved Broker**" means any of Clarksons Platou, Maersk Broker, Howe Robinson Partners Pte Ltd and Barry Rogliano Salles (BRS) (or any affiliates of the aforementioned if ship valuations are commonly issued by them) and such other reputable and independent ship brokers as may be nominated by the Charterers and approved by the Owners.

"**Approved Charter**" means a valid, binding time charter for the Vessel entered into by the Charterers as disponent owner and with an Approved Charterer as charterer meeting the following criteria:

- (a) with a minimum fixed charter period (without optional extensions) of three (3) years; and
- (b) with the amount of daily charter hire being not less than sixteen thousand five hundred Dollars (US\$16,500).

"**Approved Charterer**" means a leading international container shipping company ranked within the top seven container liner companies globally at any time or such

other reputable leading international container shipping company as may be nominated by the Charterers and approved by the Owners.

**"Approved Commercial Manager"** means the Conchart Commercial Inc, a company incorporated in the Marshall Islands whose registered address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 (registration number 39730) or such other reputable third-party ship management company nominated by the Charterers and approved by the Owners.

**"Approved Flag"** means Liberia or such other jurisdiction as may be acceptable to the Owners (acting reasonably) from time to time.

**"Approved Managers"** means the Approved Commercial Manager and the Approved Technical Manager and **"Approved Manager"** means any one of them.

**"Approved Technical Manager"** means Technomar Shipping Inc, a company incorporated in the Republic of Liberia whose registered address is at 80 Broad Street, Monrovia, Liberia (registration number C-76029) or such other reputable third-party ship management company nominated by the Charterers and approved by the Owners.

**"Arrangement Fee"** means the non-refundable fee in the amount equal to one per cent. (1%) of the Owners' Cost.

**"Break Costs"** means all costs, losses, premiums or penalties incurred by the Owners as a result of the receipt by the Owners of any payment under or in relation to the Transaction Documents on a day other than the due date for payment of the sum in question, or as a result of the Purchase Option Date, Expiry Date or a Termination Payment Date not falling on a Hire Payment Date or as a result of the Termination Payment Date not falling on a Hire Payment Date in each case, including (but not limited to) any break costs incurred by the Owners under the Finance Documents.

**"Business Day"** means a day (other than a Saturday or Sunday) on which banks and financial markets are open for business in Athens, Shanghai, Hong Kong, the Netherlands, the jurisdiction in which the Owners' Account is opened, and:

- (a) (in relation to the determination of the Actual Delivery Date) in London; and
- (b) (in relation to any date for payment) in New York.

**"Business Ethics Laws"** means any laws, regulations and/or other legally binding requirements or determinations in relation to bribery, corruption, fraud, money-laundering, terrorism, sanctions, collusion bid-rigging or anti-trust, human rights violations (including forced labour and human trafficking) which are applicable to either party or to any jurisdiction where activities are performed and which shall include: (i) the United Kingdom Bribery Act 2010, (ii) the United States Foreign Corrupt Practices Act 1977, (iii) Prevention of Bribery Ordinance (Cap. 201) of the Laws of Hong Kong and (iv) any United States, United Kingdom, United Nations or European Union sanctions.

**"Call Option "** means the option to purchase the Vessel at the applicable Call Option Price which the Charterers may exercise in accordance with Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*).

**"Call Option Expiry Date"** means the date falling ninety (90) days prior to the Expiry Date.

**"Call Option Notice"** means a written notice (in such form as the Owners and the Charterers may agree from time to time) which the Charterers may deliver to the Owners for the purpose of the Charterers exercising the Call Option.

**"Call Option Price"** means the aggregate of:

- (a) seven million Dollars (US\$7,000,000);
- (b) all other Unpaid Sums due and payable, together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof up to the date of actual payment;
- (c) the Break Costs (if any);
- (d) any reasonable and documented legal costs incurred by the Owners in respect of the Call Option;
- (e) any other reasonable and documented costs, losses, liabilities and expenses incurred or suffered by the Owners in connection with any Finance Document as a result of the Charterers' exercise of the Call Option; and
- (f) any other sums as the Owners may be entitled to under the terms of this Charter, including (but not limited to) any payments referred to in paragraph (a) of Clause 17 (*Indemnity*)(Part II) and Clause 58 (*Further Indemnities*).

**"Cancellation Date"** means the "Cancelling Date" as set out in the MOA.

**"Cash Collateral"** has the meaning given to it in Clause 48(oo) (*Charterers' Undertakings*), as may be adjusted from time to time in accordance with the same clause and Clause 48(oo).

**"Cash Collateral Refund Amount"** has the meaning given to it in Clause 48(oo)(ii) (*Charterers' Undertakings*).

**"Chargor"** means GSL Kithira Holding LLC, a limited liability company formed and existing under the laws of Liberia whose registered address is at 80 Broad Street, Monrovia, Liberia (registration number 960227).

**"Charter Guarantee"** means the guarantee made or to be made by the Charter Guarantor in favour of the Security Trustee in respect of the obligations of the Obligor (other than the Charter Guarantor) under the Transaction Documents.

**"Charter Guarantor"** means Global Ship Lease, Inc., a corporation organised and existing under the laws of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Islands, Majuro, Marshall Islands, MH96960 (registration number 28891).

**"Charter Guarantor Change of Control Event"** means any of the following events:

- (a) when the common stock of the Charter Guarantor ceases to be listed for public trade on the New York Stock Exchange (NYSE) or other internationally

recognised stock exchange (if applicable) where such delisting did not occur in connection with a listing of the Charter Guarantor's common stock on another internationally recognised stock exchange ("**Delisting Event**");

- (c) when any person(s) own(s) directly or indirectly more than thirty five per cent. (35%) of the shares in the Charter Guarantor, unless such person(s) owned such shares on the date of the completion of the merger of the Charter Guarantor with Poseidon Containers Holdings LLC and K&T Marine LLC in November 2018 (the "**Merger Completion Date**");
- (d) when Mr. George Glouroukos ceases to own or control (either directly or indirectly through one or more Affiliates) at least fifty per cent. (50%) of the number of shares of the Charter Guarantor held by him on the Merger Completion Date (excluding any share split or reverse split), other than by reason of death or other incapacity in managing his affairs; or
- (e) when Mr. George Glouroukos ceases to be the Executive Chairman (or to hold an equivalent executive officer position) of the Charter Guarantor, other than by reason of death or other incapacity in managing his affairs.

"**Charter Period**" means, subject to Clause 40(k) (*Hire*), Clause 49 (*Termination Events*), Clause 53 (*Total Loss*) and Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*), the period of seventy-two (72) months commencing from the Actual Delivery Date.

"**Charterers' Assignment**" means the deed of assignment executed or to be executed (as the case may be) by the Charterers in favour of the Security Trustee in relation to certain of the Charterers' rights and interest in and to (among other things) the (a) Earnings, (b) Insurances, (c) Requisition Compensation, (d) the Initial Sub-Charter and any Sub-Charter and (e) any Sub-Charter Guarantees.

"**Classification Society**" means the vessel classification society referred to in Box 10 (*Classification Society*) of this Charter, or such other reputable classification society which is a member of the International Association of Classification Societies as selected by the Charterers and as the Owners may approve from time to time (acting reasonably).

"**Collateral Charter**" means, in respect of a Collateral Vessel, the bareboat charter agreement in respect of that Collateral Vessel entered into between an Affiliate of the Owners as owner and the respective Collateral Charterers as charterer.

"**Collateral Charterers**" means, in relation to a Collateral Vessel, the Collateral Charterer set out alongside its name in the table specified at the definition "Collateral Vessels".

"**Collateral Owners**" means, in relation to a Collateral Vessel, the Collateral Owners set out alongside its name in the table specified at the definition "Collateral Vessels".

"**Collateral Vessels**" means the vessels set out below:

	Vessel name / IMO	Collateral Owners	Collateral Charterers
1.	"BLANDINE" to be renamed "GSL Tripoli"/ 9437048	Sea 252 Leasing Co. Limited	Global Ship Lease 69 LLC
2.	"BALBINA" to be renamed "GSL Syros"/ 9437062	Sea 253 Leasing Co. Limited	Global Ship Lease 70 LLC
3.	"BARBARA" to be renamed "GSL Tinos"/ 9437050	Sea 254 Leasing Co. Limited	Global Ship Lease 71 LLC

**"Commercial Management Agreement"** means the commercial management agreement entered or to be entered into (as the context so requires) between the Approved Commercial Manager and the Charterers.

**"Compliance Certificate"** means a certificate substantially in the form in schedule 1 of the Charter Guarantee.

**"Cost Balance"** means, at any relevant time during the Agreement Term, an amount equal to the Owners' Cost as may be reduced by payment of the Fixed Hire pursuant to Clause 40(a)(ii) (*Hire*).

**"Day One Cash Collateral Amount"** means one million eight hundred thousand Dollars (US\$1,800,000).

**"Default Termination"** means a termination of the Charter Period pursuant to the provisions of Clause 49 (*Termination Events*).

**"Early Termination Event"** means the option to purchase the Vessel which the Owners may exercise in accordance with Clause 52(d) (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*)

**"Earnings"** means all hires, freights, pool income and other sums payable to or for the account of the Charterers and in respect of the Vessel including (without limitation) all earnings received or to be received from each Sub-Charter or any proceeds received or to be received from each Sub-Charter Guarantee, all remuneration for salvage and towage services, demurrage and detention moneys, contributions in general average, compensation in respect of any requisition for hire, and damages and other payments (whether awarded by any court or arbitral tribunal or by agreement or otherwise) for breach, termination or variation of any contract for the operation, employment or use of the Vessel including the Initial Sub-Charter and any other Sub-Charter.

**"Environmental Approval"** means any present or future permit, ruling, variance or other authorisation, consent, approval, resolution, licence, exemption, filing, notarisisation or registration required under Environmental Laws.

**"Environmental Claim"** means any claim, proceeding, formal notice or investigation by any governmental, judicial or regulatory authority or any other person which arises out of an Environmental Incident or which relates to any Environmental Law and, for this purpose, "claim" includes a claim for damages, compensation, contribution, injury, fines, losses and penalties or any other payment of any kind, including in relation to clean-up and removal, whether or not similar to the foregoing; an order or direction to take, or not to take, certain action or to desist from or suspend certain action; and any form of enforcement or regulatory action, including the arrest or attachment of any asset.

**"Environmental Incident"** means:

- (a) any release, emission, spill or discharge into or upon the air, sea, land or soils (including the seabed) or surface water of Environmentally Sensitive Material within or from the Vessel; or
- (b) any incident in which Environmentally Sensitive Material is released, emitted, spilled or discharged into or upon the air, sea, land or soils (including the seabed) or surface water from a vessel other than the Vessel and which involves a collision between the Vessel and such other vessel or some other incident of navigation or operation, in either case, in connection with which the Vessel is actually arrested, attached, detained or injuncted and the Vessel, any Obligor, any operator or manager of the Vessel or any combination of them is at fault or allegedly at fault or otherwise liable to any legal or administrative action; or
- (c) any other incident in which Environmentally Sensitive Material is released, emitted, spilled or discharged into or upon the air, sea, land or soils (including the seabed) or surface water otherwise than from the Vessel and in connection with which the Vessel is actually liable to be arrested, attached, detained or injuncted and/or where any Obligor, any operator or manager of the Vessel or any combination of them is at fault or otherwise liable to any legal or administrative action, other than in accordance with an Environmental Approval.

**"Environmental Law"** means any present or future law or regulation relating to pollution or protection of human health or the environment, to conditions in the workplace, to the carriage, generation, handling, storage, use, release or spillage of Environmentally Sensitive Material or to releases of Environmentally Sensitive Material.

**"Environmentally Sensitive Material"** means all contaminants, oil, oil products, toxic substances and any other substance (including any chemical, gas or other hazardous or noxious substance) which is (or is capable of being or becoming) polluting, toxic or hazardous.

**"Expiry Date"** means the date falling seventy two (72) months after the Actual Delivery Date.

**"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 (a); or
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in (a) or (b) with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

**"FATCA Deduction"** means a deduction or withholding from a payment under a Transaction Document required by FATCA.

**"FATCA Exempt Party"** means a party that is entitled to receive payments free from any FATCA Deduction.

**"Finance Document"** means any facility agreement, security document, fee letter and any other document designated as such by the Finance Parties and the Owners and which have been or may be (as the case may be) entered into between the Finance Parties and the Owners for the purpose of, among other things, financing or (as the case may be) refinancing all or any part of the Owners' Cost.

**"Finance Party"** means any bank or Financial Institution which is or will be party to a Finance Document (other than the Owners and other entities which may have agreed or be intended as debtors and/or obligors thereunder) and **"Finance Parties"** means two or more of them.

**"Financial Indebtedness"** means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any acceptance credit under any acceptance credit facility or dematerialised equivalent;
- (c) any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract, a liability under which would, in accordance with GAAP, be treated as a balance sheet liability;
- (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, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability of an entity which is

not an Obligor which liability would fall within one of the other sections of this definition;

- (h) any amount raised by the issue of shares which are redeemable (other than at the option of the issuer) before the end of the Agreement Term or are otherwise classified as borrowings under GAAP;
- (i) any amount of any liability under an advance or deferred purchase agreement if (i) 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 or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 30 days after the date of supply;
- (j) any amount raised under any other transaction (including any forward sale or purchase, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing; and
- (k) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in (a) to (j).

**"Financial Institution"** means any bank or financial institution, trust, fund, leasing company or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets.

**"Fixed Hire"** means:

- (a) in respect of each of the first twelve (12<sup>th</sup>) payments of Fixed Hire due on the Hire Payment Dates occurring from the Actual Delivery Date up to and including the third (3<sup>rd</sup>) anniversary of the Actual Delivery Date, calculated in accordance with the following formula:

$$A = 1/12 \times B$$

Where:

**A** is the amount of the Fixed Hire due on that Hire Payment Date; and

**B** is the difference between the Owners' Cost and ten million nine hundred and fifty thousand Dollars (US\$10,950,000); and

- (b) in respect of each of the thirteenth (13<sup>th</sup>) to twenty fourth (24<sup>th</sup>) payment of Fixed Hire due on the Hire Payment Dates occurring from and excluding the third (3<sup>rd</sup>) anniversary of the Actual Delivery Date up to and including the sixth (6<sup>th</sup>) anniversary of the Actual Delivery Date, calculated in accordance with the following formula:

$$C = 1/12 \times D$$

Where:

**C** is the amount of the Fixed Hire due on that Hire Payment Date; and

**D** is the difference between ten million nine hundred and fifty thousand Dollars (US\$10,950,000) and seven million Dollars (US\$7,000,000).

"GAAP" means generally accepted accounting principles in the United States.

"Group" means the Charter Guarantor and each of its Subsidiaries for the time being.

"Hire" means each or any combination or aggregate of (as the context may require):

- (a) Advance Hire;
- (b) Fixed Hire; and
- (c) Variable Hire.

"Hire Payment Date" means the last day of each and any Hire Period.

"Hire Period" means each and every consecutive period of three (3) months with the first Hire Period to commence on the Actual Delivery Date and each successive Hire Period to commence forthwith upon the expiry of the immediately preceding Hire Period, provided that the final period shall end on the earlier of (i) the last day of the Charter Period, and (ii) the redelivery of the Vessel to the Owners following an early termination of this Charter or, as the case may be, purchase of the Vessel by the Charterers in accordance with the terms hereof, without prejudice however to any other claims of the Owners against the Charterers arising out of or in connection with this Charter.

"Holding Company" means, in relation to a person, any other person in respect of which it is a Subsidiary.

"Hong Kong" means the Hong Kong Special Administrative Region of The People's Republic of China.

"IAPPC" means a valid international air pollution prevention certificate for the Vessel issued under Annex VI (Regulations for the Prevention of Air Pollution from Ships) to the International Convention for the Prevention of Pollution from Ships 1973 (as modified in 1978 and 1997).

"IMO Ballast Water Management (BWM) Convention" means the International Convention for the Control and Management of Ships' Ballast Water and Sediments adopted by the International Maritime Organization (as the same may be amended, supplemented or superseded from time to time).

"Increased Costs" means:

- (a) a reduction in the rate of return from the transactions contemplated by the Transaction Documents or on the Owners' overall capital;
- (b) an additional or increased cost; or
- (c) a reduction of any amount due and payable under any Transaction Document,

which is incurred or suffered by the Owners to the extent that it is attributable to the Owners having agreed to acquire the Vessel to charter the same to the Charterers on the basis of this Charter and in entering into this Charter, the other Transaction Documents or in performing its obligations under the Transaction Documents.

"**Indemnitee**" has the meaning given to such term in Clause 58 (*Further indemnities*).

"**Indirect Tax**" means any goods and services tax, consumption tax, value added tax or any tax of a similar nature.

"**Initial MOA**" means the memorandum of agreement for the Vessel dated 12 May 2021 entered into between the Initial Sellers as sellers and the Initial Sub-Charterers as buyers, as amended by a nomination agreement dated 15 June 2021 entered into between the Initial Sellers as sellers, the Initial Sub-Charterers as initial buyers and the Charterers as the buyers' nominee, and an addendum no. 1 thereto dated 15 June 2021, as may be further amended or supplemented from time to time.

"**Initial Sellers**" means ERB. 5.300TEU GmbH & Co. KG, a company incorporated in Germany with its registered address at Elbchausee 370, 22609, Hamburg, Germany.

"**Initial Sub-Charter**" means the time charterparty in respect of the Vessel dated 15 June 2021 between the Charterers and the Initial Sub-Charterers, with a daily hire rate at no less than thirty-six thousand five hundred Dollars (US\$36,500) for the fixed three year period from delivery (the "**Initial Sub-Charter Fixed Term**") and at no less than seventeen thousand two hundred and fifty Dollars (US\$17,250) (the "**Daily Initial Sub-Charter Optional Term Rate**") for the optional three year period thereafter (the "**Initial Sub-Charter Optional Term**"), as may be further amended or supplemented from time to time.

"**Initial Sub-Charterers**" means Maersk A/S, a company registered in Denmark, with its registered address at Esplanaden 50, 1263 Copenhagen K, Denmark.

"**Innocent Owners' Interest Insurances**" means all policies and contracts of innocent owners' interest insurance and innocent owners' additional perils (oil pollution) insurance from time to time taken out by the Owners in relation to the Vessel.

"**Insurances**" means all policies and contracts of insurance, including entries of the Vessel in any protection and indemnity or war risks association, which are from time to time taken out or entered into in respect of the Vessel or her earnings or otherwise in connection with the Vessel or her Earnings and (where the context permits) all rights, benefits and other assets under, or derived from, such contracts and policies, including all claims of any nature and returns of premium.

"**ISM Code**" means the International Safety Management Code (including the guidelines on its implementation), adopted by the International Maritime Organisation Assembly as Resolutions A.741 (18) (as amended by MSC 104 (73)) and A.913(22) (superseding Resolution A.788 (19)), as the same may be amended, supplemented or superseded from time to time (and the terms "safety management system", "Safety Management Certificate" and "Document of Compliance" have the same meanings as are given to them in the ISM Code).

"**ISPS Code**" means the International Ship and Port Facility Security Code adopted by the International Maritime Organisation (as the same may be amended, supplemented or superseded from time to time).

"**ISSC**" means a valid and current International Ship Security Certificate issued under the ISPS Code.

"**Joint Venture**" means any joint venture entity, whether a company, unincorporated firm, undertaking, association, joint venture or partnership or any other entity.

"**Legal Opinions**" means the legal opinions provided to the Owners under Clause 36(a)(xii) (*Conditions precedent and conditions subsequent*).

"**Legal Reservations**"

- (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 Acts, 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;
- (c) similar principles, rights and defences under the laws of any Relevant Jurisdiction; and
- (d) any other matters which are set out as qualifications or reservations as to matters of law of general application in the Legal Opinions.

"**LIBOR**" means the applicable Screen Rate at or about 11:00 am (London time) on the relevant Variable Hire Determination Date for the offering of deposits in US Dollars for a period of three (3) months and, if any such rate is below zero, LIBOR will be deemed to be zero.

"**Maersk QEL**" means the quiet enjoyment letter entered or to be entered into pursuant to the Initial Sub-Charter between the Initial Sub-Charterer, the Owners, the Security Trustee and the Charterers.

"**Management Agreement**" means the Commercial Management Agreement and the Technical Management Agreement.

"**Managers' Undertaking**" means the undertaking to be entered into by an Approved Manager in favour of the Security Trustee in the form to be agreed by the Owners and each Approved Manager.

"**Margin**" means three point two five per cent. (3.25%).

"**Market Value**" means, on any Valuation Date:

- (a) for the purposes of determining the Purchase Price on the Actual Delivery Date, the arithmetic average of two valuations pursuant to two such Valuation Reports from two Approved Brokers, one selected by the Charterers and one selected by the Owners; or in the event the difference between the two Valuation Reports obtained is greater than 5%, the arithmetic average of the three Valuation Reports, the third Valuation Report being obtained from a further Approved Broker selected by the Owners; and

- (b) for any other purposes other than that in (a) above (including, without limitation, determining the Value Maintenance Ratio and Minimum Insured Value), the arithmetic average of two valuations pursuant to two such Valuation Reports from two Approved Brokers, both selected by the Owners; or in the event the difference between the two Valuation Reports obtained is greater than 5%, the arithmetic average of the three Valuation Reports, the third Valuation Report being obtained from a further Approved Broker selected by the Owners,

in each case, (i) assessed in Dollars on a desktop charter-free basis between a willing buyer and a willing seller, and so obtained in ascertaining the market value of the Vessel, no more than thirty (30) days prior to that Valuation Date and (ii) if an Approved Broker determines that the valuation of the Vessel shall fall within a range, the valuation as determined by each Approved Broker should be the lower of such range.

"**MARPOL**" means the International Convention for the Prevention of Pollution from Ships adopted by the International Maritime Organisation (as the same may be amended, supplemented or superseded from time to time).

"**Material Adverse Effect**" means in the reasonable opinion of the Owners a material adverse effect on:

- (a) the business, operations or property of any Obligor or the Group taken as a whole; or
- (b) the ability of any Obligor to perform its obligations under any Transaction Document; 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 Transaction Documents or the rights or remedies of the Secured Parties under any of the Transaction Documents.

"**Minimum Cash Balance**" means at any date during the Charter Period, an amount of three hundred thousand Dollars (US\$300,000).

"**MOA**" has the meaning given to such term in Clause 34 (*Background*).

"**month**" means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last day in that calendar month.

"**Obligors**" means the Charterers, the Charter Guarantor, the Chargor, any Approved Managers that is owned or controlled by the Charter Guarantor, any person that may be party to a Transaction Document from time to time (other than the Owners, but provided that they are owned or controlled by the Charter Guarantor), any Sub-Charterer that is owned or controlled by the Charter Guarantor and any "Obligor" as defined in any Collateral Charter.

"**Operating Account**" means the bank account opened or to be opened in the name of the Charterers with the Account Bank and designated "the Operating Account" or

such other account to which the Earnings are to be remitted and operating expenses of the Vessel are to be recorded, and in each case, includes any sub-account thereof.

**"Option Premium"** means the aggregate of:

- (a) two million Dollars (US\$2,000,000);
- (b) all other Unpaid Sums due and payable, together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof up to the date of actual payment; and
- (c) any other reasonable and documented costs, losses, liabilities and expenses incurred or suffered by the Owners in connection with any Finance Document.

**"Original Financial Statements"** means the unaudited consolidated financial statements of the Charter Guarantor for the financial year ended 31 December 2020.

**"Owners' Account"** means the Owners' bank account described in paragraph (d) of Clause 40 (*Hire*).

**"Owners' Cost"** means an amount equivalent to sixty per cent. (60%) of the Purchase Price (as defined in the MOA) paid or to be paid by the Owners (as buyers) to the Charterers (as sellers) under the MOA.

**"Party"** means a party to this Charter and **"Parties"** means both of them.

**"Permitted Security Interest"** means:

- (a) any Security Interest created pursuant to any Transaction Document or any Finance Document or otherwise created with the prior written consent of the Owners;
- (b) any liens for unpaid master's, officer's and crew's wages in accordance with usual maritime practice and are discharged within thirty (30) days;
- (c) any liens for salvage;
- (d) any liens for master's disbursements incurred in the ordinary course of trading and are discharged within thirty (30) days; or
- (e) any other lien arising by operation of law or otherwise in the ordinary course of operation, repair or maintenance of the Vessel and not as a result of any default or omission of any Obligor.

**"PDA"** means the protocol of delivery and acceptance in relation to the Vessel to be executed between the Owners and the Charterers, substantially in the form of Schedule 1 (*Form of Protocol of Delivery and Acceptance*) hereto.

**"Potential Termination Event"** means a Termination Event or any event or circumstance specified in Clause 49 (*Termination Events*) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Transaction Documents or any combination of any of the foregoing) be a Termination Event.

**"Pre-positioning Date"** means such term as defined in the MOA.

**"Purchase Option"** means the option to purchase the Vessel at the applicable Purchase Option Price which the Charterers may exercise in accordance with Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*).

**"Purchase Option Date"** means the date falling on each relevant anniversary of the Actual Delivery Date commencing on and including the third (3<sup>rd</sup>) anniversary of the Actual Delivery Date, on which the Charterers exercise the Purchase Option in accordance with Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*), except for the Expiry Date.

**"Purchase Option Fee"** means:

- (a) if the Purchase Option Date falls on the third (3<sup>rd</sup>) anniversary or the fourth (4<sup>th</sup>) anniversary of the Actual Delivery Date, an amount that is calculated by multiplying (a) the then current Cost Balance by (b) two per cent. (2%); and
- (b) if the Purchase Option Date falls on the fifth (5<sup>th</sup>) anniversary of the Actual Delivery Date, an amount that is calculated by multiplying (a) the then current Cost Balance by (b) one per cent. (1%).

**"Purchase Option Notice"** means a written notice (in such form as the Owners and the Charterers may agree from time to time) which the Charterers may deliver to the Owners for the purpose of the Charterers exercising the Purchase Option.

**"Purchase Option Price"** means the amount due and payable by the Charterers to the Owners pursuant to Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*), being the aggregate of:

- (a) the then current Cost Balance;
- (b) the Purchase Option Fee (if applicable);
- (c) any Variable Hire due and payable, but unpaid, under this Charter up to (and including) any applicable Purchase Option Date together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof to the date of actual payment;
- (d) all other Unpaid Sums due and payable, together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof up to the date of actual payment;
- (e) the Break Costs (if any);
- (f) any reasonable and documented legal costs incurred by the Owners in respect of the Purchase Option;
- (g) any other reasonable and documented costs, losses, liabilities and expenses incurred or suffered by the Owners in connection with any Finance Document as a result of the Charterers' exercise of the Purchase Option; and

- (h) any other sums as the Owners may be entitled to under the terms of this Charter, including (but not limited to) any payments referred to in paragraph (a) of Clause 17 (*Indemnity*) (Part II) and Clause 58 (*Further indemnities*).

"**Purchase Price**" means such term as defined in the MOA.

"**Registration Costs**" means any documented costs, expenses and taxes properly incurred by the Owners in respect of (i) the registration of title to the Vessel with an Approved Flag in the Owners' name (including but not limited to any notarisation, apostillisation or legalisation costs required by the relevant flag authorities); (ii) the maintenance of any such registration on or prior to the Actual Delivery Date and for the duration of the Agreement Term; and (iii) (if applicable) any documented costs and expenses in connection with the maintenance of a local agent and/or registration of the Owners as a foreign maritime entity (or similar) for purposes of the vessels registration.

"**Relevant Jurisdiction**" means, in relation to an Obligor:

- (a) its jurisdiction of incorporation or formation (as the case may be);
- (b) any jurisdiction where any asset subject to or intended to be subject to a Security Document to be executed by it is situated;
- (c) any jurisdiction where it principally conducts its business; and
- (d) the 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.

"**Replacement Benchmark**" means a benchmark rate which is:

- (a) formally designated, nominated or recommended as the replacement for the Screen Rate by:
  - (i) the administrator of the Screen Rate (provided that the market or economic reality that such benchmark rate measures is the same as that measured by the 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 Owners (acting reasonably), generally accepted in the international or any relevant domestic syndicated loan markets as the appropriate successor to the Screen Rate; or
- (c) in the opinion of the Owners (acting reasonably), an appropriate successor to the Screen Rate.

**"Requisition Compensation"** means all compensation or other money which may from time to time be payable to the Charterers as a result of the Vessel being requisitioned for title or in any other way compulsorily acquired (other than by way of requisition for hire).

**"Restricted Countries"** means those countries subject to country-wide or territory-wide Sanctions and/or trade embargoes, in particular but not limited to pursuant to the U.S.'s Office of Foreign Asset Control of the U.S. Department of Treasury ("**OFAC**") including at the date of this Charter, but without limitation, Iran, North Korea and Syria and any additional countries based on respective country-wide or territory-wide Sanctions being imposed by OFAC or any of the regulative bodies referred to in the definition of Restricted Party.

**"Restricted Party"** means a person or entity or any other parties (i) located, domiciled, resident or incorporated in Restricted Countries, and/or (ii) subject to any sanction administrated by the United Nations, the European Union, Switzerland, the United States and the OFAC, the United Kingdom, Her Majesty's Treasury ("**HMT**") and the Foreign and Commonwealth Office of the United Kingdom, the People's Republic of China and/or (iii) owned or controlled by or affiliated with persons, entities or any other parties as referred to in (i) and (ii).

**"Sanctions"** means any sanctions, embargoes, freezing provisions, prohibitions or other restrictions relating to trading, doing business, investment, exporting, financing or making assets available (or other activities similar to or connected with any of the foregoing) imposed by law or regulation of the United Nations, United Kingdom, the United States of America (including, without limitation, CISADA and OFAC), the People's Republic of China, the Council of the European Union or the jurisdiction of incorporation of the Owners and the Charterers.

**"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 US Dollars for the relevant period displayed on pages LIBOR01 or LIBOR02 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on 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 Owners may specify another page or service displaying the relevant rate after consultation with the Charterers.

**"Screen Rate Replacement Event"** means, in relation to the Screen Rate that:

- (a) the methodology, formula or other means of determining the Screen Rate has, in the opinion of the Owners and the Charterers, materially changed; or
- (b) any of the following applies:
  - (i) either:
    - (A) the administrator of the 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 the Screen Rate is insolvent,

provided that, in each case, at that time, there is no successor administrator to continue to provide the Screen Rate;

(ii) the administrator of the Screen Rate publicly announces that it has ceased or will cease to provide the Screen Rate permanently or indefinitely and, at that time, there is no successor administrator to continue to provide the Screen Rate;

(iii) the supervisor of the administrator of the Screen Rate publicly announces that the Screen Rate has been or will be permanently or indefinitely discontinued;

(iv) the administrator of the Screen Rate or its supervisor announces that the Screen Rate may no longer be used; or

(v) in the case of a Screen Rate for LIBOR, the supervisor of the administrator of that Screen Rate makes a public announcement or publishes information:

(A) stating that that Screen Rate is no longer or, as of a specified future date will no longer be, representative of the underlying market or economic reality that it is intended to measure and that representativeness will not be restored (as determined by such supervisor); and

(B) with awareness that any such announcement or publication will engage certain triggers for fallback provisions in contracts which may be activated by any such pre-cessation announcement or publication.

(c) the administrator of that Screen Rate determines that the 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 events leading to such determination are not (in the opinion of the Owners) temporary; or

(ii) the Screen Rate is calculated in accordance with any such policy or arrangement for a period no less than three months; or

(d) in the opinion of the Owners, the Screen Rate is otherwise no longer appropriate for the purposes of calculating the Variable Hire under this Charter.

**"Security Assets"** means all of the assets of the Obligors which from time to time are, or are expressed to be, the subject of the Security Interests created or evidenced or expressed to be created or evidenced under the Security Documents.

**"Security Documents"** means, in relation to the Vessel, collectively the following:

- (a) the Account Pledge;
- (b) the Charter Guarantee;
- (c) the Charterers' Assignment;
- (d) the Share Pledge;
- (e) the Managers' Undertakings;
- (f) any "Security Document" (as defined under any Collateral Charter); and
- (g) any other document that may at any time be executed by any person creating, evidencing or perfecting any Security Interest to secure all or part of the Obligors' obligations under or in connection with the Transaction Documents,

and **"Security Document"** means any one of them.

**"Security Interest"** means a mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, trust arrangement, title retention or other security interest or arrangement of any kind whatsoever.

**"Security Trust Deed"** means the deed executed or to be executed on or around the date hereof by the Security Trustee, the Owners, the Charterers, the Collateral Owners, the Collateral Charterers and the Charter Guarantor.

**"Security Trustee"** means Sea 251 Leasing Co. Limited, a company incorporated according to the laws of Hong Kong whose registered address is at 27/F Three Exchange Square 8, Connaught Place, Central, Hong Kong.

**"Settlement Date"** means, following a Total Loss of the Vessel, the earliest of:

- (a) the date which falls one hundred and twenty (120) days after the date of occurrence of the Total Loss or, if such date is not a Business Day, the immediately preceding Business Day;
- (b) the date on which the Owners receive the Total Loss Proceeds in respect of the Total Loss; and
- (c) the last day of the Charter Period.

**"Share Pledge"** means a charge over the entire issued share capital of the Charterers made or to be made by the Chargor in favour of the Security Trustee.

**"Shareholder Loans"** means any loans provided by any member of the Group to the Charterers from time to time.

**"Side Agreement"** means the agreement relating to the Initial MOA dated 15 June 2021 entered into between the Initial Sub-Charterers and the Charterers.

**"Sub-Charter"** means (as the context may require):

- (a) the Initial Sub-Charter;
- (b) any Approved Charter; or
- (c) such other sub-charter or contract of employment in respect of the Vessel entered or to be entered into between the Charterers as disponent owners and any sub-charterer.

**"Sub-Charter Guarantor"** means any party who enters into a guarantee of any other Sub-Charterer's obligations pursuant to any other Sub-Charter.

**"Sub-Charter Guarantees"** means any guarantees entered into by any Sub-Charter Guarantor pursuant to any other Sub-Charter.

**"Sub-Charter Termination Event"** means in respect of any Sub-Charter, any event entitling any party to a Sub-Charter to terminate, cancel or suspend that Sub-Charter under the terms thereof or at law.

**"Sub-Charterers"** means:

- (a) in respect of the Initial Sub-Charter, the Initial Sub-Charterers; or
- (b) in respect of any other Sub-Charter, such sub-charterers which are or will be parties to the relevant Sub-Charter.

**"Subsidiary"** means, in relation to any company or corporation, a company or corporation:

- (a) which is controlled, directly or indirectly, by the first mentioned company or corporation;
- (b) more than half the issued equity share capital of which is beneficially owned, directly or indirectly, by the first mentioned company or corporation; or
- (c) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation,

and for this purpose, a company or corporation shall be treated as being "controlled" by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

**"Swap Losses"** means the amount (if any) in Dollars payable by the Owners to their counterparty under any interest rate swap arrangement entered into by the Owners in connection with the hedging of their interest rate swap exposure in respect of the financing or refinancing of the Owners' Cost, in relation to an unwinding of the whole or part of any interest rate swap transaction entered between the Owners and such counterparty under such interest rate swap arrangement(s), in each cases, determined on a "mark-to-market" basis.

**"Tax"** or **"tax"** means any present and future tax (including, without limitation, value added tax, consumption tax or any other tax in respect of added value or any income), levy, impost, duty or other charge or withholding of any nature (including any penalty

or interest payable in connection with any failure to pay or any delay in paying any of the same); and "Taxes", "taxes", "Taxation" and "taxation" shall be construed accordingly.

"**Technical Management Agreement**" means the technical management agreement entered or to be entered into (as the context so requires) between the Approved Technical Manager and the Charterers.

"**Termination**" means the termination at any time of the chartering of the Vessel under this Charter.

"**Termination Event**" means each of the events specified in paragraph (a) of Clause 49 (*Termination Events*).

"**Termination Notice**" has the meaning given to such term in paragraph (k) of Clause 40 (*Hire*) and paragraph (c) of Clause 49 (*Termination Events*).

"**Termination Payment Date**" means:

- (a) in respect of a termination of this Charter in accordance with paragraph (k) of Clause 40 (*Hire*), the date specified in the Termination Notice served on the Charterers pursuant to that Clause;
- (b) in respect of a Default Termination, the date specified in the Termination Notice served on the Charterers pursuant to paragraph (c) of Clause 49 (*Termination Events*) in respect of such Default Termination;
- (c) in respect of a Total Loss Termination, the Settlement Date in respect of the Total Loss which gives rise to such Total Loss Termination; and
- (d) in respect of a termination of this Charter in accordance with Clause 52(d) (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*), the date specified in the notice issued by the Owners to the Charterers pursuant to Clause 52(d).

"**Termination Sum**" means an amount representing the Owners' losses as a result of a Termination prior to the expiry of the Charter Period (other than pursuant to Clause 40(k) (*Hire*) or by virtue of the Charterers exercising the Purchase Option, Call Option in accordance with Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*)), which both parties acknowledge as a genuine and reasonable pre-estimate of the Owners' losses in the event of such Termination and shall consist of the following:

- (a) an amount equivalent to one hundred and two per cent. (102%) of the Cost Balance applicable as at the Hire Payment Date immediately preceding the Termination Payment Date;
- (b) any Hire due and payable, but unpaid, under this Charter up to (and including) the relevant Termination Payment Date together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof to the date of actual payment;

- (c) all other Unpaid Sums due and payable, together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof up to the date of actual payment;
- (d) Break Costs and Swap Losses (if any);
- (e) any and all direct documented costs, losses, liabilities and expenses incurred or suffered by the Owners as a result of the early termination of this Charter including but not limited to any legal costs, any agency or broker fees incurred in re-charter or otherwise disposal of the Vessel;
- (f) any other documented costs, losses, liabilities and expenses incurred or suffered by the Owners in connection with any Finance Document as a result of the Termination;
- (g) any other sums as the Owners may be entitled to under the terms of this Charter, including (but not limited to) any payments referred to in paragraph (a) of Clause 17 (*Indemnity*) (Part II) and Clause 58 (*Further indemnities*); and
- (h) if the Vessel is required to be redelivered to the Owners pursuant to Clause 42 (*Redelivery*), all liabilities, documented costs and expenses so incurred in recovering possession of, and in repositioning, berthing, insuring and maintaining the Vessel for carrying out any works or modifications required to cause the Vessel to conform with the provisions of Clauses 42 (*Redelivery*) and 43 (*Redelivery conditions*),

for the avoidance of doubt, there shall be no double-counting as between any sums as listed in paragraphs (a) to (h) above.

"**Third Parties Act**" means the Contracts (Rights of Third Parties) Act 1999.

"**Title Transfer PDA**" means the protocol of delivery and acceptance in relation to the Vessel to be executed between the Owners and the Charterers, substantially in the form of Schedule 2 (*Form of Title Transfer Protocol of Delivery and Acceptance*) hereto.

"**Threshold Amount**" means one million Dollars (US\$1,000,000) or the equivalent in any other currency.

"**Total Loss**" means during the Charter Period:

- (a) actual or constructive or compromised or agreed or arranged total loss of the Vessel;
- (b) the requisition for title or compulsory acquisition of the Vessel by any government or other competent authority (other than by way of requisition for hire);
- (c) the capture, seizure, arrest, detention, hijacking, theft, condemnation as prize, confiscation or forfeiture of the Vessel (not falling within paragraph (b) of this definition), unless the Vessel is released and returned to the possession of the Owners or the Charterers within sixty (60) days after the capture,

seizure, arrest, detention, hijacking, theft, condemnation as prize, confiscation or forfeiture in question,

and for the purpose of this Charter, (i) an actual Total Loss of the Vessel shall be deemed to have occurred at the date and time when the Vessel was lost but if the date of the loss is unknown the actual Total Loss shall be deemed to have occurred on the date on which the Vessel was last reported, (ii) a constructive Total Loss shall be deemed to have occurred at the date and time at which a notice of abandonment of the Vessel is given to the insurers of the Vessel and (iii) a compromised, agreed or arranged Total Loss shall be deemed to have occurred on the date of the relevant compromise, agreement or arrangement.

**"Total Loss Proceeds"** means the proceeds of the Insurances or any other compensation of any description in respect of a Total Loss unconditionally received by or on behalf of the Owners in respect of a Total Loss.

**"Total Loss Termination"** means a termination of the Charter Period pursuant to the provisions of paragraph (a) of Clause 53 (*Total Loss*).

**"Transaction Documents"** means, together, this Charter, the MOA, the Security Trust Deed, the Security Documents, the Initial Sub-Charter and any other Sub-Charters, any Sub-Charter Guarantees, the Maersk QEL, any Management Agreement, any Compliance Certificate, the "Transaction Documents" (as defined under any Collateral Charter) and such other documents as may be designated as such by the Owners from time to time.

**"Treasury Transactions"** means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price.

**"Unpaid Sum"** means any sum due and payable but unpaid by any Obligor under the Transaction Documents.

**"US Dollars", "Dollars", "USD", "US\$" and "\$"** each means available and freely transferable and convertible funds in lawful currency of the United States of America.

**"US Tax Obligor"** means:

- (a) an obligor which is resident for tax purposes in the United States of America; or
- (b) an obligor some or all of whose payments under the Transaction Documents to which it is a party are from sources within the United States for US federal income tax purposes.

**"Variable Hire"** has the meaning given to such term in Clause 40(a)(iii) (*Hire*).

**"Variable Hire Determination Date"** means, in relation to a Hire Period, the date falling two (2) Business Days prior to such Hire Period.

**"Valuation Date"** means the Actual Delivery Date or such date as required by the Owners throughout the Agreement Term, provided that prior to the occurrence of a Potential Termination Event or Termination Event which, in each case, is continuing,

no more than one Valuation Date shall occur during each six-month period commencing from the Actual Delivery Date in accordance with Clause 74(b)(i).

**"Valuation Report"** means, in relation to the Vessel, a valuation report addressed to the Owners from an Approved Broker on the basis of a "desk top" charter-free sale for prompt delivery for cash at arm's length on normal commercial terms as between a willing seller and a willing buyer.

**"Vessel"** means the 5,470 TEU container vessel named "Bernadette" to be renamed "GSL Kithira" as more particularly described in Boxes 5 (*Vessel's name, call sign and flag*) to 10 (*Classification Society*) of this Charter.

### 33 Interpretations

- (a) In this Charter, unless the context otherwise requires, any reference to:
- (i) to this Charter include the Schedules hereto and references to Clauses and Schedules are, unless otherwise specified, references to Clauses of and Schedules to this Charter and, in the case of a Schedule, to such Schedule as incorporated in this Charter as substituted from time to time;
  - (ii) any statutory or other legislative provision shall be construed as including any statutory or legislative modification or re-enactment thereof, or any substitution therefor;
  - (iii) the term "Vessel" includes any part of the Vessel;
  - (iv) the "**Owners**", the "**Charterers**", any "**Obligor**", any "**Sub-Charterers**", the "**Collateral Owners**", the "**Collateral Charterers**" or any other person include any of their respective successors, permitted assignees and permitted transferees;
  - (v) any agreement, instrument or document include such agreement, instrument or document as the same may from time to time be amended, modified, supplemented, novated or substituted;
  - (vi) "**assets**" includes present and future properties, revenues and rights of every description;
  - (vii) the "**equivalent**" in one currency (the "**first currency**") as at any date of an amount in another currency (the "**second currency**") shall be construed as a reference to the amount of the first currency which could be purchased with such amount of the second currency at the spot rate of exchange quoted by the Owners at or about 11:00 a.m. two (2) business days (being a day other than a Saturday or Sunday on which banks and foreign exchange markets are generally open for business in Shanghai) prior to such date for the purpose of the first currency with the second currency for delivery and value on such date;
  - (viii) "**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;
- (ix) **"hereof", "herein" and "hereunder"** and other words of similar import means this Charter as a whole (including the Schedules) and not any particular part hereof;
  - (x) **"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;
  - (xi) **"law"** includes common or customary law and any constitution, decree, judgment, legislation, order, ordinance, regulation, rule, statute, treaty or other legislative measure in any jurisdiction or any present or future directive, regulation, request or requirement, or official or judicial interpretation of any of the foregoing, in each case having the force of law and, if not having the force of law, in respect of which compliance is generally customary;
  - (xii) the word **"person"** or **"persons"** or to words importing persons include, without limitation, any state, divisions of a state, government, individuals, firms, association, trust, consortiums, partnerships, companies, corporations, ventures, government agencies, committees, departments, authorities and other bodies, corporate or unincorporated, whether having distinct legal personality or not;
  - (xiii) 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 of any regulatory, self-regulatory or other authority or organisation;
  - (xiv) the **"winding-up", "dissolution", "administration", "liquidation", "insolvency", "reorganisation", "readjustment of debt", "suspension of payments", "moratorium" or "bankruptcy"** (and their derivatives and cognate expressions) of any person shall each be construed so as to include the others and any equivalent or analogous proceedings or event under the laws of any jurisdiction in which such person is incorporated or any jurisdiction in which such person carries on business;
  - (xv) **"protection and indemnity risks"** means the usual risks covered by a protection and indemnity association which is a member of the International Group of P&I Club, including pollution risks and the proportion (if any) of any sums payable to any other person or persons in case of collision which are not recoverable under the hull and machinery policies by reason of the incorporation in them of clause 6 of the International Hull Clauses (1/11/02 or 1/11/03),

clause 8 of the Institute Time Clauses (Hull)(1/10/83) or clause 8 of the Institute Time Clauses (Hulls)(1/11/1995) or the Institute Amended Running Down Clause (1/10/71) or any equivalent provision;

(xvi) a Potential Termination Event is "**continuing**" if it has not been remedied or waived and a Termination Event is "**continuing**" if it has not been waived; and

(xvii) words denoting the plural number include the singular and vice versa.

(b) Headings are for the purpose of reference only, have no legal or other significance, and shall be ignored in the interpretation of this Charter.

(c) A time of day (unless otherwise specified) is a reference to Shanghai time.

#### 34 Background

(a) By a memorandum of agreement (the "**MOA**") of even date herewith made between the Owners (as buyers thereunder) and the Charterers (as sellers thereunder), the Owners have agreed to purchase and the Charterers have agreed to sell the Vessel subject to the terms and conditions therein.

(b) Accordingly the parties hereby agree that this Charter is subject to the effective transfer of ownership of the Vessel to the Owners pursuant to the MOA.

(c) If:

(i) the Vessel is not delivered under the MOA by the Cancellation Date (or such later date as the Owners and Charterers may agree); or

(ii) it becomes unlawful for the Owners (as buyers) to perform or comply with any or all of their obligations under the MOA or any of the obligations of the Owners under the MOA is not or ceases to be legal, valid, binding and enforceable; or

(iii) the Vessel is not delivered and accepted for service under the Initial Sub-Charter on the Actual Delivery Date;

(iv) the MOA expires, is cancelled, terminated, rescinded or suspended or otherwise ceases to remain in full force and effect for any reason; or

(v) if on or prior to the Actual Delivery Date, any of the Initial MOA or the Initial Sub-Charter expires, is cancelled, terminated, rescinded or suspended or otherwise ceases to remain in full force and effect for any reason,

neither party shall be liable to the other for any claim arising out of this Charter and this Charter shall immediately terminate and be cancelled (with the exception of Clause 17 (*Indemnity*) (Part II) and Clause 58 (*Further indemnities*) and any other indemnities specified any other Transaction

Document, and, **provided that** the Owners shall be entitled to retain all fees paid by the Charterers pursuant to the Transaction Documents (and if such fees have not been paid, the Charterers shall forthwith pay such fees to the Owners) and such payment shall not be construed as a penalty but shall represent an agreed estimate of the loss and damage suffered by the Owners in entering into this Charter and shall therefore be paid as compensation to the Owners.

**35 Delivery**

- (a) The obligation of the Owners to charter the Vessel to the Charterers pursuant to this Charter shall be subject to the following conditions:
- (i) delivery of the Vessels by the Charterers to the Owners pursuant to the terms of the MOA;
  - (ii) the Owners obtaining full title to the Vessel pursuant to the terms of the MOA;
  - (iii) no Termination Event or Potential Termination Event having occurred which is continuing on or prior to the date of this Charter or the Actual Delivery Date;
  - (iv) the representations and warranties referred to in Clause 47 (*Charterers' representations and warranties*) being true and correct on the date of this Charter and the Actual Delivery Date;
  - (v) the Actual Delivery Date falling on or before the Cancellation Date (or such later date as may be agreed between the Owners (as buyer under the MOA) and the Charterers (as seller under the MOA)); and
  - (vi) the Owners having received, or being satisfied that they will receive, the documents and evidence referred to in Clause 36 (*Conditions precedent*), in each case in all respects in form and substance satisfactory to it on or before the Actual Delivery Date.
- (b) Provided that the conditions referred to in paragraph (a) above have been fulfilled or waived to the satisfaction of the Owners (which shall be evidenced in writing by the Owners), the Owners and the Charterers agree that:
- (i) the Charterers shall, at their own expense, upon the Actual Delivery Date arrange for the Vessel to be registered under an Approved Flag in the name of the Owners as legal owner;
  - (ii) the Charterers shall take delivery of the Vessel from the Owners under this Charter (such delivery to be conclusively evidenced by a duly executed PDA) simultaneously with the acceptance of delivery of the Vessel by the Owners from the Charterers pursuant to the MOA;
  - (iii) the Charterers will accept the Vessel:

- (A) on an "as is where is" basis in exactly the same form and state as the Vessel is delivered by the Charterers to the Owners pursuant to the MOA;
  - (B) in such form and state with any faults, deficiencies and errors of description; and
  - (C) for the avoidance of doubt, no underwater inspection shall be performed at the time of commencement of this Charter on the basis that any repairs required at the next scheduled dry-docking are the responsibility of the Charterers; and
- (iv) the Charterers shall have no right to refuse acceptance of delivery of the Vessel into this Charter if the Vessel is delivered to the Owners pursuant to the MOA and, notwithstanding and without prejudice to the foregoing, the Owners and the Charterers nonetheless agree to enter into and execute the PDA on delivery of the Vessel under this Charter.
- (c) The Charterers acknowledge and agree that the Owners are not the manufacturer or original supplier of the Vessel which has been purchased by the Owners pursuant to the MOA, and have therefore made no representations or warranties in respect of the Vessel or any part thereof hereby waive all their rights in respect of any warranty or condition implied (whether statutory or otherwise) on the part of the Owners and all claims against the Owners howsoever the same might arise at any time in respect of the Vessel, or arising out of the construction, operation or performance of the Vessel and the chartering thereof under this Charter (including, without limitation, in respect of the seaworthiness or otherwise of the Vessel).
- (d) In particular, and without prejudice to the generality of paragraph (c) above, the Owners shall be under no liability whatsoever, howsoever arising, in respect of the injury, death, loss, damage or delay of or to or in connection with the Vessel or any person or property whatsoever, whether onboard the Vessel or elsewhere, and irrespective of whether such injury, death, loss, damage or delay shall arise from the unseaworthiness of the Vessel. For the purpose of this paragraph (d), "**delay**" shall include delay to the Vessel (whether in respect of delivery under this Charter or thereafter and any other delay whatsoever).

**36 Conditions precedent and conditions subsequent**

- (a) The Owners' agreement to perform its obligations under this Charter is subject to and conditional upon the Owners' receipt of the following documents and evidence (in each case in form and substance acceptable to the Owners) before the Pre-positioning Date:
- (i) each of the following:
    - (A) the duly executed Charter, MOA, Charter Guarantee, Account Pledge, Share Pledge, the Security Trust Deed, together with all dated notices of charge or documents

required by any of them (but excluding for the avoidance of doubt, the acknowledgement to the notice of charge under the Account Pledge and the original share certificates); and

- (B) the duly executed but undated Charterers' Assignment and Manager's Undertakings together with all documents required under any of them but left undated, including, without limitation, all notices of assignment (other than any acknowledgements of notices of assignment) together with written consents of the parties to the above-mentioned documents to release and date such documents on the Actual Delivery Date;
- (ii) copies of the constitution or memorandum and articles of association or bylaws (or equivalent documents) (and all amendments thereto) of each Obligor and any documents required to be filed or registered or issued under the laws of their jurisdiction of incorporation to establish their incorporation;
- (iii) copies of written resolutions or (as the case may be) resolutions passed at separate meetings, in each case, of the board of directors of each Obligor, in each case evidencing their approval of the Transaction Documents and authorising appropriate officers or attorneys to execute the same and to sign all notices required to be given hereunder or thereunder on their behalf or other evidence of such approvals and authorisations as shall be acceptable to the Owners;
- (iv) if applicable, the original power of attorney of each Obligor under which any document (including the Transaction Documents) are to be executed or transactions undertaken by them;
- (v) a specimen of the signature or copy of the passport of each person actually executing any of the Transaction Documents pursuant to the resolutions referred to in paragraph (iii) above;
- (vi) a certificate of a duly authorised officer of each of the Obligors:
  - (A) certifying that each copy document relating to it specified in this paragraph (a) is correct, complete and in full force and effect;
  - (B) in relation to the Charterers and the Charter Guarantor, setting out the names of the directors, officers and shareholders of that person and the proportion of shares held by each shareholder; and
  - (C) confirming that entry into the Transaction Documents to which it is a party or guaranteeing or securing, as appropriate, this Charter would not cause any borrowing, guarantee, security or similar limit binding on that person to be exceeded.

- (vii) a copy of the following:
  - (A) the duly executed Initial MOA, the Deposit Agreement (as defined in the Initial MOA) and the Side Agreement;
  - (B) the duly executed Management Agreement;
  - (C) the Approved Manager's current Document of Compliance (as such term is defined pursuant to the ISM Code); and
  - (D) the duly executed Initial Sub-Charter,in each case together with all addenda, amendments or supplements;
- (viii) the Initial Sub-Charterers written consent of the Charterers' entry into the sale of the Vessel by the Charterers to the Owners under the terms of the MOA (in a form satisfactory to the Owners) pursuant to Clause 59 of the Initial Sub-Charter;
- (ix) evidence that:
  - (A) all the conditions precedent under clause 24 (*Conditions Precedent*) of the MOA have been, or, in the Owners' opinion, will be satisfied on the Actual Delivery Date;
  - (B) on or immediately after the Actual Delivery Date, the Vessel will be registered in the name of the Owners as legal owner with the Approved Flag;
  - (C) the written approval of the Insurances by an insurance advisor appointed by the Owners in form satisfactory to the Owners; and
  - (D) the letters of undertaking will be issued to the Owners (as assignee pursuant to the Charterers' Assignment and Manager's Undertakings) in form acceptable to the Owners as in the industry-standard form by the brokers through whom the Insurances are placed;
- (x) (i) an e-mail confirmation from the Account Bank (if not possible, any other evidence) that the Operating Account has been activated by the Account Bank and is in operation; (ii) evidence that an amount no less than the Minimum Cash Balance has been remitted to the Operating Account and (iii) the evidence that the Charterers have notified the Initial Sub-Charterers and the Initial Sub-Charterers have acknowledged (by e-mail) that the Earnings under the Initial Sub-Charter shall be remitted to the Operating Account;
- (xi) such documentation and other evidence as is reasonably requested by the Owners in order for the Owners to comply with all necessary "know your customer" or similar identification procedures in relation to the transactions contemplated in the Transaction Documents;

- (xii) a legal opinion of the legal advisers to the Owners in form satisfactory to the Owners:
    - (A) England;
    - (B) Marshall Islands;
    - (C) Netherlands; and
    - (D) Liberia,
  - (xiii) a copy of the Original Financial Statements;
  - (xiv) a certificate of good standing (or equivalent) of each Obligor; and
  - (xv) such other consent, licence, approval, authorisation or other document, opinion or assurance which is necessary in connection with their entry into and performance of the transactions contemplated by any of the Transaction Documents or for the validity and enforceability thereof.
- (b) The Charterers undertake to deliver or to cause to be delivered to the Owners:
- (i) on the Actual Delivery Date, the following:
    - (A) a Provisional Certificate of Registry and Certificate of Ownership and Encumbrances evidencing that the Vessel is at least provisionally registered under the laws and flag of the Approved Flag in the ownership of the Owners and that the Vessel is free from registered encumbrances and mortgages;
    - (B) the duly executed and dated Charterers' Assignment and Manager's Undertakings, together with all documents required by any of them including, without limitation, all notices of assignment (save for those referred to at Clause 36(b)(iii));
    - (C) a copy of the following:
      - (1) the Vessel's current Safety Management Certificate (as such term is defined pursuant to the ISM Code) issued in the name of the Charterers;
      - (2) the Vessel's current ISSC issued in the name of the Charterers;
      - (3) the Vessel's current IAPPC;
      - (4) delivery notice tendered by the master of the Vessel to the Initial Sub-Charter evidencing that the Vessel is in service under the Initial Sub-Charter or will be in service under the Initial Sub-Charter from the Actual Delivery Date,

in each case together with all addenda, amendments or supplements;

- (D) written confirmation by the Charterers satisfactory to the Owners that the Charterers have not exercised the option under the Side Agreement to cancel the Initial Sub-Charter and the Vessel will be delivered into the Initial Sub-Charter on the Actual Delivery Date; and
  - (E) evidence that the Vessel is insured in the manner required by the Transaction Documents.
- (ii) within ten (10) Business Days from the Actual Delivery Date, the original share certificate(s) of the Charterers issued in the Chargor's name
  - (iii) within ten (10) Business Days from the Actual Delivery Date:
    - (A) the dated acknowledgement in respect of the notice of charge served pursuant to the Account Pledge;
    - (B) the dated insurance report in the form agreed under Clause 36(a)(ix)(C);
    - (C) the dated letters of undertaking in the forms agreed under Clause 36(a)(ix)(D);
    - (D) (using reasonable endeavours) the duly executed Maersk QEL; and
    - (E) (using reasonable endeavours) the dated acknowledgement from the Initial Sub-Charterers in respect of the notice of assignment of the Initial Sub-Charter pursuant to the Charterers' Assignment,
  - (iv) within twenty (20) Business Days from the Actual Delivery Date, the dated legal opinions in the forms agreed under Clause 36(a)(xii);
  - (v) within three (3) months from the Actual Delivery Date, an inventory of the Vessel's major spare parts for the Main Engine, Diesel Generators and E.R. Auxiliary Machinery on board the Vessel; and
  - (vi) if the Vessel will only be provisionally registered on the Actual Delivery Date, within six (6) months from the Actual Delivery Date, the Certificate of Registry issued by the Approved Flag evidencing that the Owners are the owners of the Vessel and that the Vessel is free from registered encumbrances and mortgages.
- (c) If the Owners in their sole discretion agree to deliver the Vessel under this Charter to the Charterers before all of the documents and evidence required under paragraph (a) and (b)(i) of this Clause 36 (*Conditions precedent and conditions subsequent*) have been delivered to or to the order of the Owners, the Charterers undertake to deliver all outstanding documents and evidence

to or to the order of the Owners no later than ten (10) Business Days after the Actual Delivery Date or such other date as specified by the Owners, acting in their sole discretion. The delivery of the Vessel by the Owners to the Charterers under this Charter shall not, unless otherwise notified by the Owners (acting in their sole discretion) to the Charterers in writing, be taken as a waiver of the Owners' right to require production of all the documents and evidenced required by this Clause 36 (*Conditions precedent and subsequent*).

**37 Bunkers and luboils**

- (a) At delivery the Charterers shall take over all bunkers, lubricating oil, water and unbroached provisions in the Vessel without cost assuming that these have remained the property of the Charterers (as sellers) under the MOA.
- (b) At redelivery the Owners shall take over and pay for all bunkers, unused lubricating oil, water and unbroached provisions and other consumable stores in the said Vessel without cost to the Owners.

**38 Further maintenance and operation**

- (a) The good commercial maintenance practice under Clause 10 (*Maintenance and Operation*) (Part II) of this Charter shall be deemed to include:
  - (i) the maintenance and operation of the Vessel by the Charterers in accordance with:
    - (A) the relevant regulations and requirements of the Classification Society;
    - (B) the relevant regulations and requirements of the country and flag of the Vessel's registry;
    - (C) any applicable IMO regulations (including but not limited to the ISM Code, the ISPS Code, IMO Ballast Water Management (BWM) Convention and MARPOL;
    - (D) all other applicable regulations, requirements and recommendations; and
    - (E) the Charterers' operations and maintenance manuals;
  - (ii) the maintenance and operation of the Vessel by the Charterers taking into account:
    - (A) engine manufacturers' recommended maintenance and service schedules;
    - (B) builder's operations and maintenance manuals; and
  - (iii) recommended maintenance and service schedules of all installed equipment and pipework.

- (b) In addition to the above, the Charterers covenant with the Owners at all times during the Charter Period:
- (i) to keep and maintain the Vessel in a condition entitling the Vessel to the highest class applicable to vessels of her type with the Classification Society free of overdue recommendations, qualifications and conditions;
  - (ii) to keep and maintain the Vessel with the Classification Society and shall not, without the Owners' prior written consent (not to be unreasonably withheld), change the Classification Society of the Vessel;
  - (iii) to install and maintain an auditable computerised planned maintenance system on board. On redelivery the full planned maintenance history and forthcoming work schedule to be retained on board;
  - (iv) to maintain on board an auditable record of any software upgrades that take place on all equipment. This record is to be available to the Owners following their reasonable request and becomes the property, together with the latest installed software of the Owners at redelivery; and
  - (v) to arrange online access to class records for the Owners as available to the Charterers.
- (c) Any equipment that is found not to be required on board as a result of regulation or operational experience is either to be removed at the Charterers expense or to be maintained in operable condition.
- (d) The title to any equipment placed on board as a result of operational requirements of the Charterers shall automatically be deemed to belong to the Owners immediately upon such placement, and such equipment may only be removed: (i) with the Owners' prior written consent (not to be unreasonably withheld and unless the removal is routine (such being determined by reference to the Vessel's normal operations and class and flag requirements) or in respect of equipment which is no longer needed or obsolete), (ii) at the Charterers' own expense, and (iii) without damage to the Vessel.
- (e) The Charterers shall, from time to time on request of the Owners (acting reasonably), produce to the Owners written evidence satisfactory to the Owners confirming that the master and crew of the Vessel have no claims for wages beyond the ordinary arrears and that the master has no claim for disbursements other than those properly incurred by him in the ordinary course of trading of the Vessel on the voyage then in progress.
- (f) The Charterers shall provide to the Owners from time to time during the Agreement Term on request:

- (i) such information as the Owners may reasonably require with regard to the Vessel, the Vessel's employment (including but not limited to records of the Vessel's itinerary), position and state of repair;
  - (ii) copies of all charterparties and other contracts of employment relating to the Vessel together with any information relating to the performance of any party's obligations under any Sub-Charter; and
  - (iii) copies of the Vessel's deck and engine logs.
- (g) The Charterers shall take all reasonable precautions to prevent any infringements of any anti-drug legislation in any jurisdiction in which the Vessel shall trade and in particular (if the Vessel is to trade in the United States of America) to take all reasonable precautions to prevent any infringements of the Anti-Drug Abuse Act of 1986 of the United States of America.
- (h) The Charterers shall comply, or procure that the operator of the Vessel will comply, with the ISM Code or any replacement of the ISM Code and shall in particular, without limitation:
- (i) procure that the Vessel is and remains for the duration of the Agreement Term subject to a safety management system developed and implemented in accordance with the ISM Code; and
  - (ii) maintain for the Vessel throughout the Agreement Term a valid and current Safety Management Certificate (as defined in the ISM Code) and provide a copy to the Owners; and
  - (iii) procure that the ISM Company maintains throughout the Charter Period a valid and current Document of Compliance (as defined in the ISM Code) and provide a copy to the Owners.
- (i) The Charterers shall comply, in relation to the Vessel, with the ISPS Code or any replacement of the ISPS Code and shall in particular, without limitation:
- (i) procure that the Vessel and the company responsible for the Vessel's compliance with the ISPS Code comply with the ISPS Code; and
  - (ii) maintain for the Vessel throughout the Agreement Term a valid and current ISSC and provide a copy to the Owners.
- (j) The Charterers shall, in respect of the Vessel, comply with Annex VI or any replacement of Annex VI and shall in particular, without limitation:
- (i) procure that the Vessel's master and crew are familiar with, and that the Vessel complies with, Annex VI; and
  - (ii) maintain for the Vessel throughout the Agreement Term a valid and current IAPPC and provide a copy to the Owners.

**Structural changes and alterations**

- (a) The Charterers shall make no structural changes in the Vessel or changes in the machinery, engines, appurtenances or spare parts thereof without in each instance first securing the Owners' written consent (not to be unreasonably withheld) thereto, save for any structural changes (i) as a result of mandatory law or regulatory compliance in accordance with Clause 39(c) and (ii) to improve the performance, operation or marketability of the Vessel in each case, at the Charterers' cost and for which written notice shall be provided to the Owners upon such structural change.
- (b) Upon the occurrence of any Termination Event which is continuing, if the Owners decide to retake possession of the Vessel pursuant to paragraph (c) of Clause 49 (*Termination Events*), the Charterers shall at their expense restore the Vessel to its former condition (fair wear and tear excepted) unless the changes made are carried out:
  - (i) with the prior written consent of the Owners (such consent not to be unreasonably withheld); or
  - (ii) to improve the performance, operation or marketability of the Vessel; or
  - (iii) as a result of mandatory law or a regulatory compliance.
- (c) Any improvement, structural changes or new equipment becoming necessary for the continued operation of the Vessel by reason of new class requirements or by compulsory legislation shall be undertaken by the Charterers and be for the Charterers' account and the Charterers shall not have any right to recover from the Owners any part of the cost for such improvements, changes or new equipment either during the Charter Period or at redelivery of the Vessel. The Charterers shall give written notice to the Owners of any such improvement, structural changes or new equipment.
- (d) Subject to Clause 10(f), the Charterers shall, at their own expenses, replace, renew or substitute such machinery and equipment as shall be so damaged or worn so as to be fit for use and the title to any such replaced, renewed or substituted machinery and equipment shall remain with the Owners.

**Hire**

- (a) In consideration of the Owners' agreement to charter the Vessel to the Charterers pursuant to the terms hereof, the Charterers agree to pay to the Owners each of the following sums on the relevant dates as follows:
  - (i) on the Actual Delivery Date, an amount equal to the difference between the Purchase Price and the Owners' Cost by way of advance hire (the "**Advance Hire**"), which shall neither bear any interest nor be refundable and which shall be set-off against the Owners' obligation (as buyers under the MOA) to pay the Purchase Price to the Charterers (as sellers under the MOA);

- (ii) on each and every Hire Payment Date, pay to the Owners the Fixed Hire;
  - (iii) on each and every Hire Payment Date, pay to the Owners by way of variable hire (each a "**Variable Hire**") then payable, calculated by multiplying (A) (in relation to the first Hire Payment Date) the Owners' Cost or (in relation to any other Hire Payment Date) the Cost Balance immediately prior to the relevant Hire Payment Date by (B) the aggregate of the applicable Margin and the Applicable Rate and (C) a fraction whose denominator is three hundred and sixty (360) and numerator is the number of days which will elapse from the Actual Delivery Date (in respect of the first Hire Payment Date), or the immediately preceding Hire Payment Date (in respect of any subsequent Hire Payment Date) (in each case including that day) until, in respect of the Hire Payment Date of the final Hire Period during the Charter Period, the last day of such Hire Period (including that day), and, in respect of all other Hire Payment Dates, that Hire Payment Date (not including that date); and
  - (iv) for the purpose of determining any Hire payment, Variable Hire shall accrue from and including the first day of a Hire Period to the last day of such Hire Period.
- (b) The Hire shall be paid in arrears on each Hire Payment Date (Shanghai time) (in respect of which time is of the essence) with the first (1st) Hire Payment Date falling on the date three (3) months after the Actual Delivery Date.
  - (c) Any payment provided herein due on any day which is not a Business Day shall be payable on the immediately preceding Business Day.
  - (d) All payments under this Charter shall be made to the account opened in the name of the Owners with such bank as the Owners may choose, the details of which shall be notified by the Owners to the Charterers prior to the first Hire Payment Date (or such other account as the Owners may notify the Charterers from time to time) for credit to the account of the Owners.
  - (e) Following delivery of the Vessel to, and acceptance by, the Charterers under this Charter, the Charterers' obligation to pay Hire and any other amounts in accordance with this Clause 40 shall be absolute irrespective of any contingency whatsoever including but not limited to:
    - (i) any set-off, counterclaim, recoupment, defence or other right which either party to this Charter may have against the other;
    - (ii) any unavailability of the Vessel, for any reason, including but not limited to any action or inaction by any Obligor or any Sub-Charterers, seaworthiness, condition, design, operation, merchantability or fitness for use or purpose of the Vessel or any apparent or latent defects in the Vessel or its machinery and equipment or the ineligibility of the Vessel for any particular use or trade or for registration of documentation under the laws of any relevant jurisdiction or lack of registration or the absence or

withdrawal of any consent required under the applicable law of any relevant jurisdiction for the ownership, chartering, use or operation of the Vessel or any damage to the Vessel;

- (iii) any lack or invalidity of title or any other defect in title, provided such lack or invalidity of title or defect does not affect the quiet and peaceful use, possession and enjoyment of the Vessel;
- (iv) any failure or delay on the part of either party to this Charter or any Obligor or any Sub-Charterer, whether with or without fault on its part, in performing or complying with any of the terms, conditions or other provisions of this Charter or any other Transaction Document;
- (v) any insolvency, bankruptcy, reorganisation, arrangement, readjustment of debt, dissolution, administration, liquidation or similar proceedings by or against the Owners, the Charterers, any Obligor, any Sub-Charterers, or any change in the constitution of the Owners, the Charterers, any Obligor or any Sub-Charterers;
- (vi) any invalidity or unenforceability or lack of due authorisation of or any defect in this Charter, any Sub-Charter or any other Transaction Document; or
- (vii) any other cause which would but for this provision have the effect of terminating or in any way affecting the obligations of the Charterers hereunder,

it being the intention of the parties that the provisions of this Clause 40, and the obligation of the Charterers to pay Hire and make any payments under this Charter, shall (save as expressly provided in this Clause 40) survive any frustration and that, save as expressly provided in this Charter, no moneys paid under this Charter by the Charterers to the Owners shall in any event or circumstance be repayable to the Charterers.

- (f) All payments of Hire and all other Unpaid Sums to the Owners pursuant to this Charter and the other relevant Transaction Documents shall be made in immediately available funds in US Dollars, free and clear of, and without deduction for or on account of, any taxes, unless the Charterers are required by law or regulation to make any such payment of Hire subject to such taxes.
- (g) In the event that the Charterers are required by any law or regulation to make any deduction or withholding on account of any taxes which arise as a consequence of any payment due under this Charter, then:
  - (i) the Charterers shall notify the Owners promptly after they become aware of such requirement;
  - (ii) the Charterers shall remit the amount of such taxes to the appropriate taxation authority within five (5) Business Days or any other shorter time period as required under any applicable law or regulation and in any event prior to the date on which penalties attach thereto; and

- (iii) such payment shall be increased by such amount as may be necessary to ensure that the Owners receive a net amount which, after deducting or withholding such taxes, is equal to the full amount which the Owners would have received had such payment not been subject to such taxes.
- (h) The Charterers shall promptly deliver to the Owners any receipts, certificates or other proof evidencing the amounts, if any, paid or payable in respect of any such withholding or deduction and that any such taxes have been remitted to the appropriate taxation authority within thirty (30) days after the expiry of any time limit within which such taxes must be so remitted or, if earlier, the date on which such taxes are so remitted.
- (i) If the Charterers fail to pay any amount payable by them to the Owners under a Transaction Document on its due date, interest shall accrue on the Unpaid Sum from the due date up to the date of actual payment (both before and after judgment) at a rate which is one per cent. (1%) per annum higher than the aggregate of the Margin and the Applicable Rate which would have been payable if the Unpaid Sum had, during the period of non-payment, constituted the Cost Balance for successive Hire Periods. Any interest accruing under this paragraph (i) shall be immediately payable by the Charterers on demand by the Owners. Default interest (if unpaid) arising on an Unpaid Sum will be compounded with the Unpaid Sum at the end of each Hire Period applicable to that Unpaid Sum but will remain immediately due and payable.
- (j) In the event that this Charter is terminated for whatever reason, the Charterers' obligation to pay Hire and such other Unpaid Sum which (in each case) has accrued due before, and which remains unpaid, at the date of such termination shall continue notwithstanding such termination.
- (k) In the event that it becomes unlawful or it is prohibited for the Owners to charter the Vessel pursuant to this Charter, then the Owners shall notify the Charterers of the relevant event and negotiate in good faith with the Charterers for a period of thirty (30) days from the date of the receipt of the relevant notice by the Charterers to agree an alternative arrangement. If such agreement is not reached within such thirty (30)-day period, the Charterers agree that, in such circumstances, the Owners shall have the right to terminate this Charter by delivering to the Charterers a Termination Notice specifying a Termination Payment Date, whereupon the Charterers shall be obliged to pay to the Owners the Termination Sum relative to the Termination Payment Date and comply with such other terms and conditions as may be specified in such Termination Notice.
- (l) The Charterers shall, within ten (10) Business Days of demand by the Owners, pay to the Owners any Break Costs and any Swap Losses (where applicable).
- (m)
  - (i) If a Screen Rate Replacement Event has occurred, any amendment or waiver which relates to:

- (A) providing for the use of a Replacement Benchmark in place of (or in addition to) the affected Screen Rate; and
- (B) any or all of the following:
  - (1) aligning any provision of any Transaction Document to the use of that Replacement Benchmark;
  - (2) enabling that Replacement Benchmark to be used for the calculation of Variable Hire under this Charter (including, without limitation, any consequential changes required to enable that Replacement Benchmark to be used for the purposes of this Charter);
  - (3) implementing market conventions applicable to that Replacement Benchmark;
  - (4) providing for appropriate fallback (and market disruption) provisions for that Replacement Benchmark; or
  - (5) 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 Owners and the Charterers.

- (ii) If, as at 30 September 2022 this Charter provides that the Variable Hire is to be determined by reference to the Screen Rate for LIBOR:
    - (A) a Screen Rate Replacement Event shall be deemed to have occurred on that date in relation to the Screen Rate; and
    - (B) the Owners and the Charterers 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 December 2022.
- (n)
- (i) Subject to paragraph (iv) below, the Charterers shall promptly pay to the Owners, the amount of any Increased Costs incurred by the Owners or any of its Affiliates as a result of:

- (A) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation after the date of this Charter;
  - (B) compliance with any law or regulation made after the date of this Charter; or
  - (C) the implementation or application of, or compliance with Basel III or CRD IV or any law or regulation that implements or applies Basel III or CRD IV made after the date of this Charter (whether such implementation, application or compliance is by a government, regulator, the Owners or any of the Owners' Affiliates).
- (ii) If the Owners intend to make a claim pursuant to paragraph (i) above, the Owners shall promptly notify the Charterers of the event giving rise to the claim.
- (iii) The Owners shall, as soon as practicable after a demand by the Charterers, provide a certificate confirming the amount of the Increased Costs.
- (iv) Paragraph (i) above does not apply to the extent any Increased Cost is:
- (A) attributable to a FATCA Deduction required to be made by a Party;
  - (B) attributable to a wilful breach by the Owners or its Affiliates of any law or regulation.
- (v) In this Clause 40(n):
- "Basel III"** means:
- (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, supplemental or restated; and
  - (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

**"CRD IV"** means EU CRD IV and UK CRD IV.

"EU CRD IV" means:

- (A) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 548/2012; and
- (B) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

"UK CRD IV" means:

- (A) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 548/2012 as it forms part of domestic law of the United Kingdom by virtue of the 2018 Withdrawal Act;
- (B) the law of the United Kingdom or any part of it, which immediately before IP Completion Day (as defined in the 2020 Withdrawal Act) implemented Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC and its implementing measures; and
- (C) direct EU legislation (as defined in the 2018 Withdrawal Act), which immediately before IP Completion Day (as defined in the 2020 Withdrawal Act) implemented EU CRD IV as it forms part of domestic law of the United Kingdom by virtue of the 2018 Withdrawal Act.

#### **41 Insurance**

- (a) During the Agreement Term, the Charterers shall at their expense keep the Vessel insured against fire and usual marine risks (including hull and machinery and excess risks), oil pollution liability risks, war and protection and indemnity risks and any other risks against which it is compulsory to insure for the operation for the Vessel or in the Owners' reasonable opinion common market practice to insure for the operation, trading, management and/or for safety purposes for the Vessel in such market (but excludes loss of hire insurance) and on such terms as the Security Trustee and/or the Owners and the Finance Parties (if any) shall approve in writing.

- (b) Such insurances shall be arranged by the Charterers to protect the interests of the Owners, the Security Trustee, the Charterers and (if any) the Finance Parties, and the Charterers shall be at liberty to protect under such insurances the interests of any managers (including the Approved Managers) they may appoint provided that any manager shall be an Approved Manager and shall, on or prior to its appointment, execute a Manager's Undertaking (i) in such form as the Security Trustee and/or the Owners may require and (ii) which shall include an assignment of the Approved Managers' interest under such insurances, in favour of the Security Trustee and/or the Owners or the relevant Finance Party (if any).
- (c) Insurance policies shall cover the Security Trustee, the Owners, the Charterers and (if any) the Finance Parties according to their respective interests. Subject to the approval of the Security Trustee, the Owners, the Finance Parties (if any) and the insurers, the Charterers shall effect all insured repairs and shall undertake settlement and reimbursement from the insurers of all costs in connection with such repairs as well as insured charges, expenses and liabilities to the extent of coverage under the insurances herein provided for. All time used for repairs under this Clause 41 and for repairs of latent defects, including any deviation, shall be for the Charterers' account.
- (d) The Charterers shall also remain responsible for and to effect repairs and settlement of costs and expenses incurred thereby in respect of all other repairs not covered by the insurances and/or not exceeding any possible franchise(s) or deductibles provided for in the insurances.
- (e) The Charterers shall arrange that, at any time during the Agreement Term, the hull and machinery and war risks insurance shall be in an amount not less than the higher of:
- (i) 100% of the latest Market Value as determined under the terms of this Charter; and
  - (ii) 120% of the Cost Balance then applicable,
- (the "**Minimum Insured Value**").
- (f) The terms of the hull and machinery insurance and the identity of the insurers shall be acceptable to the Security Trustee and/or the Owners (such acceptance not to be unreasonably withheld). The Vessel shall be entered in a P&I Club which is a member of the International Group Association on customary terms and shall be covered against liability for pollution claims in an amount not less than USD1,000,000,000. The P&I cover shall be placed with a P&I Club which is a member of the International Group Association. All insurances shall include customary protection in favour of the Security Trustee and/or the Owners and (if any) the Finance Parties as notice of cancellation and exclusion from liability for premiums or calls.
- (g) The Charterers:
- (i) undertake to place the Insurances in such markets, in such currency, on such terms and conditions, and with such first class and reputable

brokers, underwriters and associations as the Security Trustee and the Owners shall have previously approved in writing. The Charterers shall name the Security Trustee, the Owners, the Charterers, the Approved Managers and if applicable, the Finance Parties as the only named assureds;

- (ii) shall not alter the terms of any of the Insurances nor allow any person to be co-assured under any of the Insurances without the prior written consent of the Security Trustee and/or the Owners, and will supply the Security Trustee and/or the Owners and if applicable, any of the Finance Parties from time to time on request with such information as the Security Trustee and/or the Owners and if applicable, any of the Finance Parties may in their discretion require with regard to the Insurances and the brokers, underwriters or associations through or with which the Insurances are placed; and
- (iii) shall reimburse the Security Trustee and/or the Owners with ten (10) Business Days of demand but, subject to the proviso below, not more than once per calendar year during the Agreement Term, for all documented costs and expenses reasonably incurred by the Security Trustee and the Owners in obtaining a report on the adequacy of the Insurances from an insurance adviser instructed by the Security Trustee and the Owners provided however the Charterers shall reimburse the Owners for all documented costs and expenses reasonably incurred by the Owners in obtaining any number of such additional report if any such additional report is obtained by the Owners after the occurrence of (i) a Termination Event which is continuing, or (ii) any material changes in the Insurances and/or the market practices relating to the Insurances.
- (h) The Charterers undertake duly and punctually to pay all premiums, calls and contributions, and all other sums at any time payable in connection with the Insurances, and, at their own expense, to arrange and provide any guarantees from time to time required by any protection and indemnity or war risks association. From time to time at the Owners' and/or the Security Trustee and/or the Finance Parties' request, the Charterers will provide the Owners and/or the Security Trustee and/or such Finance Party with evidence satisfactory to the Security Trustee, Owners and the Finance Party (in each case, acting reasonably) that such premiums, calls, contributions and other sums have been duly and punctually paid; that any such guarantees have been duly given; and that all declarations and notices required by the terms of any of the Insurances to be made or given by or on behalf of the Charterers to brokers, underwriters or associations have been duly and punctually made or given.
- (i) The Charterers will comply in all respects with all terms and conditions of the Insurances and will make all such declarations to brokers, underwriters and associations as may be required to enable the Vessel to operate in accordance with the terms and conditions of the Insurances. The Charterers will not do, nor permit to be done, any act, nor make, nor permit to be made, any omission, as a result of which any of the Insurances may become liable to be

suspended, cancelled or avoided, or may become unenforceable, or as a result of which any sums payable under or in connection with any of the Insurances may be reduced or become liable to be repaid or rescinded in whole or in part. In particular, but without limitation, the Charterers will not permit the Vessel to be employed other than in conformity with the Insurances without first taking out additional insurance cover in respect of that employment in all respects to the satisfaction of the Security Trustee and/or the Owners and if applicable, any of the Finance Parties, and the Charterers will promptly notify the Security Trustee and the Owners of any new requirement imposed by any broker, underwriter or association in relation to any of the Insurances.

- (j) The Charterers will ensure that any of the Insurances is renewed no later than five (5) days before its expiry and shall immediately give the Security Trustee and/or the Owners and if applicable, any of the Finance Parties such details of those renewals as the Security Trustee and/or the Owners and if applicable, any of the Finance Parties may require.
- (k) The Charterers shall, upon relevant renewals, deliver to the Security Trustee and/or the Owners and if applicable, any of the Finance Parties certified copies of all policies, certificates of entry and other documents relating to the Insurances (including, without limitation, receipts for premiums, calls or contributions) and shall procure that letters of undertaking in such industry-standard form as the Security Trustee, the Owners or if applicable, any of the Finance Parties may approve (acting reasonably) shall be issued to the Security Trustee, the Owners and, if applicable, the Finance Parties by the brokers through which the Insurances are placed (or, in the case of protection and indemnity or war risks associations, by their managers). If the Vessel is at any time during the Agreement Term insured under any form of fleet cover, the Charterers shall procure that those letters of undertaking contain confirmation that the brokers, underwriters or association (as the case may be) will not set off claims relating to the Vessel against premiums, calls or contributions in respect of any other vessel or other insurance, and that the insurance cover of the Vessel will not be cancelled by reason of non-payment of premiums, calls or contributions relating to any other vessel or other insurance. Failing receipt of those confirmations, the Charterers will instruct the brokers, underwriters or association concerned to issue a separate policy or certificate for the Vessel in the sole name of the Charterers or of the Charterers' brokers as agents for the Charterers.
- (l) The Charterers shall promptly provide the Security Trustee and/or the Owners and if applicable, any of the Finance Parties with full information regarding any casualty or other accident or damage to the Vessel which exceed the Threshold Amount which claims in aggregate is or reasonably like to exceed the Threshold Amount and promptly upon the request of the Security Trustee and the Owners, provide information and promptly execute such documents as may be required to enable the Security Trustee and/or the Owners to comply with the insurance provisions of the Finance Documents.
- (m) The Charterers agree that, at any time after the occurrence of a Termination Event which is continuing, the Security Trustee and the Owners or if applicable, any of the Finance Parties shall be entitled to collect, sue for,

recover and give a good discharge for all claims in respect of any of the Insurances; to pay collecting brokers the customary commission on all sums collected in respect of those claims; to compromise all such claims or refer them to arbitration or any other form of judicial or non-judicial determination; and otherwise to deal with such claims in such manner as the Security Trustee and the Owners and if applicable, any of the Finance Parties shall in their discretion think fit.

- (n) Whether or not a Termination Event shall have occurred, the proceeds of any claim under any of the Insurances in respect of a Total Loss shall be paid and applied in accordance with Clause 53 (*Total Loss*).
- (o) In the event of any claim in respect of any of the Insurances (other than in respect of a Total Loss), if the Charterers shall fail to reach agreement with any of the brokers, underwriters or associations for the immediate restoration of the Vessel, or for payment to third parties, within such time as the Security Trustee and the Owners may in good faith stipulate, the Security Trustee and the Owners shall be entitled to require payment to itself and if applicable, any of the Finance Parties. In the event of any dispute arising between the Charterers and any broker, underwriter or association with respect to any obligation to make any payment to the Charterers or to the Security Trustee and the Owners and/or if applicable, any of the Finance Parties under or in connection with any of the Insurances, or with respect to the amount of any such payment, the Security Trustee, the Owners and/or if applicable, any of the Finance Parties shall be entitled to settle that dispute directly with the broker, underwriter or association concerned. Any such settlement shall be binding on the Charterers.
- (p)
  - (i) The Security Trustee and the Owners agree that any amounts which may become due under any protection and indemnity entry or insurance shall be paid to the Charterers to reimburse the Charterers for, and in discharge of, the loss, damage or expense in respect of which they shall have become due, unless, at the time the amount in question becomes due, a Termination Event shall have occurred and is continuing, in which event the Security Trustee and the Owners shall be entitled to receive the amounts in question and to apply them either in reduction of any amount owed by the Charterers pursuant to paragraph (d) of Clause 49 (*Termination Events*) or, at the option of the Security Trustee and the Owners, to the discharge of the liability in respect of which they were paid.
  - (ii) Without prejudice to the forgoing and subject to the terms of the Finance Documents (if any), all other claims in relation to the Insurances (other than in respect of a Total Loss), shall, unless and until the occurrence of a Termination Event which is continuing, in which event all claims under the relevant policy shall be payable directly to the Security Trustee and the Owners, be payable as follows:

- (A) a claim in respect of any one casualty where the aggregate claim against all insurers does not exceed the Threshold Amount, prior to adjustment for any franchise or deductible under the terms of the relevant policy, shall be paid directly to the Charterers (as agent for the Owners) for the repair, salvage or other charges involved or as a reimbursement if the Charterers fully repaired the damage to the satisfaction of the Security Trustee and the Owners (acting reasonably) and paid all of the salvage or other charges;
- (B) a claim in respect of any one casualty where the aggregate claim against all insurers exceeds the Threshold Amount prior to adjustment for any franchise or deductible under the terms of the relevant policy, shall, subject to the prior written consent of the Security Trustee and the Owners (such consent not to be unreasonably withheld), be paid to the Charterers as and when the Vessel is restored to her former state and condition and the liability in respect of which the insurance loss is payable is discharged, and provided that the insurers may with such consent make payment on account of repairs in the course of being effected, but, in the absence of such prior written consent shall be payable directly to the Security Trustee and the Owners.

- (q) The Charterers shall not settle, compromise or abandon any claim under or in connection with any of the Insurances (other than a claim of less than the Threshold Amount arising other than from a Total Loss in the absence of any Termination Event that is continuing) without the prior written consent of the Security Trustee and the Owners (such consent not to be unreasonably withheld).
- (r) If the Charterers fail to effect or keep in force the Insurances, the Security Trustee and the Owners may (but shall not be obliged to) effect and/or keep in force such insurances on the Vessel and such entries in protection and indemnity or war risks associations as the Security Trustee and the Owners in their discretion consider desirable, and the Security Trustee and/or the Owners may (but shall not be obliged to) pay any unpaid premiums, calls or contributions. The Charterers will reimburse the Security Trustee and the Owners from time to time within ten (10) Business Days of a demand for all such premiums, calls or contributions paid by the Security Trustee and the Owners.
- (s) The Charterers shall comply strictly with the requirements of any legislation relating to pollution or protection of the environment which may from time to time be applicable to the Vessel in any jurisdiction in which the Vessel shall trade and in particular the Charterers shall comply strictly with the requirements of the United States Oil Pollution Act 1990 (the "**Act**") if the Vessel is to trade in the United States of America and Exclusive Economic Zone (as defined in the Act). Before any such trade is commenced and during the entire period during which such trade is carried on, the Charterers shall:
- (i) pay any additional premiums required to maintain protection and indemnity cover for oil pollution up to the limit available to the Charterers for the Vessel in the market; and
  - (ii) make all such quarterly or other voyage declarations as may from time to time be required by the Vessel's protection and indemnity association in order to maintain such cover, and promptly deliver to the Owners copies of such declarations; and
  - (iii) submit the Vessel to such additional periodic, classification, structural or other surveys which may be required by the Vessel's protection and indemnity insurers to maintain cover for such trade and promptly deliver to the Owners copies of reports made in respect of such surveys; and
  - (iv) implement any recommendations contained in the reports issued following the surveys referred to in paragraph (iii) above within the relevant time limits contained in such reports, and provide evidence satisfactory to the Security Trustee and the Owners that the protection and indemnity insurers are satisfied that this has been done; and
  - (v) in addition to the foregoing (if such trade is in the United States of America and Exclusive Economic Zone):

- (A) obtain and retain a certificate of financial responsibility under the Act in form and substance satisfactory to the United States Coast Guard and provide the Security Trustee and the Owners with evidence of the same; and
  - (B) procure that the protection and indemnity insurances do not contain a US Trading Exclusion Clause or any other analogous provision and provide the Owners with evidence that this is so; and
  - (C) comply strictly with any operational or structural regulations issued from time to time by any relevant authorities under the Act so that at all times the Vessel falls within the provisions which limit strict liability under the Act for oil pollution.
- (vi) The Security Trustee and/or the Owners shall at any date be at liberty to take out an Innocent Owners' Interest Insurance in relation to the Vessel in any amount and on such terms and conditions as the Security Trustee and the Owners may from time to time decide, and the Charterers shall from time to time upon the Security Trustee's and/or the Owners' demand (A) pay the relevant insurers directly for all costs, premiums and expenses payable or (B) reimburse the Security Trustee and the Owners for all costs, premiums and expenses paid or incurred by the Security Trustee and the Owners, in connection with any Innocent Owners' Interest Insurance.

**42 Redelivery**

- (a) Upon:
- (i) the occurrence of any overdue Termination Event which is continuing and if the Owners decide to withdraw the Vessel from the service of the Charterers pursuant to paragraph (c) of Clause 49 (*Termination Events*); or
  - (ii) the occurrence of a Termination pursuant to Clause 40(k) (*Hire*) and if the Termination Sum has not been paid in full in accordance with Clause 40(k) (*Hire*); or
  - (iii) the expiry of the Charter Period (and subject to no Total Loss having occurred, the Purchase Option, Call Option or the Early Termination Event having not been exercised (or fulfilled)),

unless the Owners are obliged to transfer title to the Vessel to the Charterers in accordance with this Charter, the Charterers shall, at their own cost and expense, redeliver or cause to be redelivered the Vessel to the Owners at a safe, ice free port where the Vessel would be afloat at all times in a ready safe berth or anchorage as selected by the Owners, in accordance with Clauses 43 (*Redelivery conditions*) and 44 (*Diver's inspection at redelivery*).

- (b) The Charterers warrant that they will not permit the Vessel to commence a voyage (including any preceding ballast voyage) which cannot reasonably be expected to be completed in time to allow redelivery of the Vessel within the Charter Period.

#### 43 Redelivery conditions

- (a) In addition to what has been agreed in Clauses 15 (*Redelivery*) (Part II) and 42 (*Redelivery*) in the circumstances described in Clause 42 (*Redelivery*), the condition of the Vessel shall at redelivery be as follows:
- (i) the Vessel shall be free of any overdue class and statutory recommendations affecting its trading certificates;
  - (ii) the Vessel must be redelivered with all equipment and spares or replacement items listed in the delivery inventory carried out pursuant to Clause 9 (*Inventories, Oil and Stores*) (Part II) and any spare parts on board or on order for any equipment installed on the Vessel following delivery and paid in full; all records, logs, plans, operating manuals and drawings, spare parts onboard shall be included at the time of redelivery in connection with a transfer of the Vessel or such other items as are then in the possession of the Charterers shall be delivered to the Owners;
  - (iii) the Vessel must be redelivered with all national and international trading certificates and hull/machinery survey positions for both class and statutory surveys free of any overdue recommendation and qualifications valid and un-extended for a period of at least three (3) months beyond the redelivery date;
  - (iv) all of the Vessel's ballast tank coatings to be maintained in "Fair" (as such term (or its equivalent) may be defined and/or interpreted in the relevant survey report) condition as appropriate for the Vessel's age at the time of redelivery, fair wear and tear excepted;
  - (v) the Vessel shall have passed any flag or class surveys or inspections due within three (3) months after the date of redelivery and have its continuous survey system up to date;
  - (vi) the Vessel must be re-delivered with accommodation and common spaces for crew and officers substantially in the same condition as at the Actual Delivery Date, free of damage over and above fair wear and tear; with cargo spaces generally fit to carry the cargoes originally designed and intended for the Vessel; with main propulsion equipment, auxiliary equipment, cargo handling equipment, navigational equipment, etc., in such operating condition as provided for in this Charter, fair wear and tear excepted;
  - (vii) the Vessel shall be free and clear of all liens other than those created by or on the instructions of the Owners;

- (viii) the condition of the cargo holds to be in accordance with the maintenance regime undertaken by the Charterers during the Charter Period since delivery with allowance for legitimate cargoes carried since the last major maintenance programme;
  - (ix) a final joint report from the surveyors appointed by the Owners and the Charterers respectively shall be carried out as to the condition of the Vessel and a list of agreed deficiencies if any shall be drawn up;
  - (x) the anti-fouling coating system applied at the last scheduled dry-docking shall be in accordance with prevailing regulations at the time of application;
  - (xi) the funnel markings and name (unless being maintained by the Owner following redelivery) shall be painted out by the Charterers; and
  - (xii) in addition and without prejudice to Clause 43(a)(ii), all remaining bunkers on the Vessel shall be in compliance with all applicable laws, including without limitation, the global sulphur limit imposed by the International Maritime Organization (IMO); and such remaining bunkers shall be sufficient to at least cover a voyage to the next bunkering port.
- (b) At redelivery, the Charterers shall ensure that the Vessel shall meet the following performance levels (which where relevant shall be determined by reference to the Vessel's log books):
- (i) all equipment controlling the habitability of the accommodation and service areas to be in proper working order, fair wear and tear excepted; and
  - (ii) available deadweight to be within one per cent (1%) of that achieved at delivery (as the same may be adjusted as a result of any upgrading of the Vessel carried out in accordance with this Charter (such adjustment to be agreed between the Owners and Charterers at the time such upgrading work is to be undertaken)).
- (c) The Owners and Charterers shall each appoint (at their own expense) surveyors for the purpose of determining and agreeing in writing the condition of the Vessel at redelivery.
- (d) If the Vessel is not in the condition or does not meet the performance criteria required by this Clause 43, a list of deficiencies together with the costs of repairing/remedying such deficiencies shall be agreed by the respective surveyors.
- (e) The Charterers shall be obliged to repair any class items restricting the operation or trading of the Vessel prior to redelivery.
- (f) The Charterers shall be obliged to repair/remedy all such other deficiencies as are necessary to put the Vessel into the return condition required by this Clause 43.

- (g) The cost of making any repairs/remedial work referred to in paragraph (f) above shall be for the Charterers' account.
- (h) Provided that a Purchase Option, Call Option or Early Termination Event has not then been exercised by the Charterers by the Call Option Expiry Date or fulfilled (as the case may be), the Owners shall be entitled to remarket the Vessel and in connection therewith:
  - (i) the Owners shall be entitled at their cost, to place representatives on board the Vessel, subject to signing of a standard P&I indemnity letter; and
  - (ii) the Charterers shall provide all reasonable co-operation to the Owners.

#### 44 Diver's inspection at redelivery

- (a) Unless the Vessel is returned in dry-dock, a diver's inspection is required to be performed at the time of redelivery.
- (b) The Charterers shall, at the written request of the Owners, arrange at the Charterers' expense for an underwater inspection by a diver approved by the Classification Society immediately prior to the redelivery.
- (c) A video film of the inspection shall be made. The extent of the inspection and the conditions under which it is performed shall be to the satisfaction of the Classification Society.
- (d) If damage to the underwater parts is found, the Charterers shall arrange, at their time and costs, for the Vessel to be dry-docked and repairs carried out to the satisfaction of the Classification Society.
- (e) If the conditions at the port of redelivery are unsuitable for such diver's inspection, the Charterers shall take the Vessel (in Owners' time but at Charterers' expense) to a suitable alternative place nearest to the redelivery port unless an alternative solution is agreed.
- (f) Without limiting the generality of paragraph (b)(iv) of Clause 55 (*Fees and expenses*), all costs relating to any diver's inspection shall be borne by the Charterers.

#### 45 Owners' mortgage; Owners transfers

- (a) The Charterers:
  - (i) acknowledge that the Owners and the Collateral Owners are entitled without the prior written consent of the Charterers, and do intend to enter or have entered into certain funding arrangements with the Finance Parties in order to finance part of the Owners' Cost (the "**Financing Arrangements**"), which Financing Arrangements may be secured, inter alia, by ship mortgages over the Vessel and (along with other related matters) the relevant Finance Documents;

- (ii) irrevocably consent to any assignment in favour of the Finance Parties of any Transaction Documents pursuant to the relevant Finance Documents; and
  - (iii) without limiting the generality of Clause 48(bb) (*Charterers' undertakings*), undertake to execute, provide or procure the execution or provision (as the case may be) of such further information or document as in the opinion of the Owners and/or the Finance Parties, acting in good faith, are necessary to effect the assignment referred to in paragraph (ii) above and any assignment (by way of security) by the Owners of their rights in the Transaction Documents in favour of any Finance Party.
- (b) Without limiting the Charterers' obligations under this Clause and without prejudice to any other provisions in this Charter, provided that the Charterers at all times perform their obligations under this Charter and in the absence of any Termination Event that is continuing:
- (i) the Owners will not disturb or interfere with the Charterers' quiet possession and enjoyment of the Vessel; and
  - (ii) if required by the Charterers, the Owners will procure that the Finance Parties provide a quiet enjoyment agreement (in a form reasonably acceptable to the Charterers) to the Charterers prior to the creation of any mortgages over the Vessel pursuant to any Financing Arrangements.
- (c) Provided that the Owners will not disturb or interfere with the Charterers' quiet possession and enjoyment of the Vessel (subject to the Charterers performing their obligations under this Charter at all times and the absence of any Termination Event that is continuing), the Owners are entitled with the prior written consent of the Charterers (such consent not to be unreasonably withheld or delayed):
- (i) by delivering a notice (the "**Novation Notice**") to the Charterers, to notify the Charterers that the Owners sell the Vessel to a Financial Institution, and at the same time novate this Charter, to that Financial Institution. Following receipt by the Charterers of the Novation Notice, the rights and obligations of the Owners under the Transaction Documents shall be transferred by way of novation to that Financial Institution;
  - (ii) without prejudice to the foregoing, the Owners may assign, transfer or novate their rights under any Transaction Document, provided that the assignment, transfer or novation is to a Financial Institution in accordance with Clause 45(c) above; and
  - (iii) the Charterers shall provide all necessary assistance and use reasonable endeavours to obtain all necessary consents from any Sub-Charterer (if applicable) to facilitate the Owners' entry into such documents, assignment, novation and/or title transfer in accordance with this Clause,

and, for the avoidance of doubt, if no Termination Event has occurred and is then continuing, without any costs to the Charterers.

- (d) For the avoidance of doubt, the Owners shall retain the right not to proceed with any assignment, transfer or novation as contemplated in this Clause if any such assignment, transfer or novation would or is reasonably likely to result in the Owners (or any of their Affiliates) being in breach of any applicable Sanctions.

#### **46 Transport documents**

The Charterers shall use their standard documents, waybills and conditions of carriage in the carriage of goods. Such documents, waybills and standard conditions shall comply with compulsory applicable legislation.

#### **47 Charterers' representations and warranties**

- (a) The Charterers make the representations and warranties set out in this Clause 47 to the Owners on the date of this Charter, the Pre-positioning Date and on the Actual Delivery Date:
- (i) each Obligor is a corporation or (as the case may be) limited liability company, duly incorporated or formed in good standing and validly existing under the laws of its jurisdiction of incorporation or formation (as the case may be), and has the power to own its assets and carry on its business as it is being conducted;
  - (ii) subject to the Legal Reservations, all of the following:
    - (A) the obligations expressed to be assumed by each Obligor in the Transaction Documents to which it is a party are legal, valid, binding and enforceable obligations; and
    - (B) (without limiting the generality of Clause 47(a)(v)(A)) each Security Document to which it is a party creates the Security Interests which that Security Document purports to create and those Security Interests are valid and effective;
  - (iii) the entry into and performance by each Obligor of, and the transactions contemplated by each Transaction Document to which it is a party do not conflict with:
    - (A) any law or regulation applicable to it;
    - (B) its constitutional documents; or
    - (C) any document binding on it or any of its assets or constitute a default or termination event (howsoever described) under any such agreement or instrument;
  - (iv) all of the following:

- (A) each Obligor has the power to enter into, perform and deliver, and have taken all necessary action to authorise its entry into, performance and delivery of the Transaction Documents to which it is a party and the transactions contemplated thereunder; and
  - (B) in respect of each Obligor, no limit on the powers of such Obligor will be exceeded as a result of the proposed transaction, grant of security or giving of guarantees or indemnities contemplated by the Transaction Documents to which it is a party;
- (v) all consents, licences, approvals, authorisations, filings and registrations required:
- (A) to enable each Obligor to lawfully enter into, exercise its rights and comply with its obligations in each Transaction Document to which it is a party or to enable the Owners to enforce and exercise all its rights under the Transaction Documents; and
  - (B) to make each Transaction Document to which any Obligor is a party admissible in evidence in its Relevant Jurisdiction, have been obtained or effected and are in full force and effect;
- (vi) subject to Legal Reservations, all of the following:
- (A) the choice of governing law of any Transaction Document will be recognised and enforced in the Relevant Jurisdictions of each relevant Obligor; and
  - (B) any judgment obtained in relation to any Transaction Document in the jurisdiction of the governing law of that Transaction Document will be recognised and enforced in the Relevant Jurisdictions of each relevant Obligor.
- (vii) no corporate action, legal proceeding or other procedure or step described in Clause 49(a)(vii) or creditors' process described in Clause 49(a)(viii) has been taken or, to the knowledge of the Charterers, threatened in relation to an Obligor; and none of the circumstances described in Clause 49(a)(vi) applies to an Obligor;
- (viii) under the laws of the Relevant Jurisdictions of each Obligor, it is not necessary that any Transaction Document to which such Obligor is a 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 Transaction Document or the transactions contemplated thereby;
- (ix) no Obligor is required to make any deduction for or on account of Tax from any payment it may make under each Transaction Document to which it is a party;

- (x) all of the following:
  - (A) no Termination Event is continuing or might reasonably be expected to result from any Obligor's entry into and performance of each Transaction Document to which such Obligor is a party; and
  - (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 (howsoever described) under any other agreement or instrument which is binding on any of the Obligor or to which its assets are subject;
- (xi) save as disclosed in writing to the Owners prior to the date of this Charter:
  - (A) all material information provided to the Owners by or on behalf of any of the Obligors on or before the date of this Charter and not superseded before that date is accurate and not misleading in any material respect and all projections provided to the Owners on or before the date of this Charter have been prepared in good faith on the basis of assumptions which were reasonable at the time at which they were prepared and supplied;
  - (B) all other written information provided by any of the Obligors (including its advisers) to the Owners was true, complete and accurate in all material respects as at the date it was provided and is not misleading in any respect;
  - (C) the copy of the Initial Sub-Charter provided to the Owners is a true and complete copy;
  - (D) no amendments or additions to the Initial Sub-Charter provided to the Owners have been agreed nor have any rights thereunder been waived; and
  - (E) there has been no material breach of any Sub-Charter nor has there been any Sub-Charter Termination Event;
- (xii) all of the following:
  - (A) the Original Financial Statements were prepared in accordance with GAAP consistently applied;
  - (B) the audited Original Financial Statements fairly present the Group's financial condition and results of operations during the relevant financial year;
  - (C) there has been no material adverse change in any Obligor's assets, business or financial condition (or the assets,

business or consolidated financial condition of the Group, in the case of the Charter Guarantor) since the date of the Original Financial Statements;

- (D) the Charter Guarantor's most recent financial statements delivered pursuant to Clause 48(x):
  - (1) have been prepared in accordance with GAAP as applied to the Original Financial Statements; and
  - (2) fairly present its consolidated financial condition as at the end of, and its consolidated results of operations for, the period to which they relate; and
- (E) since the date of the most recent financial statements delivered pursuant to Clause 48(y) there has been no material adverse change in the assets, business or financial condition of any of the Obligors.

(xiii) all of the following:

- (A) no litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which has or have (to the best of its knowledge and belief) been started or threatened against any Obligor and in respect of the Charter Guarantor, which will or may reasonably be expected to have a Material Adverse Effect; and
- (B) no judgment or order of a court, arbitral body or agency which might reasonably be expected to have a Material Adverse Effect has been made against any Obligor;

(xiv) none of the Obligors has breached any law or regulation which (in respect of the Charter Guarantor) such breach has or is reasonably likely to have a Material Adverse Effect;

(xv) all of the following:

- (A) each of the Obligors is in compliance with Clause 48(c) and to the best of its knowledge and belief (having made due and careful enquiry) no circumstances have occurred which would prevent such compliance; and
- (B) no Environmental Claim has been commenced or (to the best of its knowledge and belief (having made due and careful enquiry)) is threatened against any of the Obligors and in respect of the Charter Guarantor, which will or may reasonably be expected to have a Material Adverse Effect;

(xvi) all of the following:

- (A) none of the Obligors is overdue in the filing of any Tax returns or is overdue in the payment of any amount in

respect of Tax, save in the case of Taxes which are being contested in good faith; and

- (B) no claims or investigations are being, or are reasonably likely to be, made or conducted against any of the Obligors with respect to Taxes.
- (xvii) all of the following:
  - (A) no Security Interest exists over all or any of the present or future assets of the Charterers other than Permitted Security Interests; and
  - (B) the Charterers do not have any Financial Indebtedness outstanding other than (i) as permitted by this Charter; (ii) the aggregate amount of which is not more than one million Dollars (US\$1,000,000), and (iii) any such Financial Indebtedness is subordinated to all Financial Indebtedness incurred under the Transaction Documents pursuant to a subordination agreement in favour of the Owners or such other arrangement acceptable to the Owners;
- (xviii) subject to Legal Reservations, the payment obligations of each Obligor under each Transaction Document to which it is a party rank at least *pari passu* with the claims of all other unsecured and unsubordinated creditors of such Obligor, except for obligations mandatorily preferred by law applying to companies generally;
- (xix) subject to Legal Reservations, all of the following:
  - (A) it is not necessary under the Relevant Jurisdictions of any of the Obligors:
    - (1) in order to enable the Owners to enforce its rights under any Transaction Document; or
    - (2) by reason of the execution of any Transaction Document or the performance by it of its obligations under any Transaction Document,that the Owners should be licensed, qualified or otherwise entitled to carry on business in any of the Relevant Jurisdictions of any of the Obligors; and
  - (B) the Owners are not or will not be deemed to be resident, domiciled or carrying on business in any of the Relevant Jurisdictions of any of the Obligors by reason only of the execution, performance and/or enforcement of any Transaction Document;
- (xx) the Charterers are not aware of any material facts or circumstances which have not been disclosed to the Owners and which might, if disclosed, have changed the decision of a person willing to enter into

a lease financing transaction of the nature contemplated by the MOA and this Charter with the Charterers.

- (xxi) all of the following:
  - (A) the copies of any Transaction Documents or Management Agreements (together the "**Relevant Documents**") provided or to be provided by the Charterers to the Owners in accordance with Clause 36 (*Conditions precedent and conditions subsequent*) are, or will be, true and accurate copies of the originals and represent, or will represent, the full agreement between the parties to those Relevant Documents in relation to the subject matter of those Relevant Documents;
  - (B) there are no commissions, rebates, premiums or other payments due or to become due in connection with the subject matter of the Relevant Documents other than in the ordinary course of business or as disclosed to, and approved in writing by, the Owners; and
  - (C) there is no dispute under any of the Relevant Documents as between the parties to any such document;
- (xxii) none of the Obligors nor any of its assets has any right to immunity from set-off, legal proceedings, attachment prior to judgment, other attachment or execution of judgment on the grounds of sovereign immunity or otherwise;
- (xxiii) all of the following:
  - (A) all information supplied by an Obligor or (with an Obligor's knowledge) on its behalf to an Approved Broker for the purposes of a valuation in evidence of a Market Value in accordance with this Charter was true and accurate as at the date it was supplied or (if appropriate) as at the date (if any) at which it is stated to be given;
  - (B) no Obligor has omitted to supply any information to an Approved Broker in its possession or knowledge which, if disclosed, would adversely affect any such valuation; and
  - (C) to the best of each Obligor's knowledge, there has been no change to the factual information supplied in relation to any such valuation between the date such information was supplied and the date of that valuation which renders that information untrue or misleading in any material respect;
- (xxiv) each of the Obligors is resident for Tax purposes only in its jurisdiction of incorporation or formation (as the case may be);
- (xxv) each Obligor, or any Affiliate of any of them and their respective directors, officers, employees and agents are not in breach of AML

Laws, Anti-Terrorism Financing Laws and/or Business Ethics Laws and each of the Obligors have instituted and maintained systems, controls, policies and procedures designed to:

- (A) prevent and detect incidences of bribery and corruption, money laundering and terrorism financing; and
- (B) promote and achieve compliance with AML Laws, Anti-Terrorism Financing Laws and Business Ethics Laws;

(xxvi)

- (A) each Obligor, any Affiliate of any of them and their respective directors, officers and employees;
- (B) to the best knowledge of the Charterers, as at the date of this Charter, the Initial Sub-Charter and the respective directors of the Initial Sub-Charterer; and
- (C) to the best knowledge of the Charterers, as at the date any other Sub-Charter is entered into, any Sub-Charterer and the respective directors of such Sub-Charterer,

are in compliance with all Sanctions laws, and none of them have been or are currently being investigated on compliance with Sanctions, they have not received notice or are aware of any claim, action, suit or proceeding against any of them with respect to Sanctions and they have not taken any action to evade the application of Sanctions, provided that if after the date of this Charter the Charterers become aware of any non-compliance or breach by the Initial Sub-Charterers or any Sub-Charterer or their respective directors of any Sanctions laws, or of the Initial Sub-Charterers or any Sub-Charterer or their respective directors becoming subject of any claim, action, suit or proceeding against them with respect to Sanctions, the Charterers shall immediately provide written notice to the Owners to inform the Owners of such breach, non-compliance or event (as the case may be);

(xxvii)

- (A) no Obligor or any Affiliate of any of them nor any of their respective directors, officers or employees; and
- (B) to the best knowledge of the Charterers, as at the date of this Charter, no Initial Sub-Charterer nor the respective directors of the Initial Sub-Charterer; and
- (C) to the best knowledge of the Charterers, as at the date any other Sub-Charter is entered into, no Sub-Charterer nor the respective directors of such Sub-Charterer,

are a Restricted Party; and

- (D) each Obligor or any Affiliate of any of them and their respective directors, officers and employees;
- (E) to the best knowledge of the Charterers, as at the date of this Charter, the Initial Sub-Charterer and the respective directors of the Initial Sub-Charterer; and
- (F) to the best knowledge of the Charterers, as at the date any other Sub-Charter is entered into, any Sub-Charterer and the respective directors of such Sub-Charterer,

are in compliance with all Sanctions laws, and none of them have been or are currently being investigated on compliance with Sanctions, they have not received notice or are aware of any claim, action, suit or proceeding against any of them with respect to Sanctions and they have not taken any action to evade the application of Sanctions, provided that if after the date of this Charter the Charterers become aware that the Initial Sub-Charterers or any Sub-Charterer or any of their respective directors become a Restricted Party or of any non-compliance or breach of any of them of any Sanctions laws, or of the Initial Sub-Charterers or any Sub-Charterer or their respective directors becoming subject of any claim, action, suit or proceeding against them with respect to Sanctions, the Charterers shall immediately provide written notice to the Owners to inform the Owners of such breach, non-compliance or event (as the case may be); and

(xxviii) none of the Obligors is a US Tax Obligor, nor has it established a place of business or is otherwise conducting business in the United States of America.

- (b) Each representation and warranty in sub-paragraphs (a)(i) to (a)(vi), (a)(x)(B), (a)(xi)(B) to (a)(xviii), (a)(xxii), (a)(xxiii), (a)(xxv), (a)(xxvi), (a)(xxvii) and (a)(xxviii) above is deemed to be repeated by the Charterers by reference to the facts and circumstances then existing on the each day on which Hire is payable under this Charter.

#### 48 Charterers' undertakings

The Charterers hereby undertake to the Owners that they will comply in full and procure compliance (where applicable) with the following undertakings throughout the Agreement Term:

- (a) the Charterers shall (and shall procure that each other Obligor) promptly:
  - (i) obtain, comply with and do all that is necessary to maintain in full force and effect; and
  - (ii) supply certified copies to the Charterers of,

any authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration required under any law or regulation of a Relevant Jurisdiction to:

- (A) enable any Obligor to perform its obligations under any Sub-Charter, the Management Agreements and the Transaction Documents to which it is a party;
  - (B) ensure the legality, validity, enforceability or admissibility in evidence of any Transaction Document; and
  - (C) enable any Obligor to carry on its business where failure to do so has or is reasonably likely to have a Material Adverse Effect;
- (b) all of the following:
- (i)
    - (A) the Charterers shall comply;
    - (B) the Charterers shall procure that each other Obligor and each Affiliate of any of them will comply; and
    - (C) the Charterers shall use best endeavours to procure that each Sub-Charterer and Sub-Charter Guarantor and their respective directors shall comply,

in all respects with all laws to which it may be subject;
  - (ii) the Charterers shall and shall procure that each other Obligor and each Affiliate of any of them (in each case above, including procuring or as the case may be, using best endeavours to procure the respective officers, directors and employees of the relevant entity to do the same) will:
    - (A) comply with all AML Laws, Anti-Terrorism Financing Laws and Business Ethics Laws;
    - (B) maintain systems, controls, policies and procedures designed to promote and achieve ongoing compliance with AML Laws, Anti-Terrorism Financing Laws and Business Ethics Laws;
    - (C) not use, or permit or authorize any person to directly or indirectly use, the Purchase Price for any purpose that would breach any AML Laws, Anti-Terrorism Financing Laws or Business Ethics Laws; and
    - (D) in respect of the Charterers, not lend, invest, contribute or otherwise make available the Purchase Price to or for any other person in a manner which would result in a violation of AML Laws, Anti-Terrorism Financing Laws or Business Ethics Laws;
  - (iii) the Charterers shall:

- (A) comply and shall procure that each other Obligor comply; and
- (B) in respect of any Sub-Charter, they shall use best endeavours to procure that as at the date of that Sub-Charter, the Sub-Charterers party to such Sub-Charter,

comply with all laws and regulations in respect of Sanctions, and in particular, they shall effect and maintain a sanctions compliance policy to ensure compliance with all such laws and regulations implemented from time to time;

- (iv) the Charterers shall not permit or authorise, and shall prevent the Vessel from being employed, operated or managed in any manner which (i) is contrary to any Sanctions and in particular, the Vessel shall not be used by or to benefit any party which is a target of Sanctions and/or is a Restricted Party or call any port in North Korea, Iran or Syria or trade to any area or country where trading the Vessel to such area or country would constitute or reasonably be expected to constitute a breach of any Sanctions or published boycotts imposed by any of the United Nations, the European Union, the United States of America, the United Kingdom or the People's Republic of China, (ii) would result or reasonably be expected to result in any Obligor or the Owners becoming a Restricted Party or (iii) would trigger the operation of any sanctions limitation or exclusion clause in any insurance documentation;

(v)

- (A) they shall, and shall use best endeavours to procure that any other Obligor, Sub-Charterers or Sub-Charter Guarantor shall, promptly notify the Owners of any non-compliance, by:

(1) any Obligor or each Affiliate of any of them or their respective officers, directors and employees;

(2) the Initial Sub-Charterers, any Sub-Charterer or Sub-Charter Guarantor or any of their respective directors.

with all laws and regulations relating to Sanctions (including but not limited to notifying the Owners in writing immediately upon being aware that:

(I) any Obligor or each Affiliate of any of them or its shareholders, directors, officers or employees; or

(II) the Initial Sub-Charterers, any Sub-Charterer or Sub-Charter Guarantor or any of their respective directors,

is a Restricted Party or has otherwise become a target of Sanctions) as well as provide all information (once available) in relation to its business and operations which may be relevant for the purposes of ascertaining whether any of the aforesaid parties are in compliance with such laws; and

(B) they shall, and shall use best endeavours to procure that any other Obligor shall, promptly notify the Owners of any non-compliance, by any Obligor or, each Affiliate of any of them or their respective officers, directors, employees, consultants, agents or intermediaries, with all laws and regulations relating to Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and/or Business Ethics Laws as well as provide all information (once available) in relation to its business and operations which may be relevant for the purposes of ascertaining whether any of the aforesaid parties are in compliance with such laws.

(c) the Charterers shall and shall procure that the Obligors shall:

- (i) comply with all Environmental Laws;
- (ii) obtain, maintain and ensure compliance with all requisite Environmental Approvals; and
- (iii) implement procedures to monitor compliance with and to prevent liability under any Environmental Law;

where failure to do so has or is likely to have a Material Adverse Effect;

(d) the Charterers shall promptly upon becoming aware of the same, inform the Owners in writing of:

- (i) any Environmental Claim against any of the Obligors or the Vessel which is current, pending or threatened and which has or is likely to have a Material Adverse Effect; and
- (ii) any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against any of the Obligors or the Vessel which has or is likely to have a Material Adverse Effect;

(e) all of the following:

- (i) the Charterers shall (and shall procure that each other Obligor will) pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that:

(A) such payment is being contested in good faith;

- (B) 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 Owners under Clause 48(x); and
  - (C) such payment can be lawfully withheld.
- (ii) the Charterers may not (and no other Obligor may) change its residence for Tax purposes.
  - (iii) the Charterers will ensure that no Obligor shall become a US Tax Obligor;
- (f) the Charterers shall and shall procure that each Obligor shall maintain its jurisdiction of incorporation or formation (as the case may be) as at the date of this Charter (or in respect of an Obligor that becomes an Obligor after the date of this Charter, as at the date on which it becomes an Obligor under this Charter), and the Charterers shall from time to time (but, provided no Termination Event has occurred and is continuing, not more than once every calendar year), if applicable and if requested by the Owners (acting reasonably), provide the Owners with evidence in form and substance satisfactory to the Owners that each Obligor remains in good standing;
  - (g) the Charterers shall ensure that at all times any unsecured and unsubordinated claims of the Owners against it under the Transaction Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies;
  - (h) the Charterers will procure that any Approved Manager shall enter into a Manager's Undertaking prior to its appointment as a manager for the Vessel;
  - (i) except for any Permitted Security Interests, the Charterers will not create or permit to subsist any Security Interest or other third party rights over any of their present or future rights and interests in or towards the Vessel;
  - (j) the Charterers shall not enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset;
  - (k) the Charterers shall not enter into any transaction with any person except on arm's length terms and for full market value save for any fees, costs and expenses payable under the Transaction Documents in the amounts set out in the Transaction Documents or agreed by the Owners;
  - (l) the Charterers shall not (and shall procure that no other Obligor will) enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction, **provided that** in the case of the Charter Guarantor, such amalgamation, demerger, merger, consolidation or corporate reconstruction is permitted without restrictions so long as:
    - (i) the Charter Guarantor remains the surviving entity of any such process;

- (ii) no Termination Event has occurred at the relevant time or would be triggered as a result of such process; and
  - (iii) the process of any such further amalgamation, demerger, merger, consolidation or corporate reconstruction does not have a Material Adverse Effect;
- (m) the Charterers shall not (and shall procure that no other Obligor will) materially change the nature and scope of its business from that carried on at the date of this Charter;
- (n) the Charterers shall not cease or threaten to cease to carry on all or, in the reasonable opinion of the Owners, any material part of the Charterers' business;
- (o) the Charterers shall not acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them) or incorporate a company;
- (p) the Charterers shall not:
  - (i) enter into, invest in or acquire (or agree to acquire) any shares, stocks, securities or other interest in any Joint Venture; or
  - (ii) transfer any assets or lend to or guarantee or give an indemnity for or give security for the obligations of a Joint Venture or maintain the solvency of or provide working capital to any Joint Venture (or agree to do any of the foregoing);
- (q) the Charterers shall not incur or allow to remain outstanding any Financial Indebtedness (other than (i) as permitted by this Charter; (ii) the aggregate amount of which is not more than one million Dollars (US\$1,000,000) (iii) any such Financial Indebtedness is subordinated to all Financial Indebtedness incurred under the Transaction Documents pursuant to a subordination agreement in favour of the Owners or such other arrangement acceptable to the Owners; and (iv) without prejudice to the foregoing provisions of this Clause, incur any liability to any third party which is in the Owners' opinion of a substantial nature);
- (r) the Charterers shall and shall procure that the Charter Guarantor shall undertake that all loans made to the Charterers (including but not limited to any Shareholder Loan), all claims of the Charter Guarantor or any member of the Group against the Charterers and all sums owed by the Charterers to any other member of the Group are specifically and absolutely subordinated to the interests of the Owners under the Transaction Documents pursuant to a subordination agreement in favour of the Owners or such other arrangement acceptable to the Owners and no principal or interest is to be paid by the Charterers in relation to such loans or other indebtedness during the Charter Period;
- (s) the Charterers shall not be a creditor in respect of any Financial Indebtedness;

- (t) the Charterers shall not incur or allow to remain outstanding any guarantee in respect of any obligation of any person save in accordance with the provisions of this Charter;
- (u) the Charterers shall not, and shall procure that the Charter Guarantor shall not, at such time when a Termination Event is continuing or would occur immediately after the making of the payment:
  - (i) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital);
  - (ii) repay or distribute any dividend or share premium reserve;
  - (iii) pay any management, advisory or other fee to or to the order of any of the shareholders of the Holding Company;
  - (iv) in relation to the Charterers only, make any payment of any kind under any Financial Indebtedness owed to any member of the Group which is subordinated to all Financial Indebtedness incurred under the Transaction Documents pursuant to a subordination agreement in favour of the Owners or such other arrangement acceptable to the Owners;
  - (v) redeem, repurchase, defease, retire or repay any of its share capital or resolve to do so; or
  - (vi) issue any new shares in its share capital or resolve to do so;
- (v) at such time when a Potential Termination Event or Termination Event has occurred and is continuing, the Charterers will permit the inspection of its financial records and accounts from time to time by the Owners or its nominee;
- (w) the Charterers will, when directed by the Owners to do so upon the occurrence of a Termination Event which is continuing, procure that any Sub-Charterer or Sub-Charter Guarantor shall credit all payments of charterhire of each Sub-Charter and Sub-Charter Guarantee and all other amounts payable thereunder directly to the Owners' Account;
- (x) in respect of the Charter Guarantor, the Charterers will supply or cause to be supplied to the Owners as soon as the same become available, but in any event within:
  - (i) one hundred and twenty (120) days after the end of each of the Charter Guarantor's financial years, the audited financial report of the Charter Guarantor for that financial year and management annual financial report extracts from the Charter Guarantor's audited financial report for that financial year; and
  - (ii) sixty (60) days after the end of each of the Charter Guarantor's financial half-years, the unaudited consolidated financial statements

of the Charter Guarantor of that financial half-year and management annual financial report extracts from the Charter Guarantor's unaudited consolidated financial statements of that financial half-year;

- (y) each set of financial statements delivered by the Charterers under paragraph (y) above:
  - (i) shall be in the English language;
  - (ii) shall be certified by a director or the Chief Financial Officer of the relevant company as fairly presenting its financial condition as at the date as at which those financial statements were drawn up; and
  - (iii) shall be prepared using GAAP, 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, it notifies the Owners that there has been a change in GAAP, the accounting practices or reference periods and its auditors deliver to the Owners:
    - (A) a description of any change necessary for those financial statements to reflect the GAAP, accounting practices and reference periods upon which the Original Financial Statements were prepared; and
    - (B) sufficient information, in form and substance as may be reasonably required by the Owners, to enable the Owners to determine whether Clause 75 (*Financial Covenants*) has been complied with and make an accurate comparison between the financial position indicated in those financial statements and the Original Financial Statements,

any reference in this Charter to those 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;

- (z) the Charterers shall supply to the Owners:
  - (i)
    - (A)
      - (1) at the same time as they are dispatched, copies of all documents dispatched by the Charterers or any other Obligor (save for the Charter Guarantor) to its shareholders generally (or any class of them) or dispatched by the Charterers or any other Obligor to its creditors generally (or any class of them); and
      - (2) at the same time as they are dispatched, copies of all documents dispatched by the Charter Guarantor

to its shareholders generally or dispatched by the Charterers or any other Obligor to its creditors generally;

- (B) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending:
    - (1) against any Obligor;
    - (2) against any other member of the Group where the aggregate amount claimed by any party (ignoring any counterclaim or defence of set-off) exceeds or which has or is likely to have a Material Adverse Effect; or
    - (3) involving the Vessel where the aggregate amount claimed by any party (ignoring any counterclaim or defence of set-off) exceeds or may reasonably be expected to exceed the Threshold Amount;
  - (C) promptly upon becoming aware of them, the details of any judgment or order of a court, arbitral body, arbitral tribunal or agency or any order or sanction of any governmental or other regulatory body which is made against:
    - (1) any Obligor; or
    - (2) any other member of the Group where the amount claimed by any party (ignoring any counterclaim or defence of set-off) exceeds or may reasonably be expected to exceed the Threshold Amount;
  - (D) promptly, such information and documents as the Owners may reasonably require about the Security Assets and compliance of the Obligors with the terms of any Security Documents (including without limitation cash flow analyses and details of the operating costs of the Vessel); and
  - (E) promptly on request, such further information regarding the financial condition, assets and operations of any Obligor or any other member of the Group as the Owners or any Finance Party may reasonably request.
- (ii)
- (A) upon the request of the Owners and at the cost of the Charterers, on or before 31 July in each calendar year, supply or procure the supply to the Owners of all information necessary in order for the Owners, any of their Affiliates or a Finance Party to comply with its obligations under the Poseidon Principles in respect of the preceding calendar 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, each relating to the Vessel for the preceding calendar year, provided that the Owners shall not publicly disclose such information with the identity of the relevant Vessel without the prior written consent of the Charterers and, for the avoidance of doubt, such information shall be subject to Clause 78 (*Confidentiality*) but the Charterers acknowledge that, in accordance with the Poseidon Principles, such information will form part of the information published regarding the Owners', any of their Affiliates' or a Finance Party's portfolio climate alignment.

(B) For the purposes of this Clause 48(z)(ii):

**"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 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.

(aa) the Charterers shall promptly upon receipt provide to the Owners copies of any notice of charter renewal, cancellation or termination issued by the Initial Sub-Charterer under the Initial Sub-Charter, and will disclose all information in relation to each Sub-Charter and each Sub-Charterers to the Owners upon the Owners' reasonable request (including any information in relation to any Sub-Charterers' fulfilment of their obligations pursuant to the relevant Sub-Charter);

(bb) the Charterers will (and will procure that each Obligor will):

(i) from time to time and at their own costs and expenses, do and perform such other and further acts and execute and deliver any and all such other agreements, instruments and documents as may be required by law or requested by the Owners or the Finance Parties (as the case may be, in either case, acting reasonably) to establish, maintain and protect the rights and remedies of the Owners and/or the Finance Parties (as the case may be) and to carry out and effect the intent and purpose of this Charter, the other Transaction Documents and, to the extent consistent with the terms of this Charter, the Finance Documents (as applicable); and

(ii) if applicable:

(A) acknowledge and consent to the creation of any Finance Document required by any Finance Party; and

- (B) to the extent consistent with the terms of this Charter, enter into any document, notice or acknowledgement reasonably required by any Finance Party for the purposes of ensuring any relevant Security Interest remains valid and in full force and effect;
- (cc) the Charterers will, forthwith execute and deliver any and all such other agreements, instruments and documents as may be required by law or deemed necessary by the Owners to ensure that each Sub-Charter remains in effect, so that all obligations previously owed by each Sub-Charterers to the Charterers (then as registered owners) under the relevant Sub-Charter shall continue to be owed to the Charterers throughout the duration thereof;
- (dd) the Charterers will deliver or procure the delivery to the Owners of such Valuation Reports each from an Approved Broker for purposes of determining Market Value from time to time in accordance with Clause 74 (*Value Maintenance Covenants*);
- (ee) the Charterers will notify the Owners as soon as they become aware of:
  - (i) a Potential Termination Event or a Termination Event and will keep the Owners fully up-to-date with all developments and will, if so requested by the Owners, provide any such certificate signed by a director on behalf of the Charterers, confirming that there exists no Potential Termination Event or Termination Event;
  - (ii) any Sub-Charter Termination Event and any event or circumstance which may entitle any party to a Sub-Charter to exercise its right to terminate, cancel or suspend such Sub-Charter, or otherwise results or is capable of resulting in such Sub-Charter ceasing to be in full force and effect, and provide to the Owners all documents and information in respect of such event or circumstance;
  - (iii) any cancellation, termination, rescission, expiration, cessation of remaining in in full force and effect or otherwise coming to an end of any Sub-Charter;
  - (iv) any detention or arrest of the Vessel;
  - (v) any damage or alteration of the Vessel where the costs to repair such damage or to make such alteration will exceed or is reasonably likely to exceed the Threshold Amount; and
  - (vi) any negotiations between an Obligor with one or more of its creditors with a view to rescheduling any of its indebtedness, by reason of actual or anticipated financial difficulties.
- (ff) the Charterers will not, without the prior written consent of the Owners, (x) novate or terminate the Sub-Charter, or (y) materially amend, vary, supplement, supersede or waive any term of, any Sub-Charter (for the purposes of this clause, any amendment, variation, supplement, supercession

or waiver in connection with hire, payment terms, off-hire provisions, charter duration or termination shall be deemed as material);

(gg) the Charterers shall ensure that there shall be no change in the legal or beneficial ownership, shareholding or management control of the Charterers (including any material change in the composition of the board of directors of the Charterers) from that advised to the Owners by the Charterers at the date of this Charter (and, in particular, reflected in the officer's certificate of the Charterers provided to the Owners pursuant to the MOA or this Charter); and

(hh) the Charterers will keep the Vessel registered in the name of the Owners as legal owner of the Vessel under the laws and flag of an Approved Flag, and shall not do or permit to be done anything, or omit to do anything which would result in:

(i) such registration being forfeited or imperilled; or

(ii) the Vessel being required to be registered under any other law or flag (other than the Approved Flag),

and save with the prior written consent of the Owners, the Charterers shall not register the Vessel or permit her registration under any other law or flag (other than the Approved Flag), provided always that if at any time the laws or regulations of any Approved Flag require the Owners to re-domicile or change their residency to another jurisdiction before the Vessel may be registered under that flag then the prior written consent of the Owners (not to be unreasonably withheld) for any proposed change in flag to that Approved Flag shall be obtained. Any change of flag to an Approved Flag after the date of this Charter may only be undertaken (A) subject to any prevailing laws and regulations; (B) at no cost to the Owners and (C) at such time when no Termination Event has occurred and is continuing. The Charterers shall pay or reimburse (as the case may be) the Owners in respect of all documented costs, fees, expenses and/or taxes which are payable to effect any such change of flag).

(ii) 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 Charter;

(ii) any change in the status of an Obligor (or of a Holding Company of an Obligor) after the date of this Charter;

(iii) any change in (A) the composition of the shareholders of an Obligor or its Holding Company, in each case not being a listed company in any stock exchange or (B) the shareholders which individually holds more than twenty-five per cent (25%) of an Obligor being a company listed in any stock exchange, after the date of this Charter;

(iv) a proposed assignment or transfer by the Owners of any of its rights and obligations under this Charter to any other party; or

(v) the Owners' internal compliance policies related to "know your customer" checks,

obliges the Owners to comply with "know your customer" or similar checks under all applicable laws, regulations and internal policies in circumstances where the necessary information is not already available to it, the Charterers shall promptly upon the request of the Owners supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Owners in order for the Owners to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations and internal policies pursuant to the transactions contemplated in the Transaction Documents (such documentation and evidence may include, without limitation, evidence of incorporation from the relevant registry of companies (or equivalent), a certificate of goodstanding (if relevant), a director's certificate (or equivalent) setting out the names of directors (or equivalent officials), copies of passports of directors (or equivalent officials) and articles of association or other equivalent constitutional documents);

(jj) the Charterers shall (and shall procure that each other Obligor will) promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Owners may reasonably specify (and in such form as the Owners may reasonably require in favour of the Owners or its nominee(s)):

(i) to perfect any Security Interest created or intended to be created under or evidenced by the Security Documents (which may include the execution of a mortgage, charge, assignment or other Security Interest 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 Owners provided by or pursuant to the Transaction Documents or by law;

(ii) in respect of the Charterers, to confer on the Owners a Security Interest over any property and assets of the Charterers located in any jurisdiction equivalent or similar to the Security Interest intended to be conferred by or pursuant to the Security Documents; and/or

(iii) to facilitate the realisation of the assets which are, or are intended to be, the subject of the Security Documents,

the Charterers shall (and shall procure that each other Obligor will) 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 Owners by or pursuant to the Transaction Documents;

(kk) the Charterers shall ensure that, at all times during the Agreement Term, the credit balance of the Operating Account is not less than the aggregate Minimum Cash Balance and that no amounts may be withdrawn or transferred

from the Operating Account without the Owners' prior written consent following the occurrence of any Termination Event;

- (ll) the Charterers shall supply to the Owners during the Agreement Term on a half-yearly basis from the Actual Delivery Date, with reports in form and substance satisfactory to the Owners (acting reasonably) in respect of the Vessel's employment status, management and pooling arrangements at that time;
- (mm) the Charterers shall procure that the Account Bank provides to the Owners and that the Owners are provided access to any information on the Operating Account, including but not limited to written statements of accounts showing all entries made to the credit and debit of the Operating Account and any other information required by the Owners showing that any Earning has been paid into the Operating Account in full and on time; and
- (nn)
  - (i) the Charterers shall permit the Owners to access class records and inspection records of the Vessel during the Agreement Term and the Charterers shall provide copies of any vessel certificates of the Vessel upon the Owners' request; and
  - (ii) the Charterers shall permit the Owners (by surveyors or other persons appointed by them for that purpose):
    - (A) in the absence of a Potential Termination Event or Termination Event, to board the Vessel once a year without interference to the operation of the Vessel; and
    - (B) upon the occurrence of a Potential Termination Event or Termination Event, to board the Vessel at any time, to inspect the Vessel's condition or to satisfy themselves about proposed or executed repairs and the Charterers shall afford all proper facilities for such inspections. All documented costs and expenses arising from such inspection shall be for the Charterer's account.
- (oo) no later than the second (2<sup>nd</sup>) anniversary of the Actual Delivery Date, the Charterers shall pay to the Owners a cash collateral (the "**Cash Collateral**"), which shall be paid to the Owners' Account or any other account nominated by the Owners, equal to the Day One Cash Collateral Amount which shall be:
  - (i) refunded by the Owners to the Charterers without interest if:
    - (A) the Initial Sub-Charterer exercises the Initial Sub-Charter Optional Term such that the charter period under the Initial Sub-Charter is extended to a date falling on or after the Expiry Date; or

- (B) the Charterers enter into an Approved Charter for the Vessel and the rights and interests of the Charterers in such Approved Charter is assigned to the Owners on terms reasonably acceptable to the Owners;
- (ii) reduced pro rata if none of the conditions set out in Clause 48(oo)(i) has been met but any Sub-Charter for the Vessel (which is not an Approved Charter) has been entered into by the Charterers with an Approved Charterer, with:
- (A) a daily charterhire rate between (and inclusive of) thirteen thousand five hundred Dollars (US\$13,500) to (and exclusive of) sixteen thousand five hundred Dollars (US\$16,500) and for the avoidance of doubt, if such daily charterhire rate exceeds sixteen thousand and five hundred Dollars (US\$16,500), then for the purposes of calculating the Cash Collateral Refund Amount in this Clause 48(oo)(ii), the daily charterhire rate is deemed to be sixteen thousand and five hundred Dollars (US\$16,500); and
- (B) the fixed charter period of such Sub-Charter shall be for a minimum period of one (1) year,
- with the amount of each reduction to the Cash Collateral pursuant to this Clause 48(oo)(ii) (each, a "**Cash Collateral Refund Amount**") to be determined as follows:

$$A = (B/C) \times D$$

Where:

**A** is the Cash Collateral Refund Amount in United States Dollars;

**B** is the gross revenue receivable under such sub-charter based on the daily charterhire rate multiplied by the number of days during the fixed charter period ending in any event on the Expiry Date;

**C** is the aggregate amount of charter hire receivable by the Charterers from the Initial Sub-Charterers during the Initial Sub-Charter Optional Term (based on the Daily Initial Sub-Charter Optional Term Rate multiplied by the number of days during the Initial Sub-Charter Optional Term); and

**D** is the Day One Cash Collateral Amount.

Following a determination of a Cash Collateral Refund Amount by the Owners, the Owners shall refund that Cash Collateral Refund Amount to the Charterers without interest, **provided that** the aggregate amount of that Cash Collateral Refund Amount that may be refunded to the Charterers in accordance with this Clause 48(oo)(ii) and all Cash Collateral Refund Amounts already previously refunded by the

Owners shall not in any circumstances exceed the Day One Cash Collateral Amount.

(iii) retained by the Owners and not be refundable to the Charterers in respect of any sub-chartering arrangements entered into by the Charterers and permitted under this Agreement (other than the Initial Sub-Charter or any Sub-Charter referred to in Clause 48(oo)(i) and Clause 48(oo)(ii)), including if:

(A) a Sub-Charter for the Vessel (which is not an Approved Charter) has been entered into by the Charterers and a Sub-Charterer, but:

(1) such Sub-Charterer is not an Approved Charterer; or

(2) such Sub-Charter has a daily charter hire of less than thirteen thousand five hundred Dollars (US\$13,500); or

(B) no Sub-Charter for the Vessel has been entered into by the Charterers and a Sub-Charterer,

and the Cash Collateral shall be applied by the Owners:

(I) if a Call Option has been exercised by the Charterers in accordance with Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*), against and to reduce the Call Option Price payable by the Charterers at the expiry of the Charter Period;

(II) in the event of a Termination Event, Total Loss or an Early Termination Event, against and to reduce the Termination Sum payable by the Charterers;

(III) if a Purchase Option has been exercised and fulfilled in accordance with this Charter, against and to reduce the Purchase Option Price; and

(IV) in whole or in part, any other sums owing by the Charterers to the Owners from time to time.

(pp) if either of the following events occur:

(i) the Initial Sub-Charter is cancelled, rescinded, terminated, expires or otherwise ceases to be in full force and effect during the Initial Sub-Charter Optional Term; or

(ii) any subsequent Sub-Charter is cancelled, repudiated, rescinded, terminated before its natural expiration under the terms of such Sub-Charter,

and the Charterers have received any refund from the Owners in accordance with Clause 48(oo) such that the amount of the Cash Collateral at such time

is less than the Day One Cash Collateral, the Charterers shall immediately provide a further deposit in the amount of the shortfall and deposit the same in the Owners' Account or any other account nominated by the Owners, for the purpose of and in order to restore the Cash Collateral to the amount of the Day One Cash Collateral.

#### 49 Termination Events

- (a) Each of the following events shall constitute a Termination Event:
- (i)
    - (A) an Obligor fails to pay on the due date (or, in the case of sums expressed to be payable on demand, within three (3) Business Days of the Owners' demand) any sum payable pursuant to the Transaction Document to which it is a party;
    - (B) no Termination Event shall occur under Clause 49(a)(i)(A) in relation to a failure to pay any Hire on the relevant due date if such Obligor can demonstrate to the reasonable satisfaction of the Owners that all necessary instructions were given to effect such payment and the non-receipt thereof is attributable solely to an administrative or technical error or an error in the banking system and payment of such Hire is made within three (3) Business Days of its original due date;
  - (ii) any Obligor fails duly to perform or comply with any of the obligations in a Transaction Document expressed or to be assumed by or procured by the Charterers under or relating to:
    - (A) Clause 41 (*Insurance*), Clause 74 (*Financial Covenants*) or Clause 48(b) (*AML Laws etc. and Sanctions*); or
    - (B) Clause 38(a)(i) (*Further maintenance and operation*) which is not remedied within ten (10) days after the earlier of written notice from the Owners requesting action to remedy the same or the relevant Obligor becoming aware of the same;
  - (iii) any Obligor defaults under, or in the due and punctual observance and performance of, any other provision of a Transaction Document to which it is a party and where, in the opinion of the Owners, such default is capable of remedy (and for these purposes a breach by the Charterers of their obligations under Clause 36(b) (*Conditions precedent and conditions subsequent*), Clause 41 (*Insurance*) or Clause 48(b) (*AML Laws etc. and Sanctions*), shall be a default not capable of remedy), such default is not remedied to the Owners' satisfaction within fourteen (14) days after written notice from the Owners requesting action to remedy the same;

(iv) any representation or statement made by any Obligor in or pursuant to a Transaction Document to which it is a party or in any notice, certificate, instrument or statement contemplated thereby or made or delivered pursuant hereto or thereto is, or proves to be, incorrect or misleading in any material respect when made or deemed to be repeated;

(v) all of the following:

- (A) any Financial Indebtedness of an Obligor is not paid when due nor within any originally applicable grace period;
- (B) any Financial Indebtedness of an Obligor 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 an Obligor is cancelled or suspended by a creditor of an Obligor as a result of an event of default (however described); and
- (D) any creditor of an Obligor becomes entitled to declare any Financial Indebtedness of an Obligor due and payable prior to its specified maturity as a result of an event of default (however described),

**provided that** no Termination Event will occur under this Clause 49(a)(v) if, the aggregate amount of such Financial Indebtedness referred to in this Clause 49(a)(v) (i) in respect of the Charter Guarantor, is less than ten million Dollars (US\$10,000,000) and (ii) in respect of the Charterers, is less than five hundred thousand Dollars (US\$500,000);

(vi) any of the following:

(A) an Obligor:

- (1) is unable or admits inability to pay its debts as they fall due;
- (2) is deemed to, or is declared to, be unable to pay its debts under applicable law;
- (3) suspends or threatens to suspend making payments on any of its debts; or
- (4) other than the Charter Guarantor, 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 Charter Guarantor, any of its Subsidiaries or any of their respective directors or authorised representatives by reason of actual or anticipated financial difficulties take any steps (whether by submitting or presenting a document setting out a proposal or proposed terms or otherwise) with more than 35% (by value) of creditors of the Group (taken as a whole) with a view to obtaining any form of moratorium, suspension or deferral of payments or reorganisation of debt (or certain debt), provided that this Clause 49(a)(vi)(B) shall not apply where the relevant steps are being taken solely with the Owners or any of the Owners' Subsidiaries;
  - (C) the value of the assets of an Obligor is less than its liabilities (taking into account contingent and prospective liabilities); or
  - (D) a moratorium is declared in respect of any indebtedness of an Obligor. If a moratorium occurs, the ending of the moratorium will not remedy any Termination Event caused by that moratorium;
- (vii) any corporate action, legal proceedings or other procedure or step is taken in relation to:
- (A) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration, bankruptcy or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of an Obligor;
  - (B) a composition, compromise, assignment or arrangement with any creditor of an Obligor;
  - (C) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager, trustee or other similar officer in respect of an Obligor or any of its assets; or
  - (D) enforcement of any Security Interest over any assets of an Obligor,
- or any analogous procedure or step is taken in any jurisdiction. This Clause 49(a)(vii) shall not apply to (i) any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within twenty one (21) days of commencement or (ii) any arrest or detention of the Vessel from which the Vessel is released within twenty one (21) days from the date of that arrest or detention;
- (viii) any expropriation, attachment, sequestration, distress or execution (or any analogous process in any jurisdiction) affects any asset or

assets of an Obligor and is not discharged within twenty one (21) days.

- (ix) any Obligor ceases or threatens to cease, to carry on all or, any material part of such Obligor's business;
- (x) any of the following:
  - (A) it is or becomes unlawful for an Obligor to perform any of its obligations under the Transaction Documents or any Security Interest under a Security Document ceases to be effective;
  - (B) any obligation or obligations of any Obligor under any Transaction Documents are not or cease to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Owners under the Transaction Documents; or
  - (C) any Transaction Document ceases to be in full force and effect or any Security Interest under a Security Document ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it (other than the Owners) to be ineffective,

and no agreement is reached between the Owners and the Charterers to agree an alternative arrangement within thirty (30) days from the date of occurrence of any of the events stated above;

- (xi) the authority or ability of an 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 an Obligor or any of its assets **provided that** rescission or repudiation of a Sub-Charter by a Sub-Charterer with the prior written consent of the Owners, would not constitute a Termination Event;
- (xii) an Obligor rescinds or purports to rescind or repudiates or purports to repudiate a Transaction Document (in relation to a Sub-Charter, without the Owner's prior written consent) or any of the Security Interests under a Security Document or evinces an intention to rescind or repudiate a Transaction Document or any of the Security Interests under a Security Document;
- (xiii) any of the conditions in Clause 36(b) is not satisfied within the specified time;
- (xiv) any authorisation, approval, consent, licence, exemption, filing or registration or other requirement of any governmental, judicial or other public body or authority which is now, or which at any time during the Agreement Term becomes, necessary to enable any

Obligor to comply with any of its obligations or undertakings contained in a Transaction Document to which it is a party is not obtained or is modified, revoked, suspended, withdrawn or withheld or does not remain in full force and effect and in any such case the same is not remedied within such reasonable time and by such measures as the Owners may approve;

- (xv) the Charter Guarantor gives notice to the Owners to determine any obligations under the Charter Guarantee;
- (xvi) any litigation, arbitration or administrative proceedings or investigations of, or before, any court, arbitral body, arbitral tribunal or agency are started or threatened, or any judgment or order of a court, arbitral body, arbitral tribunal, agency or other tribunal or any order or sanction of any governmental or other regulatory body is made, in relation to the Transaction Documents or the transactions contemplated in the Transaction Documents or against an Obligor or its assets which have, or has, or are, or is, reasonably likely to have a Material Adverse Effect;
- (xvii) for any reason whatsoever, the Vessel ceases to:
  - (A) comply with the ISM Code or the ISPS Code; or
  - (B) be managed by the Approved Manager in accordance with the Management Agreement or otherwise on terms in all respects approved by the Owners,

in each case, which is not remedied within three (3) Business Days after the earlier of written notice from the Owners requesting action to remedy the same or the Charterers becoming aware of the same;

- (xviii) any event or circumstance occurs which the Owners reasonably believe has or is reasonably likely to have a Material Adverse Effect;
- (xix)
  - (A) any of the Obligors or any Affiliate of any of them or any of their respective directors, officers or employees becomes a Restricted Party or becomes owned or controlled by, or acts directly or indirectly on behalf of, a Restricted Party or any of such persons becomes the owner or controller of a Restricted Party;
  - (B) any proceeds of the Purchase Price are made available, directly or indirectly, to or for the benefit of a Restricted Party or otherwise is, directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions; or
  - (C) any of the Obligors or any Affiliate of any of them or any of their respective directors, officers or employees is not in compliance with all Sanctions; or

- (D) the Vessel is employed, operated or managed in any manner which (i) requires it to call at any port in North Korea, Iran or Syria, or any area or country where trading the Vessel to such port or area or country would constitute or reasonably be expected to constitute a breach of any Sanctions, (ii) is contrary to any Sanctions and in particular, the Vessel is used by or to benefit any party which is a target of Sanctions and/or is a Restricted Party, (iii) would result or reasonably be expected to result in any Obligors, Sub-Charterer, Sub-Charter Guarantor or the Owners becoming a Restricted Party, or (iv) would trigger the operation of any Sanctions limitation or exclusion clause in any insurance documentation;  
or
- (xx) at such time when there is a change in the legal or beneficial ownership, shareholding or management control of the Charterers (including any material change in the composition of the board of directors of the Charterers) from that advised to the Owners by the Charterers at the date of this Charter (and, in particular, reflected in the officer's certificate of the Charterers provided to the Owners pursuant to the MOA or this Charter);
- (xxi) the Initial Sub-Charter is cancelled, repudiated, rescinded, terminated, expires or otherwise ceases to be in full force and effect prior to the third (3<sup>rd</sup>) anniversary of the Actual Delivery Date, **provided that** it shall not constitute a Termination Event under this clause if the Charterers, within forty five (45) days after the date that the Initial Sub-Charter is cancelled, repudiated, rescinded, terminated, expires or otherwise ceases to be in full force and effect, deliver the vessel into (and not just fix) a substitute Sub-Charter for the Vessel, with material terms and conditions satisfactory to the Owners and for the purposes of this clause any of the following requirements shall be deemed to be material:
- (A) such Sub-Charter shall be entered into with an Approved Sub-Charterer and shall not be on a bareboat charter basis unless approved by the Owners (acting reasonably);
- (B) the rate of daily charter hire under such Sub-Charter shall be no less than thirty six thousand five hundred Dollars (US\$36,500);
- (C) the fixed charter period of such Sub-Charter (without optional extensions) shall end on a date on or after the Initial Sub-Charter Fixed Term,

in addition, (i) the Charterers shall provide the Owners with such executed sub-charter agreement and issued "on-hire" certificate evidencing the delivery of the Vessel into such Sub-Charter; and (ii) the Charterers shall assign the rights of any such Sub-Charter to the Owners on terms and conditions satisfactory to the Owners;

- (xxii) any "Termination Event" (as such term is defined under any Collateral Charter) occurs under any Collateral Charter; or
  - (xxiii) a "Termination Event" (as such term is defined under the Anthea Y Charter) in accordance with Clause 49(a)(i) of the Anthea Y Charter has occurred and is continuing; or
  - (xxiv) the Charterers (as sellers) fail to perform or comply with its undertaking provided to the Owners (as buyers) in accordance with Clause 19(b) of the MOA.
- (b) A Termination Event shall constitute (as the case may be) either a repudiatory breach of, or breach of condition by the Charterers under, this Charter or an agreed terminating event the occurrence of which will (in any such case) entitle the Owners to exercise all or any of the remedies set out below in this Clause 49.
- (c) At any time after a Termination Event shall have occurred and be continuing following the lapse of any applicable grace period as specified in paragraph (a) above, the Owners may:
- (i) at their option and by delivering to the Charterers a Termination Notice, terminate this Charter with immediate effect or on the date specified in such Termination Notice, and withdraw the Vessel from the service of the Charterers without noting any protest and without interference by any court or any other formality whatsoever, whereupon the Vessel shall no longer be in the possession of the Charterers with the consent of the Owners, and the Charterers shall redeliver the Vessel to the Owners in accordance with Clauses 42 (*Redelivery*) and 43 (*Redelivery conditions*);
  - (ii) enforce any Security Interest created pursuant to the relevant Transaction Documents; and
  - (iii) forfeit the refund of the Cash Collateral (which the Charterers irrevocably agree the Owners are entitled to do at any time after a Termination Event has occurred and is continuing) and apply the Cash Collateral against any amount of the Termination Sum payable and owing by the Charterers.
- (d) On the date falling no later than fifteen (15) days after the Termination Payment Date in respect of any termination of the chartering of the Vessel under this Charter in accordance with paragraph (c) above, the Charterers shall pay to the Owners an amount equal to the Termination Sum. For the avoidance of doubt, interest shall continue to accrue on the Termination Sum pursuant to paragraph (i) of Clause 40 (*Hire*) from the Termination Payment Date to the date of actual payment.
- (e) Following any termination to which this Clause 49 applies, all sums payable in accordance with paragraph (d) above shall be paid to such account or accounts as the Owners may direct and shall be applied by the Owners in the following order:

- (i) firstly, against the Termination Sum; and
  - (ii) secondly, in accordance with Clause 4.2.1(d) to (e) of the Security Trust Deed.
- (f) If the chartering of the Vessel or, as the case may be, the obligation of the Owners to deliver and charter the Vessel to the Charterers is terminated in accordance with the terms of this Charter, the obligation of the Charterers to pay Hire shall cease once the Charterers have made the payment pursuant to paragraph (d) above or Clause 40(k) (*Hire*) to the satisfaction of the Owners, whereupon the Owners shall arrange for title of the Vessel to be transferred to the Charterers in accordance with paragraphs (e) to (h) of Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*).
- (g) Without prejudice to the forgoing or to any other rights of the Owners under this Charter, at any time after a Termination Notice is served under Clause 49(c) (*Termination Events*), the Owners may, acting in their sole discretion without prejudice to the Charterers' obligations under Clause 43 (*Redelivery conditions*), retake possession of the Vessel and, the Charterers agree that the Owners, for such purpose, may put into force and exercise all their rights and entitlements at law and may enter upon any premises belonging to or in the occupation or under the control of the Charterers where the Vessel may be located as well as giving instructions to the Charterers' servants or agents for this purpose, provided that the Owners shall not be entitled to exercise their rights under this Clause if the Charterers have made the payment pursuant to Clause 49(d) (*Termination Events*) to the satisfaction of the Owners and the Owners have transferred title to the Vessel to the Charterers (or its nominee) in accordance with Clauses 52(e) (*Purchase Obligation, Call Option, Early Termination Event and Transfer of title*).
- (h) Following any termination to which this Clause 49 applies, if the Charterers have not paid to the Owners the Termination Sum on the date falling no later than fifteen (15) days after the applicable Termination Payment Date (and consequently the Owners have not transferred title to the Vessel to the Charterers (or its nominee) in accordance with Clause 52(e) (*Purchase Obligation, Early Termination Event and Transfer of title*), the Owners shall be entitled (but not obliged) to sell the Vessel and apply the proceeds of a sale of the Vessel received or receivable, net of any fees, commissions, documented costs, disbursements or other expenses incurred by the Owners as a result of the Owners arranging the proposed sale (the "**Net Proceeds**"), against the Termination Sum and:
- (i) if the Net Proceeds do not exceed the Termination Sum, claim from the Charterers for any shortfall together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof to the date of actual payment; or
  - (ii) if the Net Proceeds exceed the Termination Sum, any surplus shall be applied in the order set out in clause 4.2.1(d) to (e) of the Security Trust Deed,

**provided that** in the event:

- (A) the Owners have not yet entered into any agreement for the sale, charter or employment of the Vessel;
- (B) the Charterers furnish the Owners with an Offer no later than the date falling thirty (30) days after the Termination Payment Date (or such later date as may be agreed by the Owners, the "Latest MOA Date"); and
- (C) the potential buyer which has made the Offer (the "Potential Buyer") is acceptable to the Owners (acting reasonably, such acceptance not to be unreasonably withheld or delayed),

the Owners shall, subject to the entry into of a memorandum of agreement for the Vessel between the Potential Buyer and the Owners which shall be on terms acceptable to the Owners (the "**Potential Buyer MOA**") by the Latest MOA Date, sell the Vessel to the Potential Buyer in accordance with the terms of the Potential Buyer MOA. For the avoidance of doubt, the Owners may at its sole discretion (acting reasonably) proceed to complete any sale, charter or employment of the Vessel arranged by the Owners notwithstanding the Offer furnished by the Charterers. The proceeds of such sale shall, for the avoidance of any doubt, be applied in accordance with this Clause 49(h)(i) and (ii) as above.

For the purposes of this Clause 49(h):

"Offer" means a firm offer for the purchase of the Vessel:

- (i) for a purchase price in cash (payable on delivery and acceptance of the Vessel) not less than the Relevant Amount; and
- (ii) on customary terms for sale and purchase of commercial vessels of similar type.

"Relevant Amount" means the aggregate of the Termination Sum to be determined by the Owners payable on the delivery date of the Vessel under any Potential Buyer MOA and to the extent not already included within such Termination Sum, any actual or estimated costs associated with the entry into the Potential Buyer MOA by the Potential Buyer and the conclusion of the transaction and the delivery of the Vessel thereunder, including any brokers' fees or commission.

- (i) For the avoidance of doubt, the Charterers' obligation to pay the Termination Sum (and any of their other obligations under the Transaction Documents) shall not be affected irrespective of the Owners' ability to complete the sale of the Vessel referred to in Clause 49(h) above.
- (j) Save as otherwise expressly provided in this Charter, the Charterers shall not have the right to terminate this Charter any time prior to the expiration of the Agreement Term. The rights conferred upon the Owners by the provisions of this Clause 49 are cumulative and in addition to any rights which they may otherwise have in law or in equity or by virtue of the provisions of this Charter.

## 50 Sub-chartering and assignment

- (a) The Charterers shall not without the prior written consent of the Owners (such consent not to be unreasonably withheld):
  - (i) let the Vessel on demise charter for any period;
  - (ii) enter into any time or consecutive voyage charter in respect of the Vessel which exceeds 12 months in duration (with or without optional extensions);
  - (iii) except as may be permitted under any Sub-Charter, de-activate or lay up the Vessel; or
  - (iv) assign their rights under this Charter.
- (b) The Charterers acknowledge that any sub-chartering permitted in accordance with Clause 50(a) above shall additionally be subject (amongst other things) to the following conditions:
  - (i) the Owners being satisfied that the Charterers shall retain operational control of the Vessel (either directly or through any Approved Managers); and

- (ii) all charterhire and any other sums to be received by the Charterers in connection with the Sub-Charter or any such sub-chartering shall be paid into the Operating Account.
- (c) Without prejudice to anything contained in this Clause 50, the Charterers shall only enter into any sub-charter for the Vessel which is for a purpose for which the Vessel is suited and with a sub-charterer who is not a Restricted Party and in each case, the Charterers shall assign to the Owners all their earnings arising out of and in connection with such sub-charter and all their rights and interest of any such sub-charter upon such terms and conditions as the Owners may require and the Charterers shall serve a notice on any sub-charterer and shall use reasonable endeavours to obtain a written acknowledgement of such earnings assignment from such sub-charterer in such form as is required by the Owners or any Finance Party (as the case may be).
- (d) The Charterers shall, without prejudice to the Owners' rights under any Transaction Document, procure that all Earnings (including any Earnings pursuant to the Sub-Charter) are remitted to the Operating Account.
- (e) Without prejudice to anything contained in this Clause 50, the Vessel shall not be employed, operated or managed in any manner which:
  - (i) is contrary to any Sanctions and in particular, the Vessel shall not be used by or to benefit any party which is a target of Sanctions and/or is a Restricted Party or reach any port in North Korea, Iran, Syria or any area or country where trading the Vessel to such area or country would constitute or reasonably be expected to constitute a breach of any Sanctions or published boycotts imposed by any of the United Nations, the European Union, the United States of America, the United Kingdom or the People's Republic of China;
  - (ii) would result or reasonably be expected to result in any Obligor, any Sub-Charter or the Owners becoming a Restricted Party; or
  - (iii) would trigger the operation of any Sanctions limitation or exclusion clause in any insurance documentation.

#### **51 Name of Vessel**

Provided that the Charterers have obtained the prior written consent of the Owners (such consent not to be unreasonably withheld) but always subject to the provisions of any Sub-Charter:

- (i) the name of the Vessel may be chosen by the Charterers provided that the name chosen must be commercially sensible (not to be politically or commercially inappropriate); and
- (ii) the Vessel may be painted in the colours, display the funnel insignia and fly the house flag as required by the Charterers.

52 **Purchase Option, Call Option, Early Termination Event and Transfer of Title**

Purchase Option

- (a) Subject to:
- (i) no Total Loss under Clause 53 (*Total loss*) having occurred;
  - (ii) no Termination Event under Clause 49 (*Termination Events*) having occurred and being continuing; and
  - (iii) the Charterers' delivery of the Purchase Option Notice to the Owners at least sixty (60) days prior to the proposed Purchase Option Date,

the Charterers may purchase the Vessel on any Purchase Option Date for the Purchase Option Price.

Call Option

- (b) Subject to:
- (i) no Total Loss under Clause 53 (*Total loss*) having occurred;
  - (ii) no Termination Event under Clause 49 (*Termination Events*) having occurred and being continuing; and
  - (iii) the Charterers' delivery of the Call Option Notice to the Owners prior to the Call Option Expiry Date,

the Charterers may exercise the Call Option to purchase the Vessel on the Expiry Date for the Call Option Price.

- (c)
- (i) If:
    - (A) neither the Purchase Option nor the Call Option has been exercised by the Call Option Expiry Date; or
    - (B) the Call Option has been exercised but the Call Option Price has not been paid in accordance with the terms of this Charter,the Charterers shall, no later than the Expiry Date, pay to the Owners the Option Premium in full.
  - (ii) In the event that Clause 52(c) is applicable and the Option Premium is not paid by the Expiry Date, the Owners shall be entitled (but not obliged) at the Charterers' cost to:
    - (A) withdraw the Vessel from the service of the Charterers without noting any protest and without interference by any court or any other formality whatsoever, whereupon the Vessel shall no longer be in the possession of the Charterers with the consent of the Owners, and the Charterers shall

redeliver the Vessel to the Owners in accordance with Clauses 42 (*Redelivery*) and 43 (*Redelivery conditions*); and

- (B) remarket the Vessel for sale or deliver the Vessel into any sub-charter and any proceeds from such sale or earnings from any sub-charterer shall not be used to apply against the Option Premium due and payable.

Early Termination Event

- (d) If, at any time during the Agreement Term, any of the following events occur:
  - (A) a Charter Guarantor Change of Control Event occurs (save for a Delisting Event prior to which the Charterers have provided additional security as may be required by the Owners and which is in form and substance acceptable to the Owners);
  - (B)
    - (1) the Initial Sub-Charterer, any Sub-Charterer or Sub-Charter Guarantor or any of their respective directors, officers or employees becomes a Restricted Party or becomes owned or controlled by or acts directly or indirectly on behalf of, a Restricted Party or any of such persons becomes the owner or controller of a Restricted Party; or
    - (2) the Initial Sub-Charterer, any Sub-Charterer or Sub-Charter Guarantor or any of their respective directors, officers or employees is not in compliance with all Sanctions,

unless within sixty (60) days of the occurrence of any event set out in Clause 52(d)(B)(1) and 52(d)(B)(2) (each, a "**Sub-Charter Event**") (or such shorter period as permitted by any applicable authority), the relevant Sub-Charter and any Sub-Charter Guarantee relative to the applicable Sub-Charter Event are terminated and the Charterers enter into a replacement Sub-Charter (and if applicable any replacement Sub-Charter Guarantee) in form and substance and with counterparties acceptable to the Owners (acting reasonably);

then:

- (i) the Charterers shall immediately notify the Owners;
- (ii) subject to no Total Loss under Clause 53 (*Total loss*) having occurred and no Termination Event under Clause 49 (*Termination Events*) having occurred and being continuing, and regardless of whether the notice referred to in Clause 52(d)(i) above has been received by the Charterers, the Owners may (but shall not be obliged to) provide the Charterers with its intention to terminate the Charter and require the transfer of title to the Vessel from the Owners to the Charterers in exchange for payment by the Charterers to the Owners of the Termination Sum on such date specified by the Owners; and

- (iii) the Charterers shall pay to the Owners the Termination Sum on the Termination Payment Date as specified by the Owners pursuant to Clause 52(d)(ii).

For the avoidance of doubt, Hire shall in any event continue to be payable for the full period and this Charter shall otherwise continue to be in full force and effect until the Termination Sum has been received in full by the Owners.

Transfer of Title

- (e) Upon (1) in respect of a Purchase Option, the Call Option or an Early Termination Event, the full payment of the Purchase Option Price, the Call Option Price or the Termination Sum (as the case may be), (2) the full payment of the Termination Sum in accordance with Clause 40(k) (*Hire*), or (3) the full payment of the Termination Sum in accordance with Clause 49(d) (*Termination Events*) and any other sums payable by the Charterers to the Owners under this Charter and in each case, without any double counting, subject to compliance with the other conditions set out in this Clause 52, the Owners shall:

- (i) transfer title to and ownership of the Vessel to the Charterers (or their nominee) by delivering to the Charterers (in each case at the Charterers' costs):
  - (A) a duly executed and notarised, legalised and/or apostilled (as applicable) bill of sale in such form as is required by an Approved Flag or such other flag the Charterers select; and
  - (B) the Title Transfer PDA; and
  - (C) any additional document as may be required by the Vessel's flag to register title in the ownership of the Charterers, provided that any requirements for any additional documents are being notified to the Owners reasonably in advance to allow the Owners sufficient time to review, sign, notarise and/or legalise (where required) and deliver such additional documents;
- (ii) procure the deletion of any mortgage or prior Security Interest in relation to the Vessel (including the Security Interest in relation to the Share Pledge and Account Pledge) at the Charterers' costs,

**provided always** that prior to such transfer or deletion (as the case may be), the Owners shall have received the letter of indemnity as referred to in paragraph (h) below from the Charterers, and the Charterers shall have performed all their obligations in connection herewith and with the Vessel, including without limitation the full payment of all Unpaid Sums and any sums pursuant to Clause 58 (*Further Indemnities*).

- (f) The transfer in accordance with paragraph (e) above shall be made in all respects at the Charterers' expense on an "as is, where is" basis and the Owners shall give the Charterers (or their nominee) no representations,

warranties, agreements or guarantees whatsoever concerning or in connection with the Vessel, the Insurances, the Vessel's condition, state or class or anything related to the Vessel, expressed or implied, statutory or otherwise.

- (g) The Owners shall have no responsibility for the registrability of a bill of sale referred to in paragraph (e) above executed by the Owners, as far as such bill of sale is prescribed in forms generally acceptable to the Vessel's registry at the date of execution of such bill of sale.
- (h) The Charterers shall, immediately prior to the receipt of the bill of sale referred to in paragraph (e) above, furnish the Owners with a letter of indemnity (in a form satisfactory to the Owners) whereby the Charterers shall state that, among other things, the Owners have and will have no interest, concern or connection with the Vessel after the date of such letter and that the Charterers shall indemnify the Owners and keep the Owners indemnified forever against any claims made by any person arising in connection with the Vessel prior to the date the title of the Vessel is transferred to the Charterers.
- (i) If the chartering of the Vessel is terminated in accordance with this Clause 52, the obligation of the Charterers to pay the Hire shall cease only once the Charterers have paid the relevant Purchase Option Price, Call Option Price, or the Termination Sum (as applicable) and any other sums payable by the Charterers to the Owners as required hereunder to the satisfaction of the Owners.

### **53 Total Loss**

- (a) If circumstances exist giving rise to a Total Loss, the Charterers shall promptly notify the Owners of the facts of such Total Loss. If the Charterers wish to proceed on the basis of a Total Loss and advise the Owners thereof, the Owners shall agree to the Vessel being treated as a Total Loss for all purposes of this Charter. The Owners shall thereupon abandon the Vessel to the Charterers and/or execute such documents as may be required to enable the Charterers to abandon the Vessel to insurers and claim a Total Loss. Without prejudice to the obligations of the Charterers to pay to the Owners all monies then due or thereafter to become due under this Charter including but not limited to the Charterers' obligation to pay the Termination Sum on the Settlement Date in accordance with Clause 53(b) and 53(c) below, if the Vessel shall become a Total Loss during the Charter Period, the Charter Period shall end on the Settlement Date.
- (b) If the Vessel becomes a Total Loss during the Charter Period, the Charterers shall, on the Settlement Date, pay to the Owners the amount calculated in accordance with paragraph (c) below.
- (c) On the Settlement Date, the Charterers shall pay to the Owners an amount equal to the Termination Sum as at the Settlement Date. The foregoing obligations of the Charterers under this paragraph (c) shall apply regardless of whether or not any moneys are payable under any Insurances in respect of the Vessel, regardless of the amount payable thereunder, regardless of the

cause of the Total Loss and regardless of whether or not any of the said compensation shall become payable.

- (d) All Total Loss Proceeds shall be paid to such account or accounts as the Owners may direct and shall be applied towards satisfaction of the Termination Sum and any other sums due and payable under the Transaction Documents. To the extent that there is any surplus after such application, any such surplus shall be applied in the order set out in Clause 4.2.1(d) to (e) of the Security Trust Deed.
- (e) The Charterers shall, at the Owners' request, provide satisfactory evidence, in the reasonable opinion of the Owners, as to the date on which the constructive total loss of the Vessel occurred pursuant to the definition of Total Loss.
- (f) The Charterers shall continue to pay Hire on the days and in the amounts required under this Charter notwithstanding that the Vessel shall become a Total Loss **provided always** that no further instalments of Hire shall become due and payable after the Charterers have made the payment pursuant to paragraph (c) above.

#### **54 Appointment of Approved Manager**

- (a) The Charterers covenant not to appoint anyone other than the Approved Manager as managers or sub-managers of the Vessel without the prior written consent of the Owners (such consent not to be unreasonably withheld).
- (b) Without prejudice to the foregoing, the Owners shall be entitled, but without obligation, to replace the Approved Managers with such other ship management company at the Charterers' costs upon the occurrence of a Termination Event which is continuing.

#### **55 Fees and expenses**

- (a) The Charterers shall, on or prior to the Actual Delivery Date, pay to the Owners the Arrangement Fee. The Parties agree that the Arrangement Fee may be paid by way of deduction of the same from the Purchase Price payable by the Owners (as buyers) to the Charterers (as sellers) under the MOA. The Arrangement Fee shall not be refundable in any circumstance whatsoever.
- (b) In addition to the Arrangement Fee, the Charterers shall bear all documented costs, fees (including documented legal fees) and disbursements reasonably incurred by the Owners and the Charterers in connection with:
  - (i) the negotiation, preparation, finalisation and execution of this Charter and the other Transaction Documents;
  - (ii) the delivery or redelivery of the Vessel under the MOA and this Charter;
  - (iii) all Registration Costs;

- (iv) preparation or procurement of any survey, inspection, Valuation Report (subject to paragraph (dd) of Clause 48 (*Charterers' undertakings*)), tax or insurance advice; and
- (v) such other activities relevant to the transaction contemplated herein.

**56 Stamp duties and taxes**

- (a) The Charterers shall pay promptly but in any event within ten (10) Business Days (or other period as may be agreed by both parties) of demand by the Owners:
  - (i) an amount equal to the loss, liability or documented cost which the Owners determine will be or has been (directly or indirectly) suffered for or on account of Tax by the Owners in respect of a Transaction Document, together with any interest, penalties, costs and expenses payable or incurred; and
  - (ii) all stamp, documentary or other like duties and taxes to which this Charter and the other Transaction Documents may be subject or give rise, whether before or after the delivery of the Vessel by the Charterers to the Owners pursuant to the MOA as well as any duties imposed in any relevant jurisdiction upon running stores, provisions and supplies furnished by the Owners from abroad to be stocked on board the Vessel and also from the payment of export duties, if any, to be imposed upon the Vessel as a whole or upon any of its parts or equipment, and shall indemnify the Owners on demand against any and all liabilities with respect to or resulting from any delay on the part of the Charterers to pay such duties or taxes.
- (b) All amounts set out or expressed in a Transaction Document to be payable to the Owners which constitute the consideration for any supply for Indirect Tax purposes shall be deemed to be exclusive of any Indirect Tax. If any Indirect Tax is chargeable on any supply made by the Owners to the Charterers in connection with a Transaction Document, the Charterers shall pay to the Owners an amount equal to the amount of the Indirect Tax (in addition to and at the same time as paying any other consideration for such supply).
- (c) Where a Transaction Document requires Charterers to reimburse or indemnify the Owners for any documented costs or expenses, the Charterers shall also at the same time reimburse or indemnify (as the case may be) the Owners against all Indirect Tax incurred by the Owners in respect of the documented costs or expenses save to the extent the Owners reasonably determines that they are entitled to credit or repayment in respect of the Indirect Tax from the relevant tax authority.
- (d) For the avoidance of doubt, the Charterers shall and shall procure that the Charter Guarantor shall, indemnify, protect, defend and hold harmless any Tax incurred by the Owners relating to, resulting from or arising out of or in connection with, directly or indirectly from the acts listed in Clause 58(a)(ii)(A)(*Further Indemnities*).

**Operational notifiable events**

The Charterers shall immediately notify the Owners of the occurrence of any of the following events:

- (a) any requirement or recommendation imposed by the Classification Society or any competent authority which is not promptly complied with within any applicable grace period agreed by the Classification Society or such competent authority (as the case may be);
- (b) whenever the Vessel is:
  - (i) arrested or detained, for a period of at least one (1) day; or
  - (ii) confiscated, seized, requisitioned, impounded or forfeited,
 by any government or other competent authorities or any other persons and the release of the Vessel following such arrest, confiscation, seizure, requisition, impoundment, forfeiture or detention;
- (c) in the event of a fire requiring the use of fixed fire systems or collision / grounding and the costs of such damage will or is reasonably likely to exceed the Threshold Amount;
- (d) (by email) whenever the Vessel is planned for dry-docking, whether in accordance with Clause 10(g) (Part II) or any Sub-Charter and whether routine or emergency;
- (e) the Vessel is taken under tow, save for any routine towage (including when leaving or entering a port);
- (f) whenever a Classification Society or flag authority refuses to issue or withdraw trading certification, and any actual or threatened withdrawal, suspension, cancellation or modification of:
  - (i) the Safety Management Certificate (as such term is defined pursuant to the ISM Code);
  - (ii) the Approved Technical Manager's current Document of Compliance (as such term is defined pursuant to the ISM Code);
  - (iii) the ISSC of the Vessel; or
  - (iv) the IAPPC of the Vessel;
- (g) any claim for breach of the ISM Code or the ISPS Code being made against the Charterers, the ISM Company, an Approved Manager or otherwise in connection with the Vessel, save that in respect of the Sub-Charterers, unless such breach does not affect the operation of the Vessel in all respects;
- (h) any exercise of any lien on the Vessel or her Earnings; or
- (i) any incident of, repair of, damage to or alteration of the Vessel the costs of which exceeds or may reasonably likely to exceed the Threshold Amount.

**Further indemnities**

- (a) Whether or not any of the transactions contemplated hereby are consummated, the Charterers shall and shall procure that the Charter Guarantor shall, in addition to the provisions under Clause 17 (*Indemnity*) (Part II) of this Charter, indemnify, protect, defend and hold harmless the Owners, any Collateral Owners, the Security Trustee, their respective Affiliates and the Finance Parties and their respective officers, directors, agents and employees (collectively, the "**Indemnitees**") throughout the Agreement Term from, against and in respect of, any and all liabilities, obligations, losses, damages, penalties, fines, documented fees, claims, tax, actions, proceedings, judgement, order or other sanction, lien, salvage, general average, suits, documented costs, expenses and disbursements, including reasonable legal fees and expenses, of whatsoever kind and nature (collectively, the "**Expenses**"), imposed on, suffered or incurred by any Indemnitee, in any way relating to, resulting from or arising out of or in connection with, in each case, directly or indirectly, any one or more of the following:
- (i) this Charter, the Initial MOA (and any document delivered thereunder) and any other Transaction Documents and any amendment, supplement or modification thereof or thereto requested by the Charterers;
  - (ii) the Vessel or any part thereof, including with respect to:
    - (A) the ownership of, manufacture, design, possession, use or non-use, operation, maintenance, sub-chartering, testing, repair, overhaul, condition, alteration, modification, addition, improvement, storage, seaworthiness, replacement, repair of the Vessel or any part (including, in each case, latent or other defects, whether or not discoverable and any claim for patent, trademark, or copyright infringement and all liabilities, obligations, losses, damages and claims in any way relating to or arising out of spillage of cargo or fuel, out of injury to persons, properties or the environment or strict liability in tort);
    - (B) any claim or penalty arising out of Sanctions or violations of applicable law by any of the Obligors or Sub-Charterers;
    - (C) death or property damage of shippers or others;
    - (D) any liens in respect of the Vessel or any part thereof;
    - (E) any registration and/or tonnage fees (whether periodic or not) in respect of the Vessel payable to any registry of ships and any service fees payable to any service provider in relation to maintaining such registration at any registry of ships;  
or

- (F) any Environmental Claim which may arise in connection with the Vessel,
- unless directly and solely caused by the gross negligence or wilful misconduct of an Indemnitee provided that at that time no Potential Termination Event or Termination Event has occurred and there is no breach or contributory negligence of an Obligor;
- (iii) any breach of or failure to perform or observe, or any other non-compliance with, any covenant or agreement or other obligation to be performed by the Obligors under any Transaction Document to which it is a party or the falsity of any representation or warranty of the Obligors in any Transaction Document to which it is a party or the occurrence of any Potential Termination Event or Termination Event;
- (iv) in preventing or attempting to prevent the arrest, confiscation, seizure, taking and execution, requisition, impounding, forfeiture or detention of the Vessel, or in securing or attempting to secure the release of the Vessel in connection with the exercise of the rights of a holder of a lien created by any of the Obligors;
- (v) incurred or suffered by the Owners in:
- (A) procuring the delivery of the Vessel to the Charterers under Clause 35 (*Delivery*), including the determining of Market Value prior to the delivery of the Vessel under the MOA;
- (B) recovering possession of the Vessel following termination of this Charter under Clause 49 (*Termination Events*) or earlier termination of this Charter and arranging for transfer of title of the Vessel under this Charter;
- (C) in connection with any Sub-Charter Termination Event; or
- (D) effecting the transfer of title from the Owners to the Charterers under any provision of this Charter;
- (vi) arising from the Master or officers of the Vessel or the Charterers' or their respective agents signing bills of lading or other documents;
- (vii) in connection with:
- (A) the arrest, seizure, taking into custody or other detention by any court or other tribunal or by any governmental entity; or
- (B) subjection to distress by reason of any process, claim, exercise of any rights conferred by a lien or by any other action whatsoever, of the Vessel which are expended, suffered or incurred as a result of or in connection with any claim or against, or liability of, the Charterers or any other member of the Charterers' group or any Approved

Managers, together with any documented costs and expenses or other outgoings which may be paid or incurred by the Owners in releasing the Vessel from any such arrest, seizure, custody, detention or distress.

- (b) The Charterers shall and shall procure that the Charter Guarantor shall pay to the Owners promptly on the Owners' written demand within ten (10) Business Days the amount of all documented costs and expenses (including legal fees) incurred by the Owners in connection with the enforcement of, or the preservation of any rights under, any Transaction Document including (without limitation) (i) any documented losses, costs and expenses which the Owners may from time to time sustain, incur or become liable for by reason of the Owners being deemed by any court or authority to be an operator, or in any way concerned in the operation, of the Vessel and (ii) collecting and recovering the proceeds of any claim under any of the Insurances.

**59 Further assurances and undertakings**

Each party shall make all applications and execute all other documents and do all other acts and things as may be necessary to implement and to carry out their obligations under, and the intent of, this Charter.

**60 Cumulative rights**

The rights, powers and remedies provided in this Charter are cumulative and not exclusive of any rights, powers or remedies at law or in equity unless specifically otherwise stated.

**61 No waiver**

No delay, failure or forbearance by a party to exercise (in whole or in part) any right, power or remedy under, or in connection with, this Charter will operate as a waiver. No waiver of any breach of any provision of this Charter will be effective unless that waiver is in writing and signed by the party against whom that waiver is claimed. No waiver of any breach will be, or be deemed to be, a waiver of any other or subsequent breach.

**62 Entire Agreement**

- (a) This Charter may not be amended, altered or modified except by a written instrument executed by each of the Parties.
- (b) This Charter contains all the understandings and agreements of whatsoever kind and nature existing between the parties in respect of this Charter, the rights, interests, undertakings agreements and obligations of the parties to this Charter and shall supersede all previous and contemporaneous negotiations and agreements but shall be read in conjunction with the MOA.

**63 Invalidity**

If any term or provision of this Charter or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable the remainder of this Charter or application of such term or provision to persons or circumstances (other

than those as to which it is already invalid or unenforceable) shall (to the extent that such invalidity or unenforceability does not materially affect the operation of this Charter) not be affected thereby and each term and provision of this Charter shall be valid and be enforceable to the fullest extent permitted by law.

**64 English language**

All notices, communications and financial statements and reports under or in connection with this Charter and the other Transaction Documents shall be in English language or, if in any other language, shall be accompanied by a translation into English. In the event of any conflict between the English text and the text in any other language, the English text shall prevail.

**65 No partnership**

Nothing in this Charter creates, constitutes or evidences any partnership, joint venture, agency, trust or employer/employee relationship between the parties, and neither party may make, or allow to be made any representation that any such relationship exists between the parties. Neither party shall have the authority to act for, or incur any obligation on behalf of, the other party, except as expressly provided in this Charter.

**66 Notices**

(a) Any notices to be given to the Owners under this Charter shall be sent in writing by registered letter, facsimile or email and addressed to:

**Sea 251 Leasing Co. Limited**

c/o CMB Financial Leasing Co., Ltd.

Address: 21F, China Merchants Bank Building, No. 1088, Lujiazui Ring Road, Shanghai, China 200120

Email: xiao\_yue@cmbchina.com / zyzlsceb@cmbchina.com

Tel No.: +86 21 6106 1534

Attention: Yue XIAO (Nicholas), Shipping Leasing Department

or to such other address, facsimile number or email address as the Owners may notify to the Charterers in accordance with this Clause 66.

(b) Any notices to be given to the Charterers under this Charter shall be sent in writing by registered letter, facsimile or email and addressed to:

**Global Ship Lease 68 LLC**

c/o Technomar Shipping Inc.

Address: 3-5 Menandrou Street, Kifissia, 14561, Athens, Greece

Email: finance@technomar.gr with copy to (i) legalconfidential@technomar.gr and (ii) tpsaropoulos@technomar.gr

Attention: Legal Department / Mr. Tassos Psaropoulos

or to such other address, facsimile number or email address as the Charterers may notify to the Owners in accordance with this Clause 66.

(c)

- (i) Any such notice shall be deemed to have reached the party to whom it was addressed, when dispatched and acknowledged received (in case of a facsimile or an email) or when delivered (in case of a registered letter). A notice or other such communication received on a non-working day or after business hours in the place of receipt shall be deemed to be served on the next following working day in such place.
- (ii) Any communication or document to be made or delivered by one party to another under or in connection with the Transaction 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:
  - (A) 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
  - (B) 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.
- (iii) Any such electronic communication or delivery as specified in paragraph (ii) above to be made between an Obligor and the Owners 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.
- (iv) Any such electronic communication or delivery as specified in paragraph (ii) 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 Owners only if it is addressed in such a manner as the Owners shall specify for this purpose.
- (v) Any electronic communication or document which becomes effective, in accordance with paragraph (iv) 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

Charter shall be deemed only to become effective on the following day.

- (vi) Any reference in a Transaction 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 paragraph (c).

**67 Conflicts**

Unless stated otherwise, in the event of there being any conflict between the provisions of Clauses 1 (*Definitions*) (Part II) to 31 (*Notices*) (Part II) and the provisions of Clauses 32 (*Definitions*) to 76 (*FATCA*), the provisions of Clauses 32 (*Definitions*) to 76 (*FATCA*) shall prevail.

**68 Survival of Charterers' obligations**

The termination of this Charter for any cause whatsoever shall not affect the right of the Owners to recover from the Charterers any money due to the Owners in consequence thereof and all other rights of the Owners (including but not limited to any rights, benefits or indemnities which are provided to continue after the termination of this Charter) are reserved hereunder.

**69 Counterparts**

This Charter may be executed in any number of counterparts and any single counterpart or set of counterparts signed, in either case, by all the Parties shall be deemed to constitute a full and original agreement for all purposes.

**70 Third Parties Act**

- (a) The Security Trustee and any person which is an Indemnatee or a Finance Party from time to time and is not a party to this Charter shall be entitled to enforce such terms of this Charter as provided for in this Charter in relation to the obligations of the Charterers to the Security Trustee, such Indemnatee or (as the case may be) Finance Party, subject to the provisions of Clause 71 (*Law and dispute resolution*) and the Third Parties Act. The Third Parties Act applies to this Charter as set out in this Clause 70.
- (b) Save as provided above, a person who is not a party to this Charter has no right under the Third Parties Act to enforce or to enjoy the benefit of any term of this Charter.

**71 Law and dispute resolution**

- (a) This Charter and any non-contractual obligations arising from or in connection with it are in all respects governed by and shall be interpreted in accordance with English law and any dispute arising out of or in connection with this Agreement shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.

- (b) The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.
- (c) The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the fourteen (14) days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both the Owners and the Charterers as if the sole arbitrator had been appointed by agreement.
- (d) Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.
- (e) In cases where neither the claim nor any counterclaim exceeds the sum of US\$100,000 the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

## **72 Waiver of immunity**

- (a) To the extent that the Charterers may in any jurisdiction claim for themselves or their assets or revenues immunity from any proceedings, suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Charterers or their assets or revenues, the Charterers agree not to claim and irrevocably waive such immunity to the full extent permitted by the laws of such jurisdiction.
- (b) The Charterers consent generally in respect of any proceedings to the giving of any relief and the issue of any process in connection with such proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such proceedings. The Charterers agree that in any proceedings in England this waiver shall have the fullest scope permitted by the English State Immunity Act 1978 and that this waiver is intended to be irrevocable for the purposes of such Act.

## **73 Set-off**

Following the occurrence of a Termination Event which is continuing, the Owners may set off any matured and/or contingent obligation due from the Charterers under the Transaction Documents against any obligation (whether matured or not) owed by the Owners to the Charterers, regardless of the place of payment or currency of either obligation. If the obligations are in different currencies, the Owners may convert either

obligation at a market rate of exchange in their usual course of business for the purpose of the set-off.

74

#### Value Maintenance Covenants

(a) In this Clause 74:

"**Value Maintenance Ratio**" means the ratio (expressed as a percentage) of:

- (i) the Market Value of the Vessel; to
- (ii) the aggregate of the Cost Balance then applicable as at the next applicable Hire Payment Date.

"**Value Maintenance Threshold**" means the ratio (expressed as a percentage) of:

- (A) at any time from the Actual Delivery Date up to and including the third (3<sup>rd</sup>) anniversary thereof, one hundred and thirty five per cent. (135%); and
- (B) at any time after the third (3<sup>rd</sup>) anniversary of the Actual Delivery Date, one hundred and thirty per cent. (130%).

(b)

(i) For the purposes of testing the Value Maintenance Ratio on a Valuation Date, the Market Value shall be determined by the Owners based on the most recent Valuation Report provided to the Owners in accordance with the requirements under this Clause 74 **provided that**:

- (A) in the absence of a Termination Event which is continuing, the Charterers shall arrange, deliver to the Owners and bear the cost of the issuance of each such Valuation Report once every six (6) months during the Charter Period, and any additional Valuation Report shall be at the Owners' cost; and
- (B) upon the occurrence of a Termination Event that is continuing, the Charterers shall arrange, deliver to the Owners and bear the cost of the issuance of all Valuation Reports as may be required by the Owners (acting in their sole discretion),

**provided further that** if the Charterers fail to deliver any Valuation Report in accordance with the requirements under this Clause 74, the Owners shall be entitled to arrange a Valuation Report at the Charterers' cost.

(ii) Each Valuation Report to be provided by the Charterers to the Owners for the purpose of sub-paragraph (i) above shall:

- (A) be issued by an Approved Broker on the relevant Valuation Date;

- (B) be made without physical inspection of the Vessel and on a desktop, charter-free basis;
  - (C) on the basis of a sale for prompt delivery for cash at arm's length on normal commercial terms as between a willing seller and a willing buyer; and
  - (D) upon occurrence of a Termination Event which is continuing, be delivered to the Owners within thirty (30) days from the day requested by the Owners to the Charterers in writing.
- (iii) If an Approved Broker determines that the Market Value shall fall within a range, the valuation as determined by such Approved Broker should be the lower value of such range.
  - (iv) Each valuation shall be provided by an Approved Broker in US Dollars.
  - (v) The Owners may test the Value Maintenance Ratio on any Valuation Date in accordance with the methodology described in subparagraph (b) above.
  - (vi) If, after conducting testing the Value Maintenance Ratio on the relevant Valuation Date, the Owners determine that the Value Maintenance Ratio is less than the Value Maintenance Threshold, then the Charterers shall, within thirty (30) days of the Owners' notice to the Charterers of the same, provide cash collateral in the amount of the shortfall and deposit the same in the Operating Account or any other account nominated by the Owners, for the purpose of and in order to restore the Value Maintenance Ratio to the Value Maintenance Threshold. For the avoidance of doubt, the Minimum Cash Balance shall not at any time be included in the determination of any satisfaction of the Value Maintenance Threshold. The Market Value of the Vessel shall be determined one (1) month following the provision of such cash collateral at the Charterers' cost and, if the Value Maintenance Threshold is evidenced to be met, the Owners shall immediately release such cash collateral to the Charterers and, if the Value Maintenance Threshold is not met as at such time, the Market Value of the Vessel shall be determined each month thereafter at the Charterers' cost.

## 75 Financial covenants

- (a) The Charterers shall procure that the Charter Guarantor will ensure that at all times during the Agreement Term, maintain the Free Liquidity in an amount of twenty million US Dollars (US\$20,000,000).

For the purpose of this Clause 74(a), the following term has the meanings ascribed to them below:

**"Free Liquidity"** means, on a date of calculation, on a consolidated basis, the aggregate of the unencumbered cash balances held by the Charter

Guarantor as evidenced by the Charter Guarantor's latest financial statements delivered pursuant to Clause 48(y).

- (b) Each of the financial covenants as set out in this Clause 75 shall be calculated in accordance with GAAP and tested by reference to each of the financial statements in respect of the Charter Guarantor delivered pursuant to Clause 48(x).
- (c) The Charterers shall supply and shall procure that the Charter Guarantor shall supply to the Owners a Compliance Certificate with each set of financial statements delivered pursuant to paragraph (b) above setting out (in reasonable detail) computations as to compliance with Clause 75 (*Financial Covenants*) as at the date as at which those financial statements were drawn up.
- (d) Each Compliance Certificate shall be signed by a director or the Chief Financial Officer of the Charter Guarantor.
- (e) If at any time any other Financial Indebtedness of the Charter Guarantor and/or any of its Subsidiaries shall include any financial covenant in respect of the Charter Guarantor (whether set forth as a covenant, undertaking, event of default, restriction or other such provision) (a "**Financial Covenant**") that would be more beneficial to the Owners than any analogous provision contained in this Charter (an "**Additional Financial Covenant**"), then such Additional Financial Covenant shall be deemed automatically incorporated into the terms of this Charter (an "**MFN Amendment**"). Such MFN Amendment shall be reversed and the financial covenants restored to those that were in effect immediately prior to an MFN Amendment when (i) such other financial indebtedness containing the Additional Financial Covenant is repaid in full other than as a result of or in connection with an actual event of default (howsoever defined); or (ii) the original terms of an Additional Financial Covenant provided that it has ceased to apply. The Charterers shall promptly notify the Owners of any change or event that requires the incorporation or reverse of an MFN Amendment. The Charterers agree that it will, and will procure that the Charter Guarantor will, promptly enter into such necessary documentation as may be required to amend and supplement the Charter Guarantee and this Charter so as to reflect and incorporate such new or amended financial covenants that are more favourable to the Owners in accordance with this clause.

## 76 FATCA

- (a) Subject to Clause 76(c) below, the Charterers shall (and shall procure that each Obligor will) and the Owners shall, within ten (10) Business Days of a reasonable request by a Party:
  - (i) confirm to such Party whether it is:
    - (A) a FATCA Exempt Party; or
    - (B) not a FATCA Exempt Party; and

- (ii) supply to such Party such forms, documentation and other information relating to its status under FATCA as such party reasonably requests for the purposes of its compliance with FATCA; and
  - (iii) supply to such Party such forms, documentation and other information relating to its status as such Party request for the purposes of its compliance with any other law, regulation, or exchange of information regime.
- (b) If a Party confirms to the other Party pursuant to Clause 76(a)(i) 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 the other Party promptly.
  - (c) Clause 76(a) shall not oblige the Owners to do anything, and Clause 76(a)(iii) 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 fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with Clause 76(a)(i) or Clause 76(a)(ii) (including, for the avoidance of doubt, where Clause 76(c) applies), then such Party shall be treated for the purposes of the Transaction 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.
  - (e) 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.
  - (f) 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 Charterer and the Owners and the Owners shall notify the Owners.

## **77 Day Count Convention**

Any interest, commission or fee accruing under a Transaction 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.

**Confidentiality**

- (a) The Parties shall maintain the information provided in connection with the Transaction Documents strictly confidential and agree to disclose to no person other than:
- (i) its board of directors, employees (only on a need to know basis), and shareholders, professional advisors (including the legal and accounting advisors and auditors) and rating agencies;
  - (ii) as may be required to be disclosed under applicable law or regulations or for the purpose of legal proceedings;
  - (iii) in the case of the Owners, (1) to any of its Affiliate (more than one of them, collectively, the "**Permitted Parties**"), any Finance Party or other actual or potential financier providing funding for the acquisition or refinancing of the Vessel (provided the same have entered into similar confidentiality arrangements), (2) to professional advisers, auditors, insurers or insurance brokers and service providers of the Permitted Parties who are under a duty of confidentiality to the Permitted Parties and (3) as required by any law or any government, quasi-government, administrative, regulatory or supervisory body or authority, court or tribunal with jurisdiction over any of the Permitted Parties;
  - (iv) in the case of the Charterers, to any Sub-Charterers (but subject always to paragraph (b) below) in respect of obtaining any consent required under the terms of any relevant Sub-Charter;
  - (v) any Approved Managers, the classification society and flag authorities, in each case as may be necessary in connection with the transactions contemplated hereunder; and
  - (vi) any person which is a classification society or other entity which the Owners, any of their Affiliates or a Finance Party has engaged to make the calculations necessary to enable the Owners, any of their Affiliates or a Finance Party to comply with their reporting obligations under the Poseidon Principles (as defined under Clause 48(z)(ii)(B)).
- (b) Any other disclosure by each Party shall be subject to the prior written consent of the other Party, provided that the Charterers may disclose any information provided in connection with the Transaction Documents to their sub-contractors and any Sub-Charterers, in each case subject to the procurement of a confidentiality undertaking (in form and substance satisfactory to the Owners) from such sub-contractor or Sub-Charterers.

Schedule 1  
FORM OF PROTOCOL OF DELIVERY AND ACCEPTANCE

**PROTOCOL OF DELIVERY AND ACCEPTANCE**

It is hereby certified that pursuant to a bareboat charter dated 2021 and made between **SEA 251 LEASING CO. LIMITED**, a company incorporated in Hong Kong with its registered address at 27/F Three Exchange Square 8, Connaught Place, Central, Hong Kong (the "**Owner**") as owner and **GLOBAL SHIP LEASE 68 LLC**, a company incorporated in Liberia with its registered address at 80 Broad Street, Monrovia, Liberia (the "**Bareboat Charterer**") as bareboat charterer (as may be amended and supplemented from time to time, the "**Bareboat Charter**") in respect of one (1) container ship named m.v. "**BERNADETTE**" to be renamed "**GSL KITHIRA**") and registered in Liberia under the laws and flag of Liberia with IMO number 9407885 (the "**Vessel**"), the Vessel is delivered for charter by the Owner to the Bareboat Charterer, and accepted by the Bareboat Charterer from the Owner at hours ( time) on the date hereof in accordance with the terms and conditions of the Bareboat Charter.

This protocol of delivery and acceptance may be executed in any number of counterparts each of which shall be original but which shall together constitute the same instrument.

IN WITNESS WHEREOF, the Owner and the Bareboat Charterer have caused this PROTOCOL OF DELIVERY AND ACCEPTANCE to be executed by their duly authorised representative on this day of 2021.

THE OWNER

THE BAREBOAT CHARTERER

**SEA 251 LEASING CO. LIMITED**

**GLOBAL SHIP LEASE 68 LLC**

by:

by:

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Name:

Title:

Title:

Date:

Date:

Schedule 2

FORM OF TITLE TRANSFER PROTOCOL OF DELIVERY AND ACCEPTANCE

**PROTOCOL OF DELIVERY AND ACCEPTANCE**

m.v. "GSL KITHIRA"

**SEA 251 LEASING CO. LIMITED**, a company incorporated in Hong Kong with its registered address at 27/F Three Exchange Square 8, Connaught Place, Central, Hong Kong (the "Owners") deliver to **GLOBAL SHIP LEASE 68 LLC**, a company incorporated in Liberia with its registered address at 80 Broad Street, Monrovia, Liberia (the "Bareboat Charterers") the Vessel described below and the Bareboat Charterers accept delivery of, title and risk to the Vessel pursuant to the terms and conditions of the bareboat charter dated 2021 (as may be amended and supplemented from time to time) and made between (1) the Owners and (2) the Bareboat Charterers.

Name of Vessel: m.v. "GSL KITHIRA"

Flag: [ ]

Place of Registration: [ ]

IMO Number: 9407885

Gross Registered Tonnage: [ ]

Net Registered Tonnage: [ ]

Dated:

At: hours ([ ] time)

Place of delivery:

THE OWNERS

THE BAREBOAT CHARTERERS

**SEA 251 LEASING CO. LIMITED**

**GLOBAL SHIP LEASE 68 LLC**

by:

by:

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Name:

Title:

Title:

Date:

Date:

**SIGNATURE PAGE**

**ADDITIONAL CLAUSES**  
**TO BAREBOAT CHARTER FOR THE VESSEL "BERNADETTE" TO BE RENAMED**  
**"GSL KITHIRA"**

**THE OWNERS**

**SEA 251 LEASING CO. LIMITED**

by:

/s/ Tan Li Xin, Joan

Name: Tan Li Xin, Joan

Title: Attorney-in-fact

Date: 26 August 2021

**THE CHARTERERS**

**GLOBAL SHIP LEASE 68 LLC**

by:

/s/ Aglaia Lida Papadi

Name: Aglaia Lida Papadi

Title: attorney-in-fact

Date: 26 August 2021

# SALEFORM 2012

Norwegian Shipbrokers' Association's  
Memorandum of Agreement for sale and purchase of ships

1 Dated: 26 August 2021

2 **GLOBAL SHIP LEASE 68 LLC, a company incorporated in Liberia with its registered address at 80 Broad Street, Monrovia, Liberia**  
(Name of sellers), hereinafter called the "Sellers", have agreed to sell, and

3 **SEA 251 LEASING CO. LIMITED, a company incorporated in Hong Kong with its registered office at 27/F Three Exchange Square 8, Connaught Place, Central, Hong Kong** (Name of buyers), hereinafter called the "Buyers", have agreed to buy:

4 Name of vessel: "**Bernadette**" to be renamed "**GSL Kithira**"

5 IMO Number: **9407885**

6 Classification Society: **DNV GL**

7 Class Notation: **100 A5 E Container ship BWM DG IW LC RSCS**  
**✗MC E AUT EP-D RCP (1025/75)**

8 Year of Build: **2009** Builder/Yard: **Zhejiang Ouhua Shipbuilding Co., Ltd., PRC**

9 Flag: **Republic of Portugal (bareboat charter registration only); Hamburg, Germany (as underlying registry)**  
Place of Registration: **Madeira (bareboat charter registration only); Germany – Leer (as underlying registry)**

GT/NT: **52,726 / 32,613**

10 hereinafter called the "Vessel", on the following terms and conditions:

## 11 Definitions

12 "Banking Days" are days on which banks are open both in the country of the currency stipulated for  
13 the Purchase Price in Clause 1 (Purchase Price) and in the place of closing stipulated in Clause 8  
14 (Documentation) and **Shanghai, Singapore, Athens, Hamburg, Copenhagen, Hong Kong and London** (add additional jurisdictions as appropriate).

15 "Buyers' Nominated Flag State" means **Liberia** (state flag state).

16 "Class" means the class notation referred to above.

17 "Classification Society" means the Society referred to above.

18 "~~Deposit~~" shall have the meaning given in Clause 2 (~~Deposit~~)

19 "~~Deposit Holder~~" means (state name and location of Deposit Holder) or, if left blank, the  
20 ~~Sellers' Bank, which shall hold and release the Deposit in accordance with this Agreement.~~

21 "In writing" or "written" means a letter handed over from the Sellers to the Buyers or vice versa, a  
22 registered letter, e-mail or telefax.

23 "Parties" means the Sellers and the Buyers.

24 "Purchase Price" means the price for the Vessel as stated in Clause 1 (Purchase Price).



25 "Sellers' Account" means (state details of bank account) at the Sellers' Bank.

26 "Sellers' Bank" means (state name of bank, branch and details) or, if left blank, the bank  
27 notified by the Sellers to the Buyers for receipt of the balance of the Purchase Price.

## 28 1. Purchase Price

29 The Purchase Price is **the lower of (a) the Market Value and (b) USD50,000,000 (fifty million United States Dollars)**. (state currency and  
amount both in words and figures).

## 30 2. Deposit

### **No deposit for the Purchase Price is payable.**

31 ~~As security for the correct fulfilment of this Agreement the Buyers shall lodge a deposit of~~  
32 ~~% ( per cent) or, if left blank, 10% (ten per cent), of the Purchase Price (the~~  
33 ~~"Deposit") in an interest bearing account for the Parties with the Deposit Holder within three (3)~~  
34 ~~Banking Days after the date that:~~

35 (i) ~~this Agreement has been signed by the Parties and exchanged in original or by~~  
36 ~~e-mail or telefax; and~~

37 (ii) ~~the Deposit Holder has confirmed in writing to the Parties that the account has been~~  
38 ~~opened.~~

39 ~~The Deposit shall be released in accordance with joint written instructions of the Parties.~~  
40 ~~Interest, if any, shall be credited to the Buyers. Any fee charged for holding and releasing the~~  
41 ~~Deposit shall be borne equally by the Parties. The Parties shall provide to the Deposit Holder~~  
42 ~~all necessary documentation to open and maintain the account without delay.~~

## 43 3. Payment

### **See Additional Clause 22 (Payment).**

44 ~~On delivery of the Vessel, but not later than three (3) Banking Days after the date that Notice of~~  
45 ~~Readiness has been given in accordance with Clause 5 (Time and place of delivery and~~  
46 ~~notices):~~

47 (i) ~~the Deposit shall be released to the Sellers; and~~

48 (ii) ~~the balance of the Purchase Price and all other sums payable on delivery by the Buyers~~  
49 ~~to the Sellers under this Agreement shall be paid in full free of bank charges to the~~  
50 ~~Sellers' Account.~~

## 51 4. Inspection

52 (a)\* ~~The Buyers have inspected and accepted the Vessel's classification records. The Buyers~~  
53 ~~have also inspected the Vessel at/in (state place) on (state date) and have~~  
54 ~~accepted the Vessel following this inspection and the sale is outright and definite, subject only~~  
55 ~~to the terms and conditions of this Agreement.~~

56 (b)\* ~~The Buyers shall have the right to inspect the Vessel's classification records and declare~~  
57 ~~whether same are accepted or not within (state date/period).~~



58 ~~The Sellers shall make the Vessel available for inspection at/in (state place/range) within~~  
59 ~~(state date/period).~~

60 ~~The Buyers shall undertake the inspection without undue delay to the Vessel. Should the~~  
61 ~~Buyers cause undue delay they shall compensate the Sellers for the losses thereby incurred.~~

62 ~~The Buyers shall inspect the Vessel without opening up and without cost to the Sellers.~~

63 ~~During the inspection, the Vessel's deck and engine log books shall be made available for~~  
64 ~~examination by the Buyers.~~

65 ~~The sale shall become outright and definite, subject only to the terms and conditions of this~~  
66 ~~Agreement, provided that the Sellers receive written notice of acceptance of the Vessel from~~  
67 ~~the Buyers within seventy two (72) hours after completion of such inspection or after the~~  
68 ~~date/last day of the period stated in Line 59, whichever is earlier.~~

69 ~~Should the Buyers fail to undertake the inspection as scheduled and/or notice of acceptance of~~  
70 ~~the Vessel's classification records and/or of the Vessel not be received by the Sellers as~~  
71 ~~aforesaid, the Deposit together with interest earned, if any, shall be released immediately to the~~  
72 ~~Buyers, whereafter this Agreement shall be null and void.~~

73 ~~\*4(a) and 4(b) are alternatives; delete whichever is not applicable. In the absence of deletions,~~  
74 ~~alternative 4(a) shall apply.~~

## 75 **5. Time and place of delivery and notices**

76 (a) The Vessel shall be delivered and taken over safely afloat at sea or a safe and accessible berth or  
77 anchorage ~~at/in~~ **(subject to the trading limits as permitted under the Bareboat Charter)** (state place/range) in the Sellers' option **and as**  
**agreed by the Parties, provided that the Vessel shall not be delivered in a place that causes the Buyers to incur tax liabilities that the**  
**Buyers would not have incurred had the sale been completed in international waters.**

78 Notice of Readiness shall not be tendered before: (date)

79 Cancelling Date (see Clauses 5(c), 6 (a)(i), 6 (a) (iii) and 14): **11 November 2021 or such later date as the Buyers may agree.**

80 (b) ~~The Sellers shall keep the Buyers well informed of the Vessel's itinerary and shall,~~ **immediately upon receipt, provide to the Buyers**  
81 **copies of any notices received from the Initial Sellers under clause 5(b) of the Initial MOA, and**  
82 **provide the Buyers with twenty (20), ten (10), five (5) and three (3) two (2) Banking Days' notice prior to the proposed Pre-positioning Date**  
**and of the date the**  
~~Sellers intend to tender Notice of Readiness and of the intended date and place of delivery.~~

83 ~~When the Vessel is at the place of delivery and physically ready for delivery in accordance with~~  
84 ~~this Agreement, the Sellers shall give the Buyers a written Notice of Readiness for delivery.~~

85 (c) If the Sellers anticipate that, notwithstanding the exercise of due diligence by them, the  
86 Vessel will not be ready for delivery by the Cancelling Date they may notify the Buyers in writing  
87 stating the date when they anticipate that the Vessel will be ready for delivery and proposing a  
88 new Cancelling Date. Upon receipt of such notification the Buyers shall have the option of  
89 either cancelling this Agreement in accordance with Clause 14 (Sellers' Default) within three (3)  
90 Banking Days of receipt of the notice or of accepting the new date as the new Cancelling Date.

91 If the Buyers have not declared their option within three (3) Banking Days of receipt of the  
92 Sellers' notification or if the Buyers accept the new date, the date proposed in the Sellers'  
93 notification shall be deemed to be the new Cancelling Date and shall be substituted for the  
94 Cancelling Date stipulated in line 79.

95 If this Agreement is maintained with the new Cancelling Date all other terms and conditions  
96 hereof including those contained in Clauses 5(b) and 5(d) shall remain unaltered and in full  
97 force and effect.

98 (d) Cancellation, failure to cancel or acceptance of the new Cancelling Date shall be entirely  
99 without prejudice to any claim for damages the Buyers may have under Clause 14 (Sellers'  
100 Default) for the Vessel not being ready by the original Cancelling Date.

101 (e) Should the Vessel become an actual, constructive or compromised total loss before delivery  
102 the Deposit together with interest earned, if any, shall be released immediately to the Buyers  
103 whereafter this the Agreement shall be null and void provided that the Sellers shall indemnify the Buyers in accordance with the terms set out in Clause 21, notwithstanding that this Agreement becomes null and void as a result of the Vessel being a total loss.

## 104 6. Divers Inspection / Drydocking

### The Vessel will be delivered without drydocking.

105 (a)\*  
106 (i) ~~The Buyers shall have the option at their cost and expense to arrange for an underwater  
107 inspection by a diver approved by the Classification Society prior to the delivery of the  
108 Vessel. Such option shall be declared latest nine (9) days prior to the Vessel's intended  
109 date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this  
110 Agreement. The Sellers shall at their cost and expense make the Vessel available for  
111 such inspection. This inspection shall be carried out without undue delay and in the  
112 presence of a Classification Society surveyor arranged for by the Sellers and paid for by  
113 the Buyers. The Buyers' representative(s) shall have the right to be present at the diver's  
114 inspection as observer(s) only without interfering with the work or decisions of the  
115 Classification Society surveyor. The extent of the inspection and the conditions under  
116 which it is performed shall be to the satisfaction of the Classification Society. If the  
117 conditions at the place of delivery are unsuitable for such inspection, the Sellers shall at  
118 their cost and expense make the Vessel available at a suitable alternative place near to  
119 the delivery port, in which event the Cancelling Date shall be extended by the additional  
120 time required for such positioning and the subsequent re-positioning. The Sellers may  
121 not tender Notice of Readiness prior to completion of the underwater inspection.~~

122 ~~(ii) If the rudder, propeller, bottom or other underwater parts below the deepest load line are  
123 found broken, damaged or defective so as to affect the Vessel's class, then (1) unless  
124 repairs can be carried out afloat to the satisfaction of the Classification Society, the  
125 Sellers shall arrange for the Vessel to be drydocked at their expense for inspection by  
126 the Classification Society of the Vessel's underwater parts below the deepest load line,  
127 the extent of the inspection being in accordance with the Classification Society's rules (2)  
128 such defects shall be made good by the Sellers at their cost and expense to the  
129 satisfaction of the Classification Society without condition/recommendation\*\* and (3) the  
130 Sellers shall pay for the underwater inspection and the Classification Society's  
131 attendance.~~

132 Notwithstanding anything to the contrary in this Agreement, if the Classification Society



133 do not require the aforementioned defects to be rectified before the next class  
134 drydocking survey, the Sellers shall be entitled to deliver the Vessel with these defects  
135 against a deduction from the Purchase Price of the estimated direct cost (of labour and  
136 materials) of carrying out the repairs to the satisfaction of the Classification Society,  
137 whereafter the Buyers shall have no further rights whatsoever in respect of the defects  
138 and/or repairs. The estimated direct cost of the repairs shall be the average of quotes  
139 for the repair work obtained from two reputable independent shipyards at or in the  
140 vicinity of the port of delivery, one to be obtained by each of the Parties within two (2)  
141 Banking Days from the date of the imposition of the condition/recommendation, unless  
142 the Parties agree otherwise. Should either of the Parties fail to obtain such a quote within  
143 the stipulated time then the quote duly obtained by the other Party shall be the sole basis  
144 for the estimate of the direct repair costs. The Sellers may not tender Notice of  
145 Readiness prior to such estimate having been established.

146 (iii) If the Vessel is to be drydocked pursuant to Clause 6(a)(ii) and no suitable dry docking  
147 facilities are available at the port of delivery, the Sellers shall take the Vessel to a port  
148 where suitable drydocking facilities are available, whether within or outside the delivery  
149 range as per Clause 5(a). Once drydocking has taken place the Sellers shall deliver the  
150 Vessel at a port within the delivery range as per Clause 5(a) which shall, for the purpose  
151 of this Clause, become the new port of delivery. In such event the Cancelling Date shall  
152 be extended by the additional time required for the drydocking and extra steaming, but  
153 limited to a maximum of fourteen (14) days.

154 (b)\* The Sellers shall place the Vessel in drydock at the port of delivery for inspection by the  
155 Classification Society of the Vessel's underwater parts below the deepest load line, the extent  
156 of the inspection being in accordance with the Classification Society's rules. If the rudder,  
157 propeller, bottom or other underwater parts below the deepest load line are found broken,  
158 damaged or defective so as to affect the Vessel's class, such defects shall be made good at the  
159 Sellers' cost and expense to the satisfaction of the Classification Society without  
160 condition/recommendation\*\*. In such event the Sellers are also to pay for the costs and  
161 expenses in connection with putting the Vessel in and taking her out of drydock, including the  
162 drydock dues and the Classification Society's fees. The Sellers shall also pay for these costs  
163 and expenses if parts of the tailshaft system are condemned or found defective or broken so as  
164 to affect the Vessel's class. In all other cases, the Buyers shall pay the aforesaid costs and  
165 expenses, dues and fees.

166 (e) If the Vessel is drydocked pursuant to Clause 6 (a)(ii) or 6 (b) above:

167 (i) The Classification Society may require survey of the tailshaft system, the extent of the  
168 survey being to the satisfaction of the Classification surveyor. If such survey is  
169 not required by the Classification Society, the Buyers shall have the option to require the  
170 tailshaft to be drawn and surveyed by the Classification Society, the extent of the survey  
171 being in accordance with the Classification Society's rules for tailshaft survey and  
172 consistent with the current stage of the Vessel's survey cycle. The Buyers shall declare  
173 whether they require the tailshaft to be drawn and surveyed not later than by the  
174 completion of the inspection by the Classification Society. The drawing and refitting of  
175 the tailshaft shall be arranged by the Sellers. Should any parts of the tailshaft system be  
176 condemned or found defective so as to affect the Vessel's class, those parts shall be  
177 renewed or made good at the Sellers' cost and expense to the satisfaction of  
178 Classification Society without condition/recommendation\*\*.

179 (ii) The costs and expenses relating to the survey of the tailshaft system shall be borne by  
180 the Buyers unless the Classification Society requires such survey to be carried out or if



181 parts of the system are condemned or found defective or broken so as to affect the  
182 Vessel's class, in which case the Sellers shall pay these costs and expenses.

183 (iii) The Buyers' representative(s) shall have the right to be present in the drydock, as  
184 observer(s) only without interfering with the work or decisions of the Classification  
185 Society surveyor.

186 (iv) The Buyers shall have the right to have the underwater parts of the Vessel cleaned  
187 and painted at their risk, cost and expense without interfering with the Sellers' or the  
188 Classification Society surveyor's work, if any, and without affecting the Vessel's timely  
189 delivery. If, however, the Buyers' work in drydock is still in progress when the  
190 Sellers have completed the work which the Sellers are required to do, the additional  
191 docking time needed to complete the Buyers' work shall be for the Buyers' risk, cost and  
192 expense. In the event that the Buyers' work requires such additional time, the Sellers  
193 may upon completion of the Sellers' work tender Notice of Readiness for delivery whilst  
194 the Vessel is still in drydock and, notwithstanding Clause 5(a), the Buyers shall be  
195 obliged to take delivery in accordance with Clause 3 (Payment), whether the Vessel is in  
196 drydock or not.

197 \*6 (a) and 6 (b) are alternatives; delete whichever is not applicable. In the absence of deletions,  
198 alternative 6 (a) shall apply.

199 \*\*Notes or memoranda, if any, in the surveyor's report which are accepted by the Classification  
200 Society without condition/recommendation are not to be taken into account.

## 201 7. Spares, bunkers and other items

202 The Sellers shall deliver the Vessel to the Buyers with everything belonging to her on board  
203 and on shore. All spare parts and spare equipment including spare tail-end shaft(s) and/or  
204 spare propeller(s)/propeller blade(s), if any, belonging to the Vessel at the time of ~~inspection~~delivery  
205 used or unused, whether on board or not shall become the Buyers' property, ~~but spares on~~  
206 ~~order are excluded. Forwarding charges, if any, shall be for the Buyers' account.~~ The Sellers  
207 are not required to replace spare parts including spare tail-end shaft(s) and spare  
208 propeller(s)/propeller blade(s) which are taken out of spare and used as replacement prior to  
209 delivery, but the replaced items shall be the property of the Buyers. Unused stores and  
210 provisions shall be included in the sale and be taken over by the Buyers without extra payment.

211 ~~Library and forms exclusively for use in the Sellers' vessel(s) and captain's, officers' and crew's~~  
212 ~~personal belongings including the slop chest are excluded from the sale without compensation,~~  
213 ~~as well as the following additional items: (include list)~~

214 ~~Items on board which are on hire or owned by third parties, listed as follows, are excluded from~~  
215 ~~the sale without compensation: (include list)~~

216 ~~Items on board at the time of inspection which are on hire or owned by third parties, not listed~~  
217 ~~above, shall be replaced or procured by the Sellers prior to delivery at their cost and expense.~~ **Any remaining bunkers and unused**  
**lubricating and hydraulic oils and greases in storage tanks and unopened drums shall remain the property of the Sellers or the Initial**  
**Sub-Charterers but remain on board the Vessel on or after delivery and no payment shall be required by the Buyers in respect**  
**thereof.**

218 The Buyers shall take over remaining bunkers and unused lubricating and hydraulic oils and  
219 greases in storage tanks and unopened drums and pay either:

220 (a) \*the actual net price (excluding barging expenses) as evidenced by invoices or vouchers; or



221 ~~(b) \*the current net market price (excluding barging expenses) at the port and date of delivery~~  
222 ~~of the Vessel or, if unavailable, at the nearest bunkering port,~~

223 ~~for the quantities taken over.~~

224 ~~Payment under this Clause shall be made at the same time and place and in the same~~  
225 ~~currency as the Purchase Price.~~

226 ~~"inspection" in this Clause 7, shall mean the Buyers' inspection according to Clause 4(a) or 4(b)~~  
227 ~~(Inspection), if applicable. If the Vessel is taken over without inspection, the date of this~~  
228 ~~Agreement shall be the relevant date.~~

229 ~~\*(a) and (b) are alternatives, delete whichever is not applicable. In the absence of deletions~~  
230 ~~alternative (a) shall apply.~~

## 231 **8. Documentation**

**(See Additional Clause 24 (Conditions Precedent))**

232 ~~The place of closing:~~

233 ~~(a) In exchange for payment of the Purchase Price the Sellers shall provide the Buyers with the~~  
234 ~~following delivery documents:~~

235 ~~(i) Legal Bill(s) of Sale in a form recordable in the Buyers' Nominated Flag State,~~  
236 ~~transferring title of the Vessel and stating that the Vessel is free from all mortgages,~~  
237 ~~encumbrances and maritime liens or any other debts whatsoever, duly notarially attested~~  
238 ~~and legalised or apostilled, as required by the Buyers' Nominated Flag State;~~

239 ~~(ii) Evidence that all necessary corporate, shareholder and other action has been taken by~~  
240 ~~the Sellers to authorise the execution, delivery and performance of this Agreement;~~

241 ~~(iii) Power of Attorney of the Sellers appointing one or more representatives to act on behalf~~  
242 ~~of the Sellers in the performance of this Agreement, duly notarially attested and legalised~~  
243 ~~or apostilled (as appropriate);~~

244 ~~(iv) Certificate or Transcript of Registry issued by the competent authorities of the flag state~~  
245 ~~on the date of delivery evidencing the Sellers' ownership of the Vessel and that the~~  
246 ~~Vessel is free from registered encumbrances and mortgages, to be faxed or e-mailed by~~  
247 ~~such authority to the closing meeting with the original to be sent to the Buyers as soon as~~  
248 ~~possible after delivery of the Vessel;~~

249 ~~(v) Declaration of Class or (depending on the Classification Society) a Class Maintenance~~  
250 ~~Certificate issued within three (3) Banking Days prior to delivery confirming that the~~  
251 ~~Vessel is in Class free of condition/recommendation;~~

252 ~~(vi) Certificate of Deletion of the Vessel from the Vessel's registry or other official evidence of~~  
253 ~~deletion appropriate to the Vessel's registry at the time of delivery, or, in the event that~~  
254 ~~the registry does not as a matter of practice issue such documentation immediately, a~~  
255 ~~written undertaking by the Sellers to effect deletion from the Vessel's registry forthwith~~  
256 ~~and provide a certificate or other official evidence of deletion to the Buyers promptly and~~  
257 ~~latest within four (4) weeks after the Purchase Price has been paid and the Vessel has~~  
258 ~~been delivered;~~



259 ~~(vii) A copy of the Vessel's Continuous Synopsis Record certifying the date on which the~~  
260 ~~Vessel ceased to be registered with the Vessel's registry, or, in the event that the registry~~  
261 ~~does not as a matter of practice issue such certificate immediately, a written undertaking~~  
262 ~~from the Sellers to provide the copy of this certificate promptly upon it being issued~~  
263 ~~together with evidence of submission by the Sellers of a duly executed Form 2 stating~~  
264 ~~the date on which the Vessel shall cease to be registered with the Vessel's registry;~~

265 ~~(viii) Commercial Invoice for the Vessel;~~

266 ~~(ix) Commercial Invoice(s) for bunkers, lubricating and hydraulic oils and greases;~~

267 ~~(x) A copy of the Sellers' letter to their satellite communication provider cancelling the~~  
268 ~~Vessel's communications contract which is to be sent immediately after delivery of the~~  
269 ~~Vessel;~~

270 ~~(xi) Any additional documents as may reasonably be required by the competent authorities of~~  
271 ~~the Buyers' Nominated Flag State for the purpose of registering the Vessel, provided the~~  
272 ~~Buyers notify the Sellers of any such documents as soon as possible after the date of~~  
273 ~~this Agreement; and~~

274 ~~(xii) The Sellers' letter of confirmation that to the best of their knowledge, the Vessel is not~~  
275 ~~black listed by any nation or international organisation.~~

276 ~~(b) At the time of delivery the Buyers shall provide the Sellers with:~~

277 ~~(i) Evidence that all necessary corporate, shareholder and other action has been taken by~~  
278 ~~the Buyers to authorise the execution, delivery and performance of this Agreement; and~~

279 ~~(ii) Power of Attorney of the Buyers appointing one or more representatives to act on behalf~~  
280 ~~of the Buyers in the performance of this Agreement, duly notorially attested and legalised~~  
281 ~~or apostilled (as appropriate).~~

282 ~~(c) If any of the documents listed in Sub clauses (a) and (b) above are not in the English~~  
283 ~~language they shall be accompanied by an English translation by an authorised translator or~~  
284 ~~certified by a lawyer qualified to practice in the country of the translated language.~~

285 ~~(d) The Parties shall to the extent possible exchange copies, drafts or samples of the~~  
286 ~~documents listed in Sub clause (a) and Sub clause (b) above for review and comment by the~~  
287 ~~other party not later than (state number of days), or if left blank, nine (9) days prior to the~~  
288 ~~Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to~~  
289 ~~Clause 5(b) of this Agreement.~~

290 ~~(e) Concurrent with the exchange of documents in Sub clause (a) and Sub clause (b) above,~~  
291 ~~the Sellers shall also hand to the Buyers the classification certificate(s) as well as all plans,~~  
292 ~~drawings and manuals, (excluding ISM/ISPS manuals), which are on board the Vessel. Other~~  
293 ~~certificates which are on board the Vessel shall also be handed over to the Buyers unless~~  
294 ~~the Sellers are required to retain same, in which case the Buyers have the right to take copies.~~

295 ~~(f) Other technical documentation which may be in the Sellers' possession shall promptly after~~  
296 ~~delivery be forwarded to the Buyers at their expense, if they so request. The Sellers may keep~~  
297 ~~the Vessel's log books but the Buyers have the right to take copies of same.~~

298 ~~(g) The Parties shall sign and deliver to each other a Protocol of Delivery and Acceptance~~



299 confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.

300 **9. Encumbrances**

301 The Sellers warrant that the Vessel, at the time of delivery, is free from all charters (**other than the Bareboat Charter and the Initial Sub-  
302 Charter (as defined in the Bareboat Charter)**),  
303 encumbrances, mortgages and maritime liens or any other debts whatsoever, and is not subject  
304 to Port State or other administrative detentions. The Sellers hereby undertake to indemnify the  
305 Buyers against all consequences of claims made against the Vessel which have been incurred  
prior to the time of delivery.

306 **10. Taxes, fees and expenses**

307 Any taxes, fees and **documented** expenses in connection with the purchase and registration in the Buyers'  
308 Nominated Flag State, **any Registration Costs and any** shall be for the Buyers' account, whereas similar charges in connection  
309 with the closing of the Sellers' register shall be for the Sellers' account.

310 **11. Condition on delivery**

**See also Clause 20 (Delivery under this Agreement and the Bareboat Charter)**

311 The Vessel with everything belonging to her shall be at the Sellers' risk and expense until she is  
312 delivered to the Buyers, but subject to the terms and conditions of this Agreement she shall be  
313 delivered and taken over "**as is where is**" she was at the time of **delivery**; inspection, fair wear and tear excepted.

314 However, the Vessel shall be delivered ~~free of cargo and~~ free of stowaways with her Class  
315 maintained without **any conditions that are overdue** condition/recommendation<sup>2</sup>, free of average damage affecting the Vessel's  
316 class, and with her classification certificates and national certificates, as well as all other  
317 certificates the Vessel had at the time of inspection **delivery**, valid and unextended without **any conditions that are overdue**  
318 ~~condition/recommendation<sup>2</sup>~~ by the Classification Society or the relevant authorities at the time  
319 of delivery.

320 "~~inspection~~" in this Clause 11, shall mean the Buyers' inspection according to Clause 4(a) or  
321 4(b) (Inspections), if applicable. If the Vessel is taken over without inspection, the date of this  
322 Agreement shall be the relevant date.

323 \*Notes and memoranda, if any, in the surveyor's report which are accepted by the Classification  
324 Society without condition/recommendation are not to be taken into account.

325 **12. Name/markings**

**Not applicable**

326 ~~Upon delivery the Buyers undertake to change the name of the Vessel and alter funnel~~  
327 ~~markings.~~

328 **13. Buyers' default**

329 ~~Should the Deposit not be lodged in accordance with Clause 2 (Deposit), the Sellers have the~~  
330 ~~right to cancel this Agreement, and they shall be entitled to claim compensation for their losses~~  
331 ~~and for all expenses incurred together with interest.~~

332 ~~Should the Purchase Price~~**Relevant Amount** ~~not be paid in accordance with Clause 213 (Payment) as the sole and direct result of the~~  
~~Sellers~~  
**Buyers' acts or omissions and such non-payment has not been remedied within three (3) Banking Days of such failure to pay, the**

333 ~~have the right to cancel this Agreement, in which case~~ **this Agreement will become void without liability to either the Buyers or the**  
~~Sellers, the Deposit together with interest~~  
334 ~~earned, if any, shall be released to the Sellers. If the Deposit does not cover their loss, the~~  
335 ~~Sellers shall be entitled to claim further compensation for their losses and for all expenses~~  
336 ~~incurred together with interest.~~

337 **14. Sellers' default**

338 ~~Should the Sellers fail to give Notice of Readiness in accordance with Clause 5(b) or fail to be~~  
339 ~~ready to validly complete a legal transfer by the Cancelling Date the Buyers shall have the~~  
340 ~~option of cancelling this Agreement. If after Notice of Readiness has been given but before~~  
341 ~~the Buyers have taken delivery, the Vessel ceases to be physically ready for delivery and is not~~  
342 ~~made physically ready again by the Cancelling Date and new Notice of Readiness given, the~~  
343 ~~Buyers shall retain their option to cancel. In the event that the Buyers elect to cancel this~~  
344 ~~Agreement, the Deposit together with interest earned, if any, shall be released to them~~  
345 ~~immediately.~~

346 ~~Should the Sellers fail to give Notice of Readiness by the Cancelling Date or fail to be ready to~~  
347 ~~validly complete a legal transfer as aforesaid they shall make due compensation to the Buyers~~  
348 ~~for their loss and for all expenses together with interest if their failure is due to proven~~  
349 ~~negligence and whether or not the Buyers cancel this Agreement.~~

350 **15. Buyers' representatives**

**Not applicable.**

351 ~~After this Agreement has been signed by the Parties and the Deposit has been lodged, the~~  
352 ~~Buyers have the right to place two (2) representatives on board the Vessel at their sole risk and~~  
353 ~~expense.~~

354 ~~These representatives are on board for the purpose of familiarisation and in the capacity of~~  
355 ~~observers only, and they shall not interfere in any respect with the operation of the Vessel. The~~  
356 ~~Buyers and the Buyers' representatives shall sign the Sellers' P&I Club's standard letter of~~  
357 ~~indemnity prior to their embarkation.~~

358 **16. Law and Arbitration**

**See Clause 25 (Law and dispute resolution)**

359 ~~(a) \*This Agreement shall be governed by and construed in accordance with English law and~~  
360 ~~any dispute arising out of or in connection with this Agreement shall be referred to arbitration in~~  
361 ~~London in accordance with the Arbitration Act 1996 or any statutory modification or re~~  
362 ~~enactment thereof save to the extent necessary to give effect to the provisions of this Clause.~~

363 ~~The arbitration shall be conducted in accordance with the London Maritime Arbitrators~~



364 Association (LMAA) Terms current at the time when the arbitration proceedings are  
365 commenced.

366 The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall  
367 appoint its arbitrator and send notice of such appointment in writing to the other party requiring  
368 the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and  
369 stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own  
370 arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the  
371 other party does not appoint its own arbitrator and give notice that it has done so within the  
372 fourteen (14) days specified, the party referring a dispute to arbitration may, without the  
373 requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator  
374 and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on  
375 both Parties as if the sole arbitrator had been appointed by agreement.

376 In cases where neither the claim nor any counterclaim exceeds the sum of US\$100,000 the  
377 arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at  
378 the time when the arbitration proceedings are commenced.

379 (b) \*This Agreement shall be governed by and construed in accordance with Title 9 of the  
380 United States Code and the substantive law (not including the choice of law rules) of the State  
381 of New York and any dispute arising out of or in connection with this Agreement shall be  
382 referred to three (3) persons at New York, one to be appointed by each of the parties hereto,  
383 and the third by the two so chosen; their decision or that of any two of them shall be final, and  
384 for the purposes of enforcing any award, judgment may be entered on an award by any court of  
385 competent jurisdiction. The proceedings shall be conducted in accordance with the rules of the  
386 Society of Maritime Arbitrators, Inc.

387 In cases where neither the claim nor any counterclaim exceeds the sum of US\$ 100,000 the  
388 arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the  
389 Society of Maritime Arbitrators, Inc.

390 (c) This Agreement shall be governed by and construed in accordance with the laws of  
391 (state place) and any dispute arising out of or in connection with this Agreement shall be  
392 referred to arbitration at (state place), subject to the procedures applicable there.

393 \*16(a), 16(b) and 16(c) are alternatives; delete whichever is not applicable. In the absence of  
394 deletions, alternative 16(a) shall apply.

## 395 17. Notices

396 All notices to be provided under this Agreement shall be in writing.

397 Contact details for recipients of notices are as follows:

398 For the Buyers:

**SEA 251 LEASING CO. LIMITED**  
**c/o CMB Financial Leasing Co., Ltd.**  
**Address: 21F, China Merchants Bank Building, No.1088, Lujiazui Ring Road, Shanghai, China 200120**  
**Email: xiao\_yue@cmbchina.com / zyzlsceb@cmbchina.com**  
**Tel No.: +86 21 6106 1534**  
**Attention: Yue XIAO (Nicholas), Shipping Leasing Department**

399 For the Sellers:  
**GLOBAL SHIP LEASE 68 LLC**  
c/o Technomar Shipping Inc.  
Address: 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece

Email: [finance@technomar.gr](mailto:finance@technomar.gr)  
with a copy to:  
(a) [legalconfidential@technomar.gr](mailto:legalconfidential@technomar.gr); and  
(b) [tpсарopoulos@technomar.gr](mailto:tpсарopoulos@technomar.gr)

400 **18. Entire Agreement**

401 ~~The written terms of this Agreement comprise the entire agreement between the Buyers and~~  
402 ~~the Sellers in relation to the sale and purchase of the Vessel and supersede all previous~~  
403 ~~agreements whether oral or written between the Parties in relation thereto.~~

404 ~~Each of the Parties acknowledges that in entering into this Agreement it has not relied on and~~  
405 ~~shall have no right or remedy in respect of any statement, representation, assurance or~~  
406 ~~warranty (whether or not made negligently) other than as is expressly set out in this Agreement.~~

407 Any terms implied into this Agreement by any applicable statute or law are hereby excluded to  
408 the extent that such exclusion can legally be made. Nothing in this Clause shall limit or exclude  
409 any liability for fraud.

**Additional Clauses 19 to 26 (both inclusive) form an integral part of this Agreement. In the event of any inconsistency between (i) any terms set out in Clauses 1 to 18 of this Agreement and (ii) any terms set out in Additional Clauses (i.e., Clauses 19 to 26) of this Agreement, the terms of the Additional Clauses shall prevail.**

For and on behalf of the Sellers

**GLOBAL SHIP LEASE 68 LLC**

/s/ Aglaia Lida Papadi

Name: Aglaia Lida Papadi

Title: Attorney-in-fact

For and on behalf of the Buyers

**SEA 251 LEASING CO. LIMITED**

/s/ Tan Li Xin, Joan

Name: Tan Li Xin, Joan

Title: Attorney-in-fact

**ADDITIONAL CLAUSES**  
**TO MEMORANDUM OF AGREEMENT FOR**  
**THE VESSEL "BERNADETTE" TO BE RENAMED "GSL KITHIRA"**

**19. Sellers' representations and undertaking**

(a) The Sellers represent and warrant that:

(i) on the Delivery Date, they are the legal and beneficial owners of the Vessel; and

(ii) as at the date hereof and on the Delivery Date:

i. none of the:

1. Sellers, any of its Affiliate (as defined in the Bareboat Charter), nor any of their respective directors, officers and employees are a Restricted Party; and

2. to the best knowledge of the Sellers, as at the date of this Agreement, neither the Initial Sub-Charterer nor the Initial Sellers or any of its respective directors,

is a Restricted Party; and

3. the Sellers, any of its Affiliate (as defined in the Bareboat Charter) and their respective directors, officers and employees; and

4. to the best knowledge of the Sellers, as at the date of this Agreement, the Initial Sub-Charterer and the respective directors of the Initial Sub-Charterer,

are in compliance with all Sanctions laws, and none of them have been or are currently being investigated on compliance with Sanctions, they have not received notice or are aware of any claim, action, suit or proceeding against any of them with respect to Sanctions and they have not taken any action to evade the application of Sanctions; and

(iii) no part of the Purchase Price nor the Vessel shall be made available, directly or indirectly, to or for the benefit of a Restricted Party nor shall they be otherwise directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions laws; and

(iv) the copy of each of the Initial MOA, the Initial Sub-Charter, the Side Agreement and the Deposit Holder Agreement provided to the Buyers prior to the date hereof is a true and complete copy of such document

and there have been no amendments, supplements or variations to the same, provided that any further amendments, supplements or variations on or prior to the Delivery Date shall be subject to the Buyers' written consent (which shall not be unreasonably withheld or delayed) and thereafter copies of any such further amendment, supplement or variation should be provided by the Sellers to the Buyers promptly.

- (b) The Sellers hereby undertake to the Buyers that the Sellers shall not without the Buyers' written consent sign or release:
  - (i) the protocol of delivery and acceptance under the Initial MOA; or
  - (ii) the Release Letter.

## 20. Delivery under this Agreement and the Bareboat Charter

- (a) The Vessel will, subject to the terms and conditions of this Agreement, be delivered by the Sellers to the Buyers under this Agreement.
- (b) Upon the delivery of the Vessel under this Agreement, the Vessel shall simultaneously be delivered to the Sellers as charterers pursuant to a bareboat charterparty dated on or about the date of this Agreement (the "**Bareboat Charter**") made or to be made (as the case may be) between the Buyers (as owners) and the Sellers (as charterers).
- (c) The Sellers shall be fully responsible for the Buyers' fulfilment of physical delivery as new owner of the Vessel to the Sellers (as charterers) under the Bareboat Charter. The Buyers' obligation to take delivery of the Vessel under this Agreement is subject to the Sellers (as charterers) taking delivery of the Vessel simultaneously under the Bareboat Charter.
- (d) If any of the Bareboat Charter, the Initial MOA or the Initial Sub-Charter is cancelled or the delivery of the Vessel does not take place under the Bareboat Charter by the Cancelling Date, this Agreement shall be null and void, **provided however** that Clause 14 (Sellers' default) and Clause 21 (Indemnities) below shall survive.

## 21. Indemnities

- (a) The Sellers shall pay such amounts to the Buyers in respect of all claims, documented expenses, liabilities, losses, fees (including but not limited to legal fees (which have been pre-approved by the Sellers provided no Termination Event has occurred), any Registration Costs, any vessel registration and any tonnage fees) suffered or incurred by or imposed on the Buyers arising from this Agreement, or resulting from the occurrence of a Termination Event which is continuing (as defined in the Bareboat Charter), or in connection with the delivery, registration and purchase of the Vessel by the Buyers whether prior to, during or after termination of this Agreement (including but not limited to the Delivery Date not occurring on the proposed

delivery date set out in the Payment Notice) and whether or not the Vessel is in the possession or the control of the Sellers or otherwise in relation to any non-delivery to or acceptance by the Sellers (as charterers) of the Vessel under the Bareboat Charter.

- (b) Notwithstanding anything to the contrary herein, any breach of the terms of this Agreement or termination of this Agreement pursuant to the terms hereof, the indemnities provided by the Sellers in favour of the Buyers shall continue in full force and effect.

## 22. Payment

- (a) The Sellers and the Buyers agree that the Relevant Amount shall, subject to Clause 23 (*Partial set-off of Purchase Price*) below (if applicable), be paid in full by the Buyers by depositing with the Initial Sellers' Bank (in a suspense account) in accordance with the Payment Notice, the Relevant Amount which shall be subsequently released to the Sellers or to such person(s) as may be nominated by the Sellers in accordance with paragraph (b) below. The Payment Notice shall be issued by the Sellers to the Buyers after all the Pre-positioning Date CPs have been satisfied or waived to the satisfaction of the Buyers, which shall be on or before the date falling two (2) Banking Days prior to the proposed Pre-positioning Date.
- (b) On or before the Pre-positioning Date if the Buyers have received evidence (which may be in the form of confirmation that an MT199 message is acceptable to the Sellers' Bank and the Buyers (the "**Conditional Payment Message**")) that the Relevant Amount will be held to the order of the Buyers, and to be released to such person(s) as may be nominated by the sellers upon presentation to the Initial Sellers' Bank of a copy (transmitted by fax, email or otherwise) of each of (i) the protocol of delivery and acceptance under the Initial MOA which is duly signed by an authorised signatory of the Initial Sellers and an authorised signatory of the Sellers evidencing the delivery by the Initial Sellers and acceptance by the Sellers of the Vessel under the Initial MOA and (ii) the Release Letter which is signed by an authorised signatory of the Sellers which is named in the Conditional Payment Message and approved by the Buyers, the Buyers shall deposit with the Initial Sellers' Bank the Relevant Amount to be so held and so released, **provided that** the Buyers' obligation to deposit with the Initial Sellers' Bank the Relevant Amount is always subject to the Buyers being satisfied that all of the Pre-Positioning Date CPs have been satisfied.
- (c) A transfer of funds by the Buyers to the Initial Sellers' Bank in accordance with paragraph (b) above shall constitute payment of the Purchase Price for the purposes of this Agreement and shall, as from the date of such transfer, constitute a valid and binding obligation upon the Sellers in respect of the repayment of the Relevant Amount in accordance with and in the manner contemplated by this Agreement (including but not limited to Clauses 22(d)), the Conditional Payment Message and the Release Letter. The Sellers agree to release, discharge, defend, indemnify, waive and hold harmless the Buyers from and against any liability, obligation or claim which may be

asserted, claimed or recovered against the Buyers for any reason directly arising out of the release or the failure to release (as the case may be) of any part of the Purchase Price by the Initial Sellers' Bank except if the same results from or is a direct consequence of the Buyers' failure to perform their obligations under or in breach of any provisions under this Agreement or the Bareboat Charter.

- (d) Without prejudice to any other provisions under this Agreement, the Sellers shall pay to the Buyers:
- (i) within five (5) Banking Days after the date on which any part of the Purchase Price is released in accordance with paragraph (b) above, and in accordance with the invoice to be issued by the Buyers to the Sellers for the same; and
  - (ii) if applicable, on demand by the Buyers on and after the Return Due Date in relation to any part of the Purchase Price which is or should be returned to the Buyers in accordance with the Conditional Payment Message (whether or not it is actually returned on the Return Due Date);

each as applicable, an amount equal to the interest accrued over the relevant Pre-positioning Period and calculated at the rate of Overnight LIBOR Rate plus 325 basis points over such part of the Purchase Price.

### **23. Partial set-off of Purchase Price**

The Sellers hereby consent, acknowledge and confirm that:

- (a) notwithstanding Clause 1 (Purchase Price), the amount due and payable from the Buyers to the Sellers in accordance with Clause 22 (Payment) shall be set off against the amount of Advance Hire (as defined in the Bareboat Charter) and the Arrangement Fee due from the Sellers (as charterers) to the Buyers (as owners) payable pursuant to the Bareboat Charter; and
- (b) for the avoidance of doubt, on the date of payment of the Relevant Amount, (A) the Buyers shall not be obliged to pay the Sellers and the Sellers shall not be entitled to receive from the Buyers an amount which is more than the difference between (i) the Purchase Price and (ii) the aggregate of the Advance Hire and the Arrangement Fee as set off in accordance with paragraph (a) above and (B) the Sellers shall not be obliged to pay the Buyers and the Buyers shall not be entitled to receive from the Sellers payments towards the Advance Hire as a result of this Clause 23 (Partial set-off of Purchase Price).

### **24. Conditions precedent**

- (a) Release of the Relevant Amount is conditional upon the Sellers providing the Buyers with the following delivery documents and evidence:

- (i) Two (2) original Legal Bill(s) of Sale in a form recordable in the Buyers' Nominated Flag State, transferring title of the Vessel from the Sellers to the Buyers and stating that the Vessel is free from all registered mortgages, encumbrances and maritime liens or any other debts whatsoever, duly notarially attested or acknowledged and (if required by the Buyers' Nominated Flag State) legalised or apostilled, as required by the Buyers' Nominated Flag State;
- (ii) Evidence that all necessary corporate, shareholder and other action has been taken by the Sellers to authorise the execution, delivery and performance of this Agreement;
- (iii) An original Power of Attorney of the Sellers appointing one or more representatives to act on behalf of the Sellers in the performance of this Agreement, duly notarially attested or acknowledged and (if required by the Buyers' Nominated Flag State) legalised or apostilled, as required by the Buyers' Nominated Flag State;
- (iv) A copy of Declaration of Class or (depending on the Classification Society) a Class Certificate issued within three (3) Banking Days prior to the Delivery Date confirming that the Vessel is in Class free of overdue condition;
- (v) All of the following:
  - (A) Evidence that on the Delivery Date the Vessel will be registered in the ownership of the Buyers as owners of all of the shares in the Vessel with the Buyers' Nominated Flag State; and
  - (B) A copy of the bill of sale to the Buyers referred to in Sub-clause (i) above marked "not released/non-negotiable".
- (vi) An original Commercial Invoice for the Vessel;
- (vii) Copies of the valuations to determine Market Value;
- (viii) Any additional documents as may reasonably be required by the competent authorities of the Buyers' Nominated Flag State for the purpose of registering the Vessel, provided the Buyers notify the Sellers of any such documents as soon as possible after the date of this Agreement;
- (ix) An original of the Sellers' letter of confirmation that to the best of their knowledge, the Vessel is not sanctioned, avoided, prohibited or proscribed by any nation or international organisation and the Vessel is eligible to trade lawfully worldwide;
- (x) An original certificate from a director / officer of the Sellers confirming that all copies of documents provided under this Agreement are true copies of such documents (or a pdf copy of the certificate together with confirmation from the Sellers that the original certificate will be despatched to the Buyers as soon as practicable);
- (xi) In respect of the Initial MOA:

- (A) a copy of the Initial MOA;
  - (B) a copy of the Deposit Holder Agreement (as defined in the Initial MOA);
  - (C) a copy of the Initial Sub-Charter;
  - (D) a copy of the Side Agreement; and
  - (E) written confirmation by the Sellers satisfactory to the Buyers that the Sellers have not exercised the option under the Side Agreement to cancel the Initial Sub-Charter and the Vessel will be delivered into the Initial Sub-Charter on the Delivery Date;
- (xii) Evidence that any difference in the Relevant Amount and the total amounts payable by the Sellers to the Initial Sellers under the Initial MOA have been or will be paid directly by the Sellers (or as the case may be, the Initial Sub-Charterers) to the Initial Sellers on the Delivery Date and such amounts will be released to the Initial Sellers no later than the time the Relevant Amount is released to the Initial Sellers under Clause 22(b) (*Payment*);
- (xiii) Copies of all documents listed at paragraphs 1, 2 and 3 of the Initial MOA Addendum, including but not limited to the protocol of delivery and acceptance under the Initial MOA which is duly signed by an authorised signatory of the Initial Sellers and an authorised signatory of the Sellers evidencing the delivery by the Initial Sellers and acceptance by the Sellers of the Vessel under the Initial MOA;
- (xiv) The Buyers being satisfied that, in their opinion,
- (A) the conditions precedent set out in:
    - (1) Clause 36(a) (*Conditions precedent and conditions subsequent*) of the Bareboat Charter have been satisfied on the Pre-positioning Date; and
    - (2) Clause 36(b) (*Conditions precedent and conditions subsequent*) of the Bareboat Charter have been satisfied on the Delivery Date or, in each case, such other date as the Sellers and Buyers may mutually agree;
  - (B) no Termination Event (as defined in the Bareboat Charter) or Potential Termination Event (as defined in the Bareboat Charter) is, in each case, continuing or would result from:
    - (1) the pre-positioning of the Relevant Amount; or
    - (2) the release of the Relevant Amount to the Sellers or its nominee; and
  - (C) the representations and warranties referred to in Clause 19 (*Sellers' representations*) hereof and clause 47 (*Charterers' representations and*

warranties) of the Bareboat Charter are true and correct on the Delivery Date.

The conditions set out in this Clause 24 are for the sole benefit of the Buyers and may be waived or deferred by the Buyers in whole or in part and with or without conditions. The foregoing is without prejudice to the Buyers' rights to require fulfilment of any such conditions by the Sellers in whole or in part at any time after the date of release of the Relevant Amount.

If the Buyers in their sole discretion agree to accept the delivery of the Vessel from the Sellers before all of the documents and evidence required under Clause 24(a) have been delivered to or to the order the Buyers, the Sellers undertake to deliver all outstanding documents and evidence to or to the order of the Buyers no later than ten (10) Business Days after the date of delivery of the Vessel or such other later date as specified by the Buyers, acting in their sole discretion. The Buyers' acceptance of the delivery of the Vessel from the Sellers under this Agreement shall not, unless otherwise notified by the Buyers (acting in their sole discretion) to the Sellers in writing, be taken as a waiver of the Buyers' rights to require production of all the documents and evidence required under this Clause 24(a).

- (b) At the time of delivery the Buyers shall provide the Sellers with:
- (i) the certified copy of the resolutions passed by the board of directors of the Buyers to authorise the execution, delivery and performance of this Agreement; and
  - (ii) (if applicable) the original Power of Attorney of the Buyers appointing one or more representatives to act on behalf of the Buyers in the performance of this Agreement (or a pdf copy of the Power of Attorney together with confirmation from the Buyers that the original will be despatched to the Sellers as soon as practicable).
- (c) If any of the documents listed in Sub-clauses (a) and (b) above are not in the English language they shall be accompanied by an English translation by an authorised translator or certified by a lawyer qualified to practice in the country of the translated language.
- (d) The Parties shall to the extent possible exchange copies, drafts or samples of the documents listed in Sub-clause (a) and Sub-clause (b) above for review and comment by the other party not later than nine (9) days prior to the Vessel's intended date of delivery as notified by the Sellers pursuant to Clause 5(b) of this Agreement.
- (e) Concurrent with the exchange of documents in Sub-clause (a) and Sub-clause (b) above, the Buyers shall gain title and ownership to the classification certificate(s) as well as all plans, drawings and manuals, which are on board the Vessel and shall remain on board the Vessel. Other certificates which are on board the Vessel shall also be handed over to the Buyers unless such certificates are required to remain on board, or the Sellers are required to retain same in their capacity as bareboat charterers, in which case the Sellers shall, upon the request of the Buyers, provide copies of the same at the expense of the Sellers.

- (f) Simultaneously with the release of the Relevant Amount the Parties shall sign and deliver to each other a Protocol of Delivery and Acceptance in the form as attached in Schedule 2 hereto confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.

**25. Law and dispute resolution**

- (a) This Agreement and any non-contractual obligations arising from or in connection with it are in all respects governed by and shall be interpreted in accordance with English law and any dispute arising out of or in connection with this Agreement shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.
- (b) The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.
- (c) The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the fourteen (14) days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both the Buyers and the Sellers as if the sole arbitrator had been appointed by agreement.
- (d) Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.
- (e) In cases where neither the claim nor any counterclaim exceeds the sum of US\$100,000 the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

**26. Further definitions**

In this Agreement:

**"Approved Broker"** has the meaning ascribed to it in the Bareboat Charter.

**"Bareboat Charter"** has the meaning ascribed to it in Clause 20(b).

**"Delivery Date"** means the date of delivery of the Vessel by the Sellers to the Buyers pursuant to this Agreement.

"**Delivery Date CPs**" means the conditions precedent set out in paragraphs 24(a)(i), 24(a)(vi), 24(a)(ix), 24(a)(xi)(E), 24(a)(xiii), 24(a)(xiv)(A)(2), 24(a)(xiv)(B)(2), 24(a)(xiv)(C), of Clause 24 (*Conditions precedent*).

"**Deposit Holder Agreement**" has the meaning given to it in the Initial MOA.

"**Initial MOA**" means the memorandum of agreement for the Vessel dated 12 May 2021 entered into between the Initial Sellers as sellers and the Initial Sub-Charterers as buyers, as amended by a nomination agreement dated 15 June 2021 entered into between the Initial Sellers as sellers, the Initial Sub-Charterers as initial buyers and the Sellers as the buyers' nominee, and an addendum no. 1 thereto dated 15 June 2021 (the "**Initial MOA Addendum**"), as may be further amended or supplemented from time to time.

"**Initial Sellers**" means ERB. 5.300TEU GmbH & Co. KG, a company incorporated in Germany with its registered address at Elbchausee 370, 22609, Hamburg, Germany.

"**Initial Sellers' Account**" has the meaning given to the term "**Sellers' Account**" in the Initial MOA.

"**Initial Sellers' Bank**" has the meaning given to the term "Sellers' Bank" in the Initial MOA.

"**Initial Sub-Charter**" means the time charterparty in respect of the Vessel dated 15 June 2021 between the Sellers and the Initial Sub-Charterers, with a daily hire rate at no less than thirty-six thousand five hundred Dollars (US\$36,500) for the fixed three year period from delivery and at no less than seventeen thousand two hundred and fifty Dollars (US\$17,250) for the optional three year period thereafter, as may be further amended or supplemented from time to time.

"**Initial Sub-Charterers**" means Maersk A/S, a company incorporated in Denmark with its registered address at Esplanaden 50, 1263 Copenhagen K, Denmark.

"**Market Value**" has the meaning ascribed to paragraph (a) of the definition of "Market Value" in the Bareboat Charter.

"**Overnight LIBOR Rate**" means, for any day, the rate per annum equal to the British Bankers Association LIBOR Rate ("**BBA LIBOR**"), as published by Thomson Reuters (or other commercially available source providing quotations of BBA LIBOR as designated by the Buyers from time to time) at approximately 11:00 a.m., London time, on such day for United States Dollar deposits (for delivery on such day) with a term equivalent to one (1) day.

"**Payment Notice**" means a notice of the relevant amounts payable by the Buyers under this Agreement to be issued by the Sellers to the Buyers, in substantially the form set out in Schedule 1 (*Form of Payment Notice*) hereto (or such other form as the Buyers may require).

"**Pre-positioning Date**" means date falling one (1) Banking Day prior to the proposed Delivery Date.

**"Pre-positioning Date CPs"** means the conditions precedent set out in Clause 24 (*Conditions precedent*) which are not the Delivery Date CPs.

**"Pre-positioning Period"** means:

- (a) if any part of the Purchase Price deposited with the Initial Sellers' Bank by the Buyers is released in accordance with paragraph (b) of Clause 22 (Payment), the period commencing from (and inclusive of) the Pre-positioning Date and ending on (and inclusive of) the date such part of the Purchase Price is released in accordance with paragraph (b) of Clause 22 (Payment); or
- (b) if any part of the Purchase Price deposited with the Initial Sellers' Bank by the Buyers is or should be returned to the Buyers in accordance with the Conditional Payment Message (whether or not it is actually returned on the Return Due Date), the period commencing from (and inclusive of) the Pre-positioning Date and ending on (and inclusive of) the date such part of the Purchase Price is returned to the Buyers in accordance with the Conditional Payment Message.

**"Release Letter"** means a release letter to be signed pursuant to the Conditional Payment Message in form and substance acceptable to the Buyers.

**"Relevant Amount"** means the Owners' Cost (as defined in the Bareboat Charter) less the Arrangement Fee (as defined in the Bareboat Charter).

**"Registration Costs"** has the meaning ascribed to it in the Bareboat Charter.

**"Restricted Countries"** means those countries subject to country-wide or territory-wide Sanctions and/or trade embargoes, in particular but not limited to pursuant to the U.S.'s Office of Foreign Asset Control of the U.S. Department of Treasury ("**OFAC**") including at the date of this Agreement, but without limitation, Iran, North Korea and Syria and any additional countries based on respective country-wide or territory-wide Sanctions being imposed by OFAC or any of the regulative bodies referred to in the definition of Restricted Party.

**"Restricted Party"** means a person or entity or any other parties (i) located, domiciled, resident or incorporated in Restricted Countries, and/or (ii) subject to any sanction administrated by the United Nations, the European Union, Switzerland, the United States and the OFAC, the United Kingdom, Her Majesty's Treasury ("**HMT**") and the Foreign and Commonwealth Office of the United Kingdom, the People's Republic of China and/or (iii) owned or controlled by or affiliated with persons, entities or any other parties as referred to in (i) and (ii).

**"Return Due Date"** means the date which is the thirteenth (13<sup>th</sup>) Banking Day after the Pre-positioning Date.

**"Sanctions"** means any sanctions, embargoes, freezing provisions, prohibitions or other restrictions relating to trading, doing business, investment, exporting, financing or making assets available (or other activities similar to or connected with any of the foregoing) imposed by law or regulation of the United Nations, United Kingdom, the United States of America (including, without limitation, CISADA and OFAC), the

People's Republic of China or the Council of the European Union or the jurisdiction of incorporation of the Buyers and the Sellers.

**"Side Agreement"** means the agreement relating to the Initial MOA dated 15 June 2021 entered into between the Initial Sub-Charterers and the Sellers.

**Schedule 1  
Form of Payment Notice**

To: **SEA 251 LEASING CO. LIMITED**

From: **GLOBAL SHIP LEASE 68 LLC**

2021

Dear Sirs

**One container vessel m.v. "Bernadette" to be renamed "GSL Kithira"  
- memorandum of agreement dated 2021 (the "MOA")**

1. We refer to the MOA. This is a Payment Notice.
2. Terms defined in the MOA shall have the same meaning in this Payment Notice unless given a different meaning in this Payment Notice.
3. Pursuant to Clause 5(b) of the MOA, we hereby give you notice of the proposed delivery date of the Vessel, being \_\_\_\_\_ 2021 and the proposed place of delivery of the Vessel, being [ ] in accordance with Clause 5(a) of the MOA.
4. We irrevocably request that you advance USD [ ● ], being the Relevant Amount in respect of the Vessel, to the Initial Sellers' Account on \_\_\_\_\_ 2021, which is a Banking Day, by paying the advance in accordance with the MOA, to the Initial Sellers' Account, as follows:

Beneficiary Bank:	[●]
Swift Code:	[●]
Account #:	[●]
Name on Account:	[●]

5. We warrant that no Potential Termination Event or Termination Event (each as defined in the Bareboat Charter) has occurred or would result from the payment of the amounts requested above.

Yours faithfully

For and on behalf of  
**GLOBAL SHIP LEASE 68 LLC**

.....  
Name:  
Title:  
SINGAPORE\6308929.1 MOA Additional Clauses (Bernadette)

**Schedule 2**  
**Form of Protocol of Delivery and Acceptance**

Protocol of Delivery and Acceptance

KNOW ALL MEN BY THESE PRESENTS, that Global Ship Lease 68 LLC of 80 Broad Street, Monrovia, Liberia (the "**Sellers**") have sold and do grant and deliver, at \_\_\_\_\_ hours (Shanghai Time) on \_\_\_\_\_ day of \_\_\_\_\_, 2021, unto Sea 251 Leasing Co. Limited of 27/F Three Exchange Square 8, Connaught Place, Central, Hong Kong (the "**Buyer**"), all rights, title and interest in and to one (1) second-hand vessel of name "Bernadette" (to be renamed "GSL Kithira") (IMO No. 9407885) of Liberia flag, of GRT 52,726 and NRT 32,613, together with all stores and equipment of whatever nature, now on board and on shore and on order, and free from all charters (other than the Bareboat Charter and the Initial Sub-Charter (each as defined in the MOA)), encumbrances, mortgages, maritime liens or any other debts whatsoever, pursuant to the Memorandum of Agreement dated \_\_\_\_\_ 2021 (the "**MOA**") between the Sellers and the Buyers and any addenda thereto.

The Buyers do hereby accept delivery, title and risks of and to the aforesaid vessel in pursuance of the terms and conditions of the MOA on the date and any addendum thereto and at the time and place stated above.

This PROTOCOL OF DELIVERY AND ACCEPTANCE 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 PROTOCOL OF DELIVERY AND ACCEPTANCE.

Seller

Buyer

**Global Ship Lease 68 LLC**

**Sea 251 Leasing Co. Limited**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name:

Name:

Title:

Title:

In witness of which the parties to this Agreement have executed this Agreement the day and year first before written.

**SELLERS**

**Signed** by Aglaia Lida Papadi )  
as attorney-in-fact )  
for and on behalf of ) /s/ Aglaia Lida Papadi  
**GLOBAL SHIP LEASE 68 LLC** )  
in the presence of: )

Witness signature: /s/ Chrisanthy Klisaris  
Name: Chrisanthy Klisaris  
Address: 3-5 Menandrou Str.,  
Kifissia, 14561, Athens, Greece

**BUYERS**

**Signed** by Tan Li Xin, Joan )  
Attorney-in-fact )  
as duly authorised signatory ) /s/ Tan Li Xin, Joan  
for and on behalf of )  
**SEA 251 LEASING CO. LIMITED** )  
in the presence of: )

Witness signature: /s/Kanageswary d/o Rajandran  
Name: Kanageswary d/o Rajandran  
Address: Stephenson Harwood LLP  
1 Raffles Place #18-61 Tower 2  
Singapore 048616





# BARECON 2001

## STANDARD BAREBOAT CHARTER

## PART I

1. Shipbroker <b>N/A</b>	2. Place and date <b>26 August 2021</b>	
3. Owners/Place of business (Cl. 1) <b>SEA 252 LEASING CO. LIMITED 27/F Three Exchange Square 8, Connaught Place, Central, Hong Kong</b>	4. Bareboat Charterers/Place of business (Cl. 1) <b>GLOBAL SHIP LEASE 69 LLC 80 Broad Street, Monrovia, Liberia</b>	
5. Vessel's name, call sign and flag (Cl. 1 and 3) <b>Name: "Blandine" to be renamed "GSL Tripoli" Flag: Liberia</b>		
6. Type of Vessel <b>5,470 TEU container vessel</b>	7. GT/NT <b>52,726 / 32,613</b>	
8. When/Where built <b>2009 Zhejiang Ouhua Shipbuilding Co., Ltd., PRC</b>	9. Total DWT (abt.) in metric tons on summer freeboard <b>65,550</b>	
10. Classification Society (Cl. 3) <b>DNV GL or any other generally recognised first class classification society that is a member of the International Association of Classification Societies (IACS) as selected by the Charterers and approved by the Owners (such approval not to be unreasonably withheld).</b>	11. Date of last special survey by the Vessel's classification society <b>September 2019</b>	
12. Further particulars of Vessel (also indicate minimum number of months' validity of class certificates agreed acc. to Cl. 3) <b>IMO Number: 9437048</b>		
13. Port or Place of delivery (Cl. 3) <b>As per MOA</b>	14. Time for delivery (Cl. 4) <b>N/A</b>	15. Cancelling date (Cl. 5) <b>N/A</b>
16. Port or Place of redelivery (Cl. 15) <b>See Additional Clause 42 (Redelivery)</b>	17. No. of months' validity of trading and class certificates upon redelivery (Cl. 15) <b>N/A</b>	
18. Running days' notice if other than stated in Cl. 4 <b>N/A</b>	19. Frequency of dry-docking (Cl. 10(g)) <b>In accordance with the normal procedure for vessels of the same type, size and age of the Vessel and as required by the Classification Society or flag state and not less than once every sixty (60) months</b>	
20. Trading limits (Cl. 6) <b>Trading worldwide via safe ports / safe berths / safe anchorages within International Navigating Limits (INL) or otherwise in accordance with the terms of this Charter, always afloat at any time of tide and subject to exclusions and limitations in Clause 41 (Insurance).</b>		
21. Charter period (Cl. 2) <b>Seventy-two (72) months commencing from the Actual Delivery Date</b>	22. Charter hire (Cl. 11) <b>See Additional Clause 40 (Hire)</b>	
23. New class and other safety requirements (state percentage of Vessel's insurance value acc. to Box 29)(Cl. 10(a)(ii)) <b>See Additional Clause 39(b) (Structural changes and alterations)</b>		
24. Rate of interest payable acc. to Cl. 11 (f) and, if applicable, acc. to PART IV <b>See Additional Clause 40 (Hire)</b>	25. Currency and method of payment (Cl. 11) <b>US Dollars (see also Additional Clause 40 (Hire))</b>	
26. Place of payment; also state beneficiary and bank account (Cl. 11) <b>See Additional Clause 40 (Hire)</b>	27. Bank guarantee/bond (sum and place) (Cl. 24) (optional) <b>N/A</b>	
28. Mortgage(s), if any (state whether 12(a) or (b) applies; if 12(b) applies state date of Financial Instrument and name of Mortgagee(s)/Place of business) (Cl. 12) <b>12(b) applies; form of Financial Instrument and name of Mortgagee to be determined</b>	29. Insurance (hull and machinery and war risks) (state value acc. to Cl. 13(f) or, if applicable, acc. to Cl. 14(k)) (also state if Cl. 14 applies) <b>See Additional Clause 41 (Insurance)</b>	
30. Additional insurance cover, if any, for Owners' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g)) <b>No limitation</b>	31. Additional insurance cover, if any, for Charterers' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g)) <b>No limitation</b>	



32. Latent defects (only to be filled in if period other than stated in Cl. 3) <b>N/A</b>	33. Brokerage commission and to whom payable (Cl. 27) <b>N/A</b>
34. Grace period (state number of clear banking days) (Cl. 28) <b>See Additional Clause 49 (Termination Events)</b>	35. Dispute Resolution (state 30(a), 30(b) or 30(c); if 30(c) agreed Place of Arbitration must be stated (Cl. 30) <b>See Additional Clause 71 (Law and dispute resolution)</b>
36. War cancellation (indicate countries agreed) (Cl. 26(f)) <b>N/A</b>	
37. Newbuilding Vessel (indicate with "yes" or "no" whether PART III applies) (optional) <b>No; Part III does not apply</b>	38. Name and place of Builders (only to be filled in if PART III applies) <b>N/A</b>
39. Vessel's Yard Building No. (only to be filled in if PART III applies) <b>N/A</b>	40. Date of Building Contract (only to be filled in if PART III applies) <b>N/A</b>
41. Liquidated damages and costs shall accrue to (state party acc. to Cl. 1) a) <b>N/A</b> b) <b>N/A</b> c) <b>N/A</b>	
42. Hire/Purchase agreement (indicate with "yes" or "no" whether PART IV applies) (optional) <b>No; Part IV does not apply</b>	43. Bareboat Charter Registry (indicate with "yes" or "no" whether PART V applies) (optional) <b>No</b>
44. Flag and Country of the Bareboat Charter Registry (only to be filled in if PART V applies) <b>N/A</b>	45. Country of the Underlying Registry (only to be filled in if PART V applies) <b>N/A</b>
46. Number of additional clauses covering special provisions, if agreed <b>Clause 32 (Definitions) to Clause 78 (Confidentiality) (both inclusive) as attached hereto, form an integral part of this Charter. In the event of any conflict or inconsistency between the terms of any Additional Clauses with any provision of Part I or Part II of this Charter, such Additional Clauses prevail.</b>	

PREAMBLE - It is mutually agreed that this Contract shall be performed subject to the conditions contained in this Charter which shall include PART I and PART II. In the event of a conflict of conditions, the provisions of PART I shall prevail over those of PART II to the extent of such conflict but no further. It is further mutually agreed that PART III and/or PART IV and/or PART V shall only apply and only form part of this Charter if expressly agreed and stated in Boxes 37, 42 and 43. If PART III and/or PART IV and/or PART V apply, it is further agreed that in the event of a conflict of conditions, the provisions of PART I and PART II shall prevail over those of PART III and/or PART IV and/or PART V to the extent of such conflict but no further.

Signature (Owners) <b>SEA 252 LEASING CO. LIMITED</b>  <u>/s/ Tan Li Xin, Joan</u> Name: Tan Li Xin, Joan Title: Attorney-in-fact	Signature (Charterers) <b>GLOBAL SHIP LEASE 69 LLC</b>  <u>/s/ Aglaia Lida Papadi</u> Name: Aglaia Lida Papadi Title: Attorney-in-fact
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**PART II**  
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**1. Definitions**

In this Charter, the following terms shall have the meanings hereby assigned to them :

"The Owners" shall mean the party identified in Box 3 together with their successors, permitted transferees and assignees;

"The Charterers" shall mean the party identified in Box 4 together with their successors, permitted transferees and assignees;

"The Vessel" shall mean the vessel named in Box 5 and with particulars as stated in Boxes 6 to 12.

"Financial Instrument" means the mortgage, deed of covenant or other such financial security instrument as ~~annexed to this Charter and stated in Box 28~~ may at a later date be granted by the Owners to any bank or Financial Institution in accordance with this Charter.

See also Additional Clause 32 (Definitions) and Additional Clause 33 (Interpretations).

**2 Charter Period**

In consideration of the hire detailed in Box 22 the Owners have agreed to let and the Charterers have agreed to hire the Vessel for the period stated in Box 21 ("The Charter Period").

**3. Delivery**

See Additional Clause 35 (Delivery).

*(not applicable when Part III applies, as indicated in Box 37)*

~~(a) The Owners shall before and at the time of delivery exercise due diligence to make the Vessel seaworthy And in every respect ready in hull, machinery and equipment for service under this Charter.~~

~~The Vessel shall be delivered by the Owners and taken over by the Charterers at the port or place indicated in Box 13 in such ready safe berth as the Charterers may direct.~~

~~(b) The Vessel shall be properly documented on delivery in accordance with the laws of the flag State indicated in Box 5 and the requirements of the classification society stated in Box 10. The Vessel upon delivery shall have her survey cycles up to date and trading and class certificates valid for at least the number of months agreed in Box 12.~~

~~(c) The delivery of the Vessel by the Owners and the taking over of the Vessel by the Charterers shall constitute a full performance by the Owners of all the Owners' obligations under this Clause 3, and thereafter the Charterers shall not be entitled to make or assert any claim against the Owners on account of any conditions, representations or warranties expressed or implied with respect to the Vessel but the Owners shall be liable for the cost of but not the time for repairs or renewals occasioned by latent defects in the Vessel, her machinery or appurtenances, existing at the time of delivery under this Charter, provided such defects have manifested themselves within twelve (12) months after delivery unless otherwise provided in Box 32.~~

**4. Time for Delivery**

See Additional Clause 35 (Delivery).

*(not applicable when Part III applies, as indicated in Box 37)*

~~The Vessel shall not be delivered before the date indicated in Box 14 without the Charterers' consent and the Owners shall exercise due diligence to deliver the Vessel not later than the date indicated in Box 15. Unless otherwise agreed in Box 19, the Owners shall give the Charterers not less than thirty (30) running days' preliminary and not less than fourteen (14) running days' definite notice of the date on which the Vessel is expected to be ready for delivery.~~

~~The Owners shall keep the Charterers closely advised of possible changes in the Vessel's position.~~

**5. Cancelling**

See Additional Clause 34 (Background).

*(not applicable when Part III applies, as indicated in Box 37)*

~~(a) Should the Vessel not be delivered latest by the cancelling date indicated in Box 15, the Charterers shall have the option of cancelling this Charter by giving the Owners notice of cancellation within thirty six (36) running hours after the cancelling date stated in Box 15, failing which this Charter shall remain in full force and effect.~~

~~(b) If it appears that the Vessel will be delayed beyond the cancelling date, the Owners may, as soon as they are in a position to state with reasonable certainty the day on which the Vessel should be ready, give notice thereof to the Charterers asking whether they will exercise their option of cancelling, and the option must then be declared within one hundred and sixty eight (168) running hours of the receipt by the Charterers of such notice or within thirty six (36) running hours after the cancelling date, whichever is the earlier. If the Charterers do not then exercise their option of cancelling, the seventh day after the readiness date stated in the Owners' notice shall be substituted for the cancelling date indicated in Box 15 for the purpose of this Clause 5.~~

~~(e) Cancellation under this Clause 5 shall be without prejudice to any claim the Charterers may otherwise have on the Owners under this Charter.~~

## **6. Trading Restrictions**

The Vessel shall be employed in lawful trades for the carriage of suitable lawful merchandise within the trading limits indicated in Box 20.

The Charterers undertake not to employ the Vessel or suffer the Vessel to be employed otherwise than in conformity with the terms of the contracts of insurance (including any warranties expressed or implied therein) without first obtaining the consent of the insurers to such employment and complying with such requirements as to extra premium (which shall be at the Charterers' expense) or otherwise as the insurers may prescribe.

The Charterers also undertake not to employ the Vessel or suffer her employment in any trade or business which is forbidden by the law of any country to which the Vessel may sail or is otherwise illicit or in carrying illicit or prohibited goods or in any manner whatsoever which may render her liable to condemnation, destruction, seizure or confiscation.

Notwithstanding any other provisions contained in this Charter it is agreed that nuclear fuels or radioactive products or waste are specifically excluded from the cargo permitted to be loaded or carried under this Charter. This exclusion does not apply to radio-isotopes

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used or intended to be used for any industrial, commercial, agricultural, medical or scientific purposes provided the Vessel's P&I Club's Owners' prior approval has been obtained to loading thereof and, upon the Owners' request (such request to be made not more than once every three (3) months) the Charterers shall provide the Owners with a copy of such approval from the Vessel's P&I Club.

**7. Surveys on Delivery and Redelivery**

See Additional Clause 42 (Redelivery).

*(not applicable when Part III applies, as indicated in Box 37)*

~~The Owners and Charterers shall each appoint surveyors for the purpose of determining and agreeing in writing the condition of the Vessel at the time of delivery and redelivery hereunder. The Owners shall bear all expenses of the On-hire Survey including loss of time, if any, and the Charterers shall bear all expenses of the Off-hire Survey including loss of time, if any, at the daily equivalent to the rate of hire or pro rata thereof.~~

**8. Inspection**

See Additional Clause 48(nn)(ii).

~~The Owners shall have the right at any time after giving reasonable notice to the Charterers to inspect or survey the Vessel or instruct a duly authorised surveyor to carry out such survey on their behalf:~~

~~(a) to ascertain the condition of the Vessel and satisfy themselves that the Vessel is being properly repaired and maintained. The costs and fees for such inspection or survey shall be paid by the Owners unless the Vessel is found to require repairs or maintenance in order to achieve the condition so provided;~~

~~(b) in dry dock if the Charterers have not dry docked Her in accordance with Clause 10(g). The costs and fees for such inspection or survey shall be paid by the Charterers; and~~

~~(c) for any other commercial reason they consider necessary (provided it does not unduly interfere with the commercial operation of the Vessel). The costs and fees for such inspection and survey shall be paid by the Owners.~~

~~All time used in respect of inspection, survey or repairs shall be for the Charterers' account and form part of the Charter Period.~~

~~The Charterers shall also permit the Owners to inspect the Vessel's log books whenever requested and shall whenever required by the Owners furnish them with full information regarding any casualties or other accidents or damage to the Vessel.~~

**9. Inventories, Oil and Stores**

See also Additional Clause 37 (Bunkers and Luboils).

~~An inventory of the Vessel's major spare parts for the Main Engine, Diesel Generators and E.R. Auxiliary Machinery. A complete inventory of the Vessel's entire equipment, outfit including spare parts, appliances and of all consumable stores on board the Vessel shall be made by the Charterers in conjunction with the Owners on delivery and again on redelivery of the Vessel unless the Vessel has been sold to the Charterers pursuant to the exercise of a Purchase Option, Call Option or Early Termination Event. The Charterers shall at the time of delivery provide for (at no cost to the Owners) and the Owners, respectively, shall at the time of delivery and redelivery take over and pay for all bunkers, lubricating oil, unbroached provisions, paints, ropes and other consumable stores (excluding spare parts) in the said Vessel at the then current market prices at the ports of delivery and redelivery, respectively. The Charterers shall ensure that all spare parts listed in the inventory and used during the Charter Period are replaced at their expense prior to redelivery of the Vessel.~~

**10. Maintenance and Operation**

~~(a)(i) Maintenance and Repairs - During the Charter Period the Vessel shall be in the full possession and at the absolute disposal for all purposes of the Charterers and under their complete control in every respect. The Charterers shall maintain the Vessel, her machinery, boilers, appurtenances and spare parts in a good state of repair, in efficient operating condition and in accordance with good commercial maintenance practice for vessels of this type and, except as provided for in Clause 14(l), if applicable, at their own expense they shall at all times keep the Vessel's Class fully up to date with the Classification Society indicated in Box 10 free of overdue recommendations, qualifications and conditions and maintain all other necessary certificates in force at all times.~~

~~(ii) New Class and Other Safety Requirements In the event of any improvement, structural changes or new equipment becoming necessary for the continued operation of the Vessel by reason of new class requirements or by compulsory legislation costing (excluding the Charterers' loss of time) more than the percentage stated in Box 23, or if Box 23 is left blank, 5 per cent. of the Vessel's insurance value as stated in Box 29, then the extent, if any, to which the rate of hire shall be varied and the ratio in which the cost of compliance shall~~

~~be shared between the parties concerned in order to achieve a reasonable distribution thereof as between the Owners and the Charterers having regard, inter alia, to the length of the period remaining under this Charter shall, in the absence of agreement, be referred to the dispute resolution method agreed in Clause 30.~~

**(iii) Financial Security** - The Charterers shall maintain financial security or responsibility in respect of third party liabilities as required by any government, including federal, state or municipal or other division or authority thereof, to enable the Vessel, without penalty or charge, lawfully to enter, remain at, or leave any port, place, territorial or contiguous waters of any country, state or municipality in performance of this Charter without any delay. This obligation shall apply whether or not such requirements have been lawfully imposed by such government or division or authority thereof.

The Charterers shall make and maintain all arrangements by bond or otherwise as may be necessary to

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satisfy such requirements at the Charterers' sole expense and the Charterers shall indemnify the Owners against all consequences whatsoever ~~(including loss of time)~~ for any failure or inability to do so.

**(b) Operation of the Vessel** - The Charterers shall at their own expense and by their own procurement man, victual, navigate, operate, supply, fuel and, whenever required, repair the Vessel during the Charter Period and they shall pay all charges and expenses of every kind and nature whatsoever incidental to their use and operation of the Vessel under this Charter, including annual flag State fees and any foreign general municipality and/or state taxes. The Master, officers and crew of the Vessel shall be the servants of the Charterers for all purposes whatsoever, even if for any reason appointed by the Owners.

Charterers shall comply with the regulations regarding officers and crew in force in the country of the Vessel's flag or any other applicable law.

**(c)** The Charterers shall keep the Owners and the mortgagee(s) advised of ~~the~~<sup>any</sup> intended employment, planned dry-docking and major repairs of the Vessel, as reasonably required. See also Additional Clause 57

(Operational notifiable events).

**(d) Flag and Name of Vessel** – ~~During the Charter Period, the Charterers shall have the liberty to paint the Vessel in their own colours, install and display their funnel insignia and fly their own house flag. The Charterers shall also have the liberty, with the Owners' consent, which shall not be unreasonably withheld, to change the flag and/or the name of the Vessel during the Charter Period. Painting and re-painting, instalment and re-instalment, registration and re-registration, if required by the Owners, shall be at the Charterers' expense and time.~~

See also Additional Clause 39 (Structural changes and alterations) and Additional Clause 51 (Name of Vessel).

**(e) Changes to the Vessel** – See Additional Clause 39(a).

~~Subject to Clause 10(a)(ii), the Charterers shall make no structural changes in the Vessel or changes in the machinery, boilers, appurtenances or spare parts thereof without in each instance first securing the Owners' approval thereof. If the Owners so agree, the Charterers shall, if the Owners so require, restore the Vessel to its former condition before the termination of this Charter.~~

**(f) Use of the Vessel's Outfit, Equipment and Appliances** - The Charterers shall have the use of all outfit, equipment, and appliances on board the Vessel at the time of delivery, provided the same or their substantial equivalent shall be returned to the Owners on redelivery in the same good order and condition as when received, ordinary wear and tear excepted. The Charterers shall from time to time during the Charter Period replace such items of equipment as shall be so damaged or worn as to be unfit for use in accordance with the guidelines of the Classification Society and shall ensure that title to any part replaced, renewed or substituted remains with the Owners. The Charterers are to procure that all repairs to or replacement of any damaged, worn or lost parts or equipment be effected in such manner (both as regards workmanship and quality of materials) as not to diminish the value of the Vessel. The Charterers have the right to fit additional equipment and replace, renew or substitute any damaged or worn machinery and equipment to be fit for use at their expense and risk but title to such additional equipment and such replaced, renewed or substituted machinery and equipment (or any parts thereof) shall be deemed to have passed to the Owners immediately upon such fitting and the Charterers shall remove such equipment at the end of the period (unless the Vessel has been sold to the Charterers pursuant to the exercise of a Purchase Option, Call Option or Early Termination Event) if requested by the Owners. Any equipment including radio equipment on hire on the Vessel at time of delivery shall be kept and maintained by the Charterers and the Charterers shall assume the obligations and liabilities of the Owners under any lease contracts in connection therewith and shall ~~reimburse~~<sup>indemnify</sup> the Owners for all expenses incurred in connection therewith, also for any new equipment required in order to comply with radio regulations.

**(g) Periodical Dry-Docking** - The Charterers shall (at their cost and expense) dry-dock the Vessel and clean and paint her underwater parts whenever the same may be necessary, but not less than once during the period stated in Box 19 or, if Box 19 has been left blank, every sixty (60) calendar months after delivery or such other period as may be required by the Classification Society or flag State.

## **11. Hire**

See Additional Clause 40 (Hire).

**(a)** The Charterers shall pay ~~the~~<sup>hire</sup> due to the Owners punctually in accordance with the terms of this Charter in respect of which time shall be of the essence.

~~**(b)** The Charterers shall pay to the Owners for the hire of the Vessel a lump sum in the amount indicated in Box 22 which shall be payable not later than every thirty (30) running days in advance, the first lump sum being payable on the date and hour of the Vessel's delivery to the Charterers. Hire shall be paid continuously throughout the Charter Period.~~

- ~~(c) Payment of hire shall be made in cash without discount in the currency and in the manner indicated in Box 25 and at the place mentioned in Box 26.~~
- ~~(d) Final payment of hire, if for a period of less than thirty (30) running days, shall be calculated proportionally according to the number of days and hours remaining before redelivery and advance payment to be effected accordingly.~~
- ~~(e) Should the Vessel be lost or missing, hire shall cease from the date and time when she was lost or last heard of. The date upon which the Vessel is to be treated as lost or missing shall be ten (10) days after the Vessel was last reported or when the Vessel is posted as missing by Lloyd's, whichever occurs first. Any hire paid in advance to be adjusted accordingly.~~
- ~~(f) Any delay in payment of hire shall entitle the Owners to interest at the rate per annum as agreed~~

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in Box 24. If Box 24 has not been filled in, the three months Interbank offered rate in London (LIBOR or its successor) for the currency stated in Box 25, as quoted by the British Bankers' Association (BBA) on the date when the hire fell due, increased by 2 per cent., shall apply.

~~(g) Payment of interest due under sub clause 11(f) shall be made within seven (7) running days of the date of the Owners' invoice specifying the amount payable or, in the absence of an invoice, at the time of the next hire payment date.~~

**12. Mortgage**

~~(only to apply if Box 28 has been appropriately filled in)~~

~~\*) (a) The Owners warrant that they have not effected any mortgage(s) of the Vessel and that they shall not effect any mortgage(s) without the prior consent of the Charterers, which shall not be unreasonably withheld.~~

~~\*) (b) The Vessel chartered under this Charter ~~is~~ may be financed by a mortgage according to the Financial Instrument. The Charterers undertake to comply, and provide such information and documents to enable the Owners to comply, with all such instructions or directions in regard to the employment, insurances, operation, repairs and maintenance of the Vessel as laid down in the Financial Instrument or as may be directed from time to time during the currency of the Charter by the mortgagee(s) in conformity with ~~the~~ each Financial Instrument. The Charterers confirm that, for this purpose, they will, once such Financial Instrument is available, ~~have~~ acquainted themselves with all relevant terms, conditions and provisions of the Financial Instrument and agree to acknowledge this and any assignment of this Charter and the Owners' earnings and insurances in writing in any form that may reasonably be required by the mortgagee(s). For the avoidance of doubt and notwithstanding anything to the contrary contained in this Charter unless otherwise agreed by the Charterers, the Charterers shall not be obliged to comply with any provision of a Financial Instrument that imposes obligations on the Charterers which are more onerous than those imposed pursuant to this Charter. See also Additional Clause 45 (Owners' mortgage; Owners transfers). ~~The Owners warrant that they have not effected any mortgage(s) other than stated in Box 28 and that they shall not agree to any amendment of the mortgage(s) referred to in Box 28 or effect any other mortgage(s) without the prior consent of the Charterers, which shall not be unreasonably withheld.~~~~

~~\*) (Optional, Clauses 12(a) and 12(b) are alternatives; indicate alternative agreed in Box 28).~~

**13. Insurance and Repairs**

See Additional Clause 41 (Insurance).

~~(a) During the Charter Period the Vessel shall be kept insured by the Charterers at their expense against hull and machinery, war and Protection and Indemnity risks (and any risks against which it is compulsory to insure for the operation of the Vessel, including maintaining financial security in accordance with sub clause 10(a)(iii)) in such form as the Owners shall in writing approve, which approval shall not be unreasonably withheld. Such insurances shall be arranged by the Charterers to protect the interests of both the Owners and the Charterers and the mortgagee(s) (if any), and~~

~~The Charterers shall be at liberty to protect under such insurances the interests of any managers they may appoint. Insurance policies shall cover the Owners and the Charterers according to their respective interests. Subject to the provisions of the Financial Instrument, if any, and the approval of the Owners and the insurers, the Charterers shall effect all insured repairs and shall undertake settlement and reimbursement from the insurers of all costs in connection with such repairs as well as insured charges, expenses and liabilities to the extent of coverage under the insurances herein provided for.~~

~~The Charterers ~~also to~~ shall remain responsible for and to effect repairs and settlement of costs and expenses incurred thereby in respect of all other repairs not covered by the insurances and/or not exceeding any possible franchise(s) or deductibles provided for in the insurances.~~

~~All time used for repairs under the provisions of sub-clause 13(a) and for repairs of latent defects according to Clause 3(c) above, including any deviation, shall be for the Charterers' account.~~

~~(b) If the conditions of the above insurances permit additional insurance to be placed by the parties, such cover shall be limited to the amount for each party set out in Box 30 and Box 31, respectively. The Owners or the Charterers as the case may be shall immediately furnish the other party with particulars of any additional insurance effected, including copies of any cover notes or policies and the written consent of the insurers of any such required insurance in any case where the consent of such insurers is necessary.~~

~~(c) The Charterers shall upon the request of the Owners, provide information and promptly execute such documents as may be required to enable the Owners to comply with the insurance provisions of the Financial Instrument.~~

~~(d) Subject to the provisions of the Financial Instrument, if any, should the Vessel become an actual, constructive, compromised or agreed total loss under the insurances required under sub clause 13(a), all insurance payments for such loss shall be paid to the~~

Owners who shall distribute the moneys between the Owners and the Charterers according to their respective interests. The Charterers undertake to notify the Owners and the mortgagee(s), if any, of any occurrences in consequence of which the Vessel is likely to become a total loss as defined in this Clause.

~~(e) The Owners shall upon the request of the Charterers, promptly execute such documents as may be required to enable the Charterers to abandon the Vessel to insurers and claim a constructive total loss.~~

~~(f) For the purpose of insurance coverage against hull and machinery and war risks under the provisions of sub clause 13(a), the value of the Vessel is the sum indicated in Box 29.~~

#### **14. Insurance, Repairs and Classification**

~~(Optional, only to apply if expressly agreed and stated in Box 29, in which event Clause 13 shall be considered deleted).~~

~~(a) During the Charter Period the Vessel shall be kept~~

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insured by the Owners at their expense against hull and machinery and war risks under the form of policy or policies attached hereto. The Owners and/or insurers shall not have any right of recovery or subrogation against the Charterers on account of loss of or any damage to the Vessel or her machinery or appurtenances covered by such insurance, or on account of payments made to discharge claims against or liabilities of the Vessel or the Owners covered by such insurance. Insurance policies shall cover the Owners and the Charterers according to their respective interests.

~~(b) During the Charter Period the Vessel shall be kept insured by the Charterers at their expense against Protection and Indemnity risks (and any risks against which it is compulsory to insure for the operation of the Vessel, including maintaining financial security in accordance with sub-clause 10(a)(iii)) in such form as the Owners shall in writing approve which approval shall not be unreasonably withheld.~~

~~(c) In the event that any act or negligence of the Charterers shall vitiate any of the insurance herein provided, the Charterers shall pay to the Owners all losses and indemnify the Owners against all claims and demands which would otherwise have been covered by such insurance.~~

~~(d) The Charterers shall, subject to the approval of the Owners or Owners' Underwriters, effect all insured repairs, and the Charterers shall undertake settlement of all miscellaneous expenses in connection with such repairs as well as all insured charges, expenses and liabilities, to the extent of coverage under the insurances provided for under the provisions of sub-clause 14(a). The Charterers to be secured reimbursement through the Owners' Underwriters for such expenditures upon presentation of accounts.~~

~~(e) The Charterers to remain responsible for and to effect repairs and settlement of costs and expenses incurred thereby in respect of all other repairs not covered by the insurances and/or not exceeding any possible franchise(s) or deductibles provided for in the insurances.~~

~~(f) All time used for repairs under the provisions of sub-clauses 14(d) and 14(e) and for repairs of latent defects according to Clause 3 above, including any deviation, shall be for the Charterers' account and shall form part of the Charter Period.~~

The Owners shall not be responsible for any expenses as are incident to the use and operation of the Vessel for such time as may be required to make such repairs.

~~(g) If the conditions of the above insurances permit additional insurance to be placed by the parties such cover shall be limited to the amount for each party set out in Box 30 and Box 31, respectively. The Owners or the Charterers as the case may be shall immediately furnish the other party with particulars of any additional insurance effected, including copies of any cover notes or policies and the written consent of the insurers of any such required insurance in any case where the consent of such insurers is necessary.~~

~~(h) Should the Vessel become an actual, constructive, compromised or agreed total loss under the insurances required under sub-clause 14(a), all insurance payments for such loss shall be paid to the Owners, who shall distribute the moneys between themselves and the Charterers according to their respective interests.~~

~~(i) If the Vessel becomes an actual, constructive, compromised or agreed total loss under the insurances arranged by the Owners in accordance with sub-clause 14(a), this Charter shall terminate as of the date of such loss.~~

~~(j) The Charterers shall upon the request of the Owners, promptly execute such documents as may be required to enable the Owners to abandon the Vessel to the insurers and claim a constructive total loss.~~

~~(k) For the purpose of insurance coverage against hull and machinery and war risks under the provisions of sub-clause 14(a), the value of the Vessel is the sum indicated in Box 29.~~

~~(l) Notwithstanding anything contained in sub-clause 10(a), it is agreed that under the provisions of Clause 14, if applicable, the Owners shall keep the Vessel's Class fully up to date with the Classification Society indicated in Box 10 and maintain all other necessary certificates in force at all times.~~

### **15. Redelivery**

See Additional Clause 42 (Redelivery) and Additional Clause 43 (Redelivery conditions).

At the expiration of the Charter Period the Vessel shall be redelivered by the Charterers to the Owners at a safe and ice free port or place as indicated in Box 16, in such ready safe berth as the Owners may direct. The Charterers shall give the Owners not less than thirty (30) running days' preliminary notice of expected date, range of ports of redelivery or port or place of redelivery and not less than fourteen (14) running days' definite notice of expected date and port or place of redelivery. Any changes thereafter in the Vessel's position shall be notified immediately to the Owners.

The Charterers warrant that they will not permit the Vessel to commence a voyage (including any preceding ballast voyage) which cannot reasonably be expected to be completed in time to allow redelivery of the Vessel within the Charter Period. ~~Notwithstanding~~

the above, should the Charterers fail to redeliver the Vessel within The Charter Period, the Charterers shall pay the daily equivalent to the rate of hire stated in Box 22 plus 10 per cent. or to the market rate, whichever is the higher, for the number of days by which the Charter Period is exceeded. All other terms, conditions and provisions of this Charter shall continue to apply.

~~Subject to the provisions of Clause 10, the Vessel shall be redelivered to the Owners in the same or as good structure, state, condition and class as that in which she was delivered, fair wear and tear not affecting class excepted.~~

~~The Vessel upon redelivery shall have her survey cycles up to date and trading and class certificates valid for at least the number of months agreed in Box 17.~~

#### **16. Non-Lien**

The Charterers will not suffer, nor permit to be continued, any lien or encumbrance incurred by them or their agents, which might have priority over the title and interest of the Owners in the Vessel other than any Permitted Encumbrances. The Charterers further agree to fasten to the Vessel in a conspicuous

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place and to keep so fastened during the Charter Period a notice reading as follows:

"This Vessel is the property of (name of Owners). It is under charter to (name of Charterers) and by the terms of the Charter Party neither the Charterers nor the Master have any right, power or authority to create, incur or permit to be imposed on the Vessel any lien whatsoever."

See paragraph (i) of Additional Clause 48 (Charterers' undertakings).

**17. Indemnity**

See also Additional Clause 58 (Further Indemnities).

**(a)** The Charterers shall indemnify the Owners against any loss, damage or documented expense incurred by the Owners arising out of or in relation to the operation of the Vessel by the Charterers, and against any lien of whatsoever nature (save for any liens caused directly and solely by the Owners (in the absence of any Termination Event or contributory negligence of the Charterers)), arising out of an event occurring during the Charter Period. If the Vessel be arrested or otherwise detained by reason of claims or liens arising out of her operation hereunder by the Charterers, the Charterers shall at their own expense take all reasonable steps to secure that within a reasonable time the Vessel is released, including the provision of bail.

Without prejudice to the generality of the foregoing, the Charterers agree to indemnify the Owners against all consequences or liabilities arising from the Master, officers or agents signing Bills of Lading or other documents.

~~**(b)** If the Vessel be arrested or otherwise detained by reason of a claim or claims against the Owners, the Owners shall at their own expense take all reasonable steps to secure that within a reasonable time the Vessel is released, including the provision of bail.~~

~~In such circumstances the Owners shall indemnify the Charterers against any loss, damage or expense incurred by the Charterers (including hire paid under this Charter) as a direct consequence of such arrest or detention.~~

**18. Lien**

The Owners to have a lien upon all cargoes, sub-hires and sub-freights belonging or due to the Charterers or any sub-charterers and any Bill of Lading freight for all claims under this Charter., ~~and the Charterers to have a lien on the Vessel for all moneys paid in advance and not earned.~~

**19. Salvage**

All salvage and towage performed by the Vessel shall be for the Charterers' benefit and the cost of repairing damage occasioned thereby shall be borne by the Charterers.

**20. Wreck Removal**

In the event of the Vessel becoming a wreck or obstruction to navigation the Charterers shall indemnify the Owners against any sums whatsoever which the Owners shall become liable to pay and shall pay in consequence of the Vessel becoming a wreck or obstruction to navigation.

**21. General Average**

The Owners shall not contribute to General Average.

**22. Assignment, Sub-Charter and Sale**

See Additional Clause 45 (Owners' mortgage; Owners transfers) and Additional Clause 50 (Sub-chartering and assignment).

**(a)** The Charterers shall not assign or transfer this Charter nor sub-charter the Vessel on a bareboat basis except with the prior consent in writing of the Owners, which shall not be unreasonably withheld, and subject to such terms and conditions as the Owners shall approve.

~~**(b)** The Owners shall not sell the Vessel during the currency of this Charter except with the prior written consent of the Charterers, which shall not be unreasonably withheld, and subject to the buyer accepting an assignment of this Charter.~~

**23. Contracts of Carriage**

**\*) (a)** The Charterers are to procure that all documents issued during the Charter Period evidencing the terms and conditions agreed in respect of carriage of goods shall contain a paramount clause incorporating any legislation relating to carrier's liability for cargo compulsorily applicable in the trade; if no such legislation exists, the documents shall incorporate the Hague-Visby Rules. The documents shall also contain the New Jason Clause and the Both-to-Blame Collision Clause.

~~**\*) (b)** The Charterers are to procure that all passenger tickets issued during the Charter Period for the carriage of passengers and their luggage under this Charter shall contain a paramount clause incorporating any legislation relating to carrier's liability for passengers and their luggage compulsorily applicable in the trade; if no such legislation exists, the passenger tickets shall incorporate the Athens Convention Relating to the Carriage of Passengers and their Luggage by Sea, 1974, and any protocol thereto.~~

~~\*) Delete as applicable.~~

#### **24. Bank Guarantee**

*(Optional, only to apply if Box 27 filled in)*

~~The Charterers undertake to furnish, before delivery of the Vessel, a first class bank guarantee or bond in the sum and at the place as indicated in Box 27 as guarantee for full performance of their obligations under this Charter.~~

#### **25. Requisition/Acquisition**

~~(a) In the event of the Requisition for Hire of the Vessel by any governmental or other competent authority (hereinafter referred to as "Requisition for Hire") irrespective of the date during the Charter Period when "Requisition for Hire" may occur and irrespective of the length thereof and whether or not it be for an indefinite or a limited period of time, and irrespective of whether it may or will remain in force for the remainder of the Charter Period, this Charter shall not be deemed thereby or thereupon to be frustrated or otherwise terminated and the Charterers shall continue to pay the stipulated hire in the manner provided by this Charter until the time when the Charter would have terminated pursuant to any of the provisions hereof always provided however that in the event of "Requisition for Hire" any Requisition Hire or compensation received or receivable by the Owners shall be payable to the Charterers during the~~

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remainder of the Charter Period or the period of the "Requisition for Hire" whichever be the shorter.

~~(b) In the event of the Owners being deprived of their ownership in the Vessel by any Compulsory Acquisition of the Vessel or requisition for title by any governmental or other competent authority (hereinafter referred to as "Compulsory Acquisition"), then, irrespective of the date during the Charter Period when "Compulsory Acquisition" may occur, this Charter shall be deemed terminated as of the date of such "Compulsory Acquisition". In such event Charter Hire to be considered as earned and to be paid up to the date and time of such "Compulsory Acquisition".~~

**26. War**

**(a)** For the purpose of this Clause, the words "War Risks" shall include any war (whether actual or threatened), act of war, civil war, hostilities, revolution, rebellion, civil commotion, warlike operations, the laying of mines (whether actual or reported), acts of piracy, acts of terrorists, acts of hostility or malicious damage, blockades (whether imposed against all vessels or imposed selectively against vessels of certain flags or ownership, or against certain cargoes or crews or otherwise howsoever), by any person, body, terrorist or political group, or the Government of any state whatsoever, which may be dangerous or are likely to be or to become dangerous to the Vessel, her cargo, crew or other persons on board the Vessel.

**(b)** ~~The Vessel, provided that copies of such applicable additional insurance cover shall be provided to the Owners upon the Owners' request (such request to be made not more than once every three (3) months), unless the written consent of the Owners be first obtained,~~ shall not continue to or go through any port, place, area or zone (whether of land or sea), or any waterway or canal, where it reasonably appears that the Vessel, her cargo, crew or other persons on board the Vessel, in the reasonable judgement of the Owners, may be, or are likely to be, exposed to War Risks. Should the Vessel be within any such place as aforesaid, which only becomes dangerous, or is likely to be or to become dangerous, after her entry into it, the Owners shall have the right to require the Vessel to leave such area unless copies of such applicable additional insurance cover are provided to the Owners upon the Owners' request (such request to be made not more than once every three (3) months).

**(c)** The Vessel shall not load contraband cargo, or ~~to~~ pass through any blockade, whether such blockade be imposed on all vessels, or is imposed selectively in any way whatsoever against vessels of certain flags or ownership, or against certain cargoes or crews or otherwise howsoever, or ~~to~~ proceed to an area where she shall be subject, or is likely to be subject to a belligerent's right of search and/or confiscation.

**(d)** If the insurers of the war risks insurance, when Clause 14 is applicable, should require payment of premiums and/or calls because, pursuant to the Charterers' orders, the Vessel is within, or is due to enter and remain within, any area or areas which are specified by such insurers as being subject to additional premiums because of War Risks, then such premiums and/or calls shall be reimbursed by the Charterers to the Owners at the same time as the next payment of Hire is due.

**(e)** The Charterers shall have the liberty:

**(i)** to comply with all orders, directions, recommendations or advice as to departure, arrival, routes, sailing in convoy, ports of call, stoppages, destinations, discharge of cargo, delivery, or in any other way whatsoever, which are given by the Government of the Nation under whose flag the Vessel sails, or any other Government, body or group whatsoever acting with the power to compel compliance with their orders or directions;

**(ii)** to comply with the orders, directions or recommendations of any war risks underwriters who have the authority to give the same under the terms of the war risks insurance;

**(iii)** to comply with the terms of any resolution of the Security Council of the United Nations, any directives of the European Community, the effective orders of any other Supranational body which has the right to issue and give the same, and with national laws aimed at enforcing the same to which the Owners are subject, and to obey the orders and directions of those who are charged with their enforcement.

**(f)** ~~In the event of outbreak of war (whether there be a declaration of war or not) (i) between any two or more of the following countries: the United States of America; Russia; the United Kingdom; France; and the People's Republic of China, (ii) between any two or more of the countries stated in Box 36, both the Owners and the Charterers shall have the right to cancel this Charter, whereupon the Charterers shall redeliver the Vessel to the Owners in accordance with Clause 15, if the Vessel has cargo on board after discharge thereof at destination, or if debarred under this Clause from reaching or entering it at a near, open and safe port as directed by the Owners, or if the Vessel has no cargo on board, at the port at which the Vessel then is or if at sea at a near, open and safe port as directed by the Owners. In all cases Hire shall continue to be paid in accordance with Clause 11 and except as aforesaid all other provisions of this Charter shall apply until redelivery.~~

**27. Commission**

Not applicable

~~The Owners to pay a commission at the rate indicated in Box 33 to the Brokers named in Box 33 on any hire paid under the Charter. If no rate is indicated in Box 33, the commission to be paid by the Owners shall cover the actual expenses of the Brokers and a reasonable fee for their work.~~

~~If the full hire is not paid owing to breach of the Charter by either of the parties the party liable therefor shall indemnify the Brokers against their loss of commission. Should the parties agree to cancel the Charter, the Owners shall indemnify the Brokers against any loss of commission but in such case the commission shall not exceed the brokerage on one year's hire.~~

**28. Termination**

See Additional Clause 49 (Termination Events) and Clause 53 (Total Loss).

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**(a) Charterers' Default**

The Owners shall be entitled to withdraw the Vessel from the service of the Charterers and terminate the Charter with immediate effect by written notice to the Charterers if:

~~(i) the Charterers fail to pay hire in accordance with Clause 11. However, where there is a failure to make punctual payment of hire due to oversight, negligence, errors or omissions on the part of the Charterers or their bankers, the Owners shall give the Charterers written notice of the number of clear banking days stated in Box 34 (as recognised at the agreed place of payment) in which to rectify the failure, and when so rectified within such number of days following the Owners' notice, the payment shall stand as regular and punctual. Failure by the Charterers to pay hire within the number of days stated in Box 34 of their receiving the Owners' notice as provided herein, shall entitle the Owners to withdraw the Vessel from the service of the Charterers and terminate the Charter without further notice;~~

~~(ii) the Charterers fail to comply with the requirements of:~~

~~(1) Clause 6 (Trading Restrictions)~~

~~(2) Clause 13(a) (Insurance and Repairs) provided that the Owners shall have the option, by written notice to the Charterers, to give the Charterers a specified number of days grace within which to rectify the failure without prejudice to the Owners' right to withdraw and terminate under this Clause if the Charterers fail to comply with such notice;~~

~~(iii) the Charterers fail to rectify any failure to comply with the requirements of sub-clause 10(a)(i) (Maintenance and Repairs) as soon as practically possible after the Owners have requested them in writing so to do and in any event so that the Vessel's insurance cover is not prejudiced.~~

**(b) Owners' Default**

If the Owners shall by any act or omission be in breach of their obligations under this Charter to the extent that the Charterers are deprived of the use of the Vessel and such breach continues for a period of fourteen (14) running days after written notice thereof has been given by the Charterers to the Owners, the Charterers shall be entitled to terminate this Charter with immediate effect by written notice to the Owners.

**(c) Loss of Vessel**

This Charter shall be deemed to be terminated if the Vessel becomes a total loss or is declared as a constructive or compromised or arranged total loss. For the purpose of this sub-clause, the Vessel shall not be deemed to be lost unless she has either become an actual total loss or agreement has been reached with her underwriters in respect of her constructive, compromised or arranged total loss or if such agreement with her underwriters is not reached it is adjudged by a competent tribunal that a constructive loss of the Vessel has occurred.

~~(d) Either party shall be entitled to terminate this Charter with immediate effect by written notice to the other party in the event of an order being made or resolution passed for the winding up, dissolution, liquidation or bankruptcy of the other party (otherwise than for the purpose of reconstruction or amalgamation) or if a receiver is appointed, or if it suspends payment, ceases to carry on business or makes any special arrangement or composition with its creditors.~~

~~(e) The termination of this Charter shall be without prejudice to all rights accrued due between the parties prior to the date of termination and to any claim that either party might have.~~

**29. Repossession**

See Additional Clause 42 (Redelivery) and Additional Clause 43 (Redelivery conditions).

In the event of the termination of this Charter in accordance with the applicable provisions of ~~Clause 29~~ this Charter, the Owners shall have the right to repossess the Vessel from the Charterers at her current or next port of call, or at a port or place convenient to them without hindrance or interference by the Charterers, courts or local authorities. Pending physical repossession of the Vessel in accordance with this Clause 29, the Charterers shall hold the Vessel as gratuitous bailee only to the Owners and the Charterers shall procure that the master and crew follow the orders and directions of the Owners.

~~The Owners shall arrange for an authorised representative to board the Vessel as soon as reasonably practicable following the termination of the Charter. The Vessel shall be deemed to be repossessed by the Owners from the Charterers upon the boarding of the Vessel by the Owners' representative. All arrangements and expenses relating to the settling of wages, disembarkation and repatriation of the Charterers' Master, officers and crew shall be the sole responsibility of the Charterers.~~

### 30. Dispute Resolution

See Additional Clause 71 (Law and dispute resolution).

~~\*) (a) This Contract shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this Contract shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.~~

~~The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.~~

~~The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within 14 calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the 14 days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the 14 days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if he had been appointed by agreement.~~

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Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.

~~In cases where neither the claim nor any counterclaim exceeds the sum of US\$50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.~~

~~\*) (b) This Contract shall be governed by and construed in accordance with Title 9 of the United States Code and the Maritime Law of the United States and any dispute arising out of or in connection with this Contract shall be referred to three persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for the purposes of enforcing any award, judgement may be entered on an award by any court of competent jurisdiction. The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc.~~

~~In cases where neither the claim nor any counterclaim exceeds the sum of US\$50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the Society of Maritime Arbitrators, Inc. current at the time when the arbitration proceedings are commenced.~~

~~\*) (c) This Contract shall be governed by and construed in accordance with the laws of the place mutually agreed by the parties and any dispute arising out of or in connection with this Contract shall be referred to arbitration at a mutually agreed place, subject to the procedures applicable there.~~

~~(d) Notwithstanding (a), (b) or (c) above, the parties may agree at any time to refer to mediation any difference and/or dispute arising out of or in connection with this Contract.~~

~~In the case of a dispute in respect of which arbitration has been commenced under (a), (b) or (c) above, the following shall apply:~~

~~(i) Either party may at any time and from time to time elect to refer the dispute or part of the dispute to mediation by service on the other party of a written notice (the "Mediation Notice") calling on the other party to agree to mediation.~~

~~(ii) The other party shall thereupon within 14 calendar days of receipt of the Mediation Notice confirm that they agree to mediation, in which case the parties shall thereafter agree a mediator within a further 14 calendar days, failing which on the application of either party a mediator will be appointed promptly by the Arbitration Tribunal ("the Tribunal") or such person as the Tribunal may designate for that purpose. The mediation shall be conducted in such place and in accordance with such procedure and on such terms as the parties may agree or, in the event of disagreement, as may be set by the mediator.~~

~~(iii) If the other party does not agree to mediate, that fact may be brought to the attention of the Tribunal and may be taken into account by the Tribunal when allocating the costs of the arbitration as between the parties.~~

~~(iv) The mediation shall not affect the right of either party to seek such relief or take such steps as it considers necessary to protect its interest.~~

~~(v) Either party may advise the Tribunal that they have agreed to mediation. The arbitration procedure shall continue during the conduct of the mediation but the Tribunal may take the mediation timetable into account when setting the timetable for steps in the arbitration.~~

~~(vi) Unless otherwise agreed or specified in the mediation terms, each party shall bear its own costs incurred in the mediation and the parties shall share equally the mediator's costs and expenses.~~

~~(vii) The mediation process shall be without prejudice and confidential and no information or documents disclosed during it shall be revealed to the Tribunal except to the extent that they are disclosable under the law and procedure governing the arbitration.~~

~~(Note: The parties should be aware that the mediation process may not necessarily interrupt time limits.)~~

~~(e) If Box 35 in Part I is not appropriately filled in, sub clause~~

~~30(a) of this Clause shall apply. Sub clause 30(d) shall apply in all cases.~~

~~\*) Sub clauses 30(a), 30(b) and 30(c) are alternatives; indicate alternative agreed in Box 35.~~

**31. Notices**

See Additional Clause 66 (Notices).

~~(a) Any notice to be given by either party to the other party shall be in writing and may be sent by fax, telex, registered or recorded mail or by personal service.~~

~~(b) The address of the Parties for service of such communication shall be as stated in Boxes 3 and 4 respectively.~~



**PART III**  
**PROVISIONS TO APPLY FOR NEWBUILDING VESSELS ONLY**  
(Optional, only to apply if expressly agreed and stated in Box 37)

**1. Specifications and Building Contract**

**(a)** The Vessel shall be constructed in accordance with the Building Contract (hereafter called "the Building Contract") as annexed to this Charter, made between the Builders and the Owners and in accordance with the specifications and plans annexed thereto, such Building Contract, specifications and plans having been counter-signed as approved by the Charterers.

**(b)** No change shall be made in the Building Contract or in the specifications or plans of the Vessel as approved by the Charterers as aforesaid, without the Charterers' consent.

**(c)** The Charterers shall have the right to send their representative to the Builders' Yard to inspect the Vessel during the course of her construction to satisfy themselves that construction is in accordance with such approved specifications and plans as referred to under sub clause (a) of this Clause.

**(d)** The Vessel shall be built in accordance with the Building Contract and shall be of the description set out therein. Subject to the provisions of sub clause 2(c)(ii) hereunder, the Charterers shall be bound to accept the Vessel from the Owners, completed and constructed in accordance with the Building Contract, on the date of delivery by the Builders. The Charterers undertake that having accepted the Vessel they will not thereafter raise any claims against the Owners in respect of the Vessel's performance or specification or defects, if any.

Nevertheless, in respect of any repairs, replacements or defects which appear within the first 12 months from delivery by the Builders, the Owners shall endeavour to compel the Builders to repair, replace or remedy any defects or to recover from the Builders any expenditure incurred in carrying out such repairs, replacements or remedies.

However, the Owners' liability to the Charterers shall be limited to the extent the Owners have a valid claim against the Builders under the guarantee clause of the Building Contract (a copy whereof has been supplied to the Charterers). The Charterers shall be bound to accept such sums as the Owners are reasonably able to recover under this Clause and shall make no further claim on the Owners for the difference between the amount(s) so recovered and the actual expenditure on repairs, replacement or remedying defects or for any loss of time incurred.

Any liquidated damages for physical defects or deficiencies shall accrue to the account of the party stated in Box 41(a) or if not filled in shall be shared equally between the parties. The costs of pursuing a claim or claims against the Builders under this Clause (including any liability to the Builders) shall be borne by the party stated in Box 41(b) or if not filled in shall be shared equally between the parties.

**2. Time and Place of Delivery**

**(a)** Subject to the Vessel having completed her acceptance trials including trials of cargo equipment in accordance with the Building Contract and specifications to the satisfaction of the Charterers, the Owners shall give and the Charterers shall take delivery of the Vessel afloat when ready for delivery and properly documented at the Builders' Yard or some other safe and readily accessible dock, wharf or place as may be agreed between the parties hereto and the Builders. Under the Building Contract the Builders have estimated that the Vessel will be ready for delivery to the Owners as therein provided but the delivery date for the purpose of this Charter shall be the date when the Vessel is in fact ready for delivery by the Builders after completion of trials whether that be before or after as indicated in the Building Contract. The Charterers shall not be entitled to refuse acceptance of delivery of the Vessel and upon and after such acceptance, subject to Clause 1(d), the Charterers shall not be entitled to make any claim against the Owners in respect of any conditions, representations or warranties, whether express or implied, as to the seaworthiness of the Vessel or in respect of delay in delivery.

**(b)** If for any reason other than a default by the Owners under the Building Contract, the Builders become entitled under that Contract not to deliver the Vessel to the Owners, the Owners shall upon giving to the Charterers written notice of Builders becoming so entitled, be excused from giving delivery of the Vessel to the Charterers and upon receipt of such notice by the Charterers this Charter shall cease to have effect.

**(c)** If for any reason the Owners become entitled under the Building Contract to reject the Vessel the Owners shall, before exercising such right of rejection, consult the Charterers and thereupon

**(i)** if the Charterers do not wish to take delivery of the Vessel they shall inform the Owners within seven (7) running days by notice in writing and upon receipt by the Owners of such notice this Charter shall cease to have effect; or

**(ii)** if the Charterers wish to take delivery of the Vessel they may by notice in writing within seven (7) running days require the Owners to negotiate with the Builders as to the terms on which delivery should be taken and/or refrain from exercising their right to rejection and upon receipt of such notice the Owners shall commence such negotiations and/or take delivery of the Vessel from the Builders and deliver her to the Charterers;

~~(iii) in no circumstances shall the Charterers be entitled to reject the Vessel unless the Owners are able to reject the Vessel from the Builders;~~

~~(iv) if this Charter terminates under sub clause (b) or (c) of this Clause, the Owners shall thereafter not be liable to the Charterers for any claim under or arising out of this Charter or its termination.~~

~~(d) Any liquidated damages for delay in delivery under the Building Contract and any costs incurred in pursuing a claim therefor shall accrue to the account of the party stated in Box 41(c) or if not filled in shall be shared equally between the parties.~~

### ~~3. Guarantee Works~~

~~If not otherwise agreed, the Owners authorise the Charterers to arrange for the guarantee works to be performed in accordance with the building contract terms, and hire to continue during the period of guarantee works. The Charterers have to advise the Owners about the performance to the extent the Owners may request.~~

### ~~4. Name of Vessel~~

~~The name of the Vessel shall be mutually agreed between the Owners and the Charterers and the Vessel shall be~~

**PART III**  
**PROVISIONS TO APPLY FOR NEWBUILDING VESSELS ONLY**  
(Optional, only to apply if expressly agreed and stated in Box 37)

~~painted in the colours, display the funnel insignia and fly the house flag as required by the Charterers.~~

**5. Survey on Redelivery**

~~The Owners and the Charterers shall appoint surveyors for the purpose of determining and agreeing in writing the condition of the Vessel at the time of re-delivery.~~

~~Without prejudice to Clause 15 (Part II), the Charterers shall bear all survey expenses and all other costs, if any, including the cost of docking and undocking, if required, as well as all repair costs incurred. The Charterers shall also bear all loss of time spent in connection with any docking and undocking as well as repairs, which shall be paid at the rate of hire per day or pro rata.~~

**PART IV**  
**HIRE/PURCHASE AGREEMENT**  
(Optional, only to apply if expressly agreed and stated in Box 42)

~~On expiration of this Charter and provided the Charterers have fulfilled their obligations according to Part I and II as well as Part III, if applicable, it is agreed, that on payment of the final payment of hire as per Clause 11 the Charterers have purchased the Vessel with everything belonging to her and the Vessel is fully paid for.~~

~~In the following paragraphs the Owners are referred to as the Sellers and the Charterers as the Buyers.~~

~~The Vessel shall be delivered by the Sellers and taken over by the Buyers on expiration of the Charter.~~

~~The Sellers guarantee that the Vessel, at the time of delivery, is free from all encumbrances and maritime liens or any debts whatsoever other than those arising from anything done or not done by the Buyers or any existing mortgage agreed not to be paid off by the time of delivery. Should any claims, which have been incurred prior to the time of delivery be made against the Vessel, the Sellers hereby undertake to indemnify the Buyers against all consequences of such claims to the extent it can be proved that the Sellers are responsible for such claims. Any taxes, notarial, consular and other charges and expenses connected with the purchase and registration under Buyers' flag, shall be for Buyers' account. Any taxes, consular and other charges and expenses connected with closing of the Sellers' register, shall be for Sellers' account.~~

~~In exchange for payment of the last month's hire instalment the Sellers shall furnish the Buyers with a Bill of Sale duly attested and legalized, together with a certificate setting out the registered encumbrances, if any. On delivery of the Vessel the Sellers shall provide for deletion of the Vessel from the Ship's Register and deliver a certificate of deletion to the Buyers.~~

~~The Sellers shall, at the time of delivery, hand to the Buyers all classification certificates (for hull, engines, anchors, chains, etc.), as well as all plans which may be in Sellers' possession.~~

~~The Wireless Installation and Nautical Instruments, unless on hire, shall be included in the sale without any extra payment.~~

~~The Vessel with everything belonging to her shall be at Sellers' risk and expense until she is delivered to the Buyers, subject to the conditions of this Contract and the Vessel with everything belonging to her shall be delivered and taken over as she is at the time of delivery, after which the Sellers shall have no responsibility for possible faults or deficiencies of any description.~~

~~The Buyers undertake to pay for the repatriation of the Master, officers and other personnel if appointed by the Sellers to the port where the Vessel entered the Bareboat Charter as per Clause 3 (Part II) or to pay the equivalent cost for their journey to any other place.~~

**PART V**  
**PROVISIONS TO APPLY FOR VESSELS REGISTERED IN A BAREBOAT CHARTER REGISTRY**  
(Optional, only to apply if expressly agreed and stated in Box 43)

**1. Definitions**

For the purpose of this PART V, the following terms shall have the meanings hereby assigned to them:

~~"The Bareboat Charter Registry" shall mean the registry of the State whose flag the Vessel will fly and in which the Charterers are registered as the bareboat charterers during the period of the Bareboat Charter.~~

~~"The Underlying Registry" shall mean the registry of the state in which the Owners of the Vessel are registered as Owners and to which jurisdiction and control of the Vessel will revert upon termination of the Bareboat Charter Registration.~~

**2. Mortgage**

~~The Vessel chartered under this Charter is financed by a mortgage and the provisions of Clause 12(b) (Part II) shall apply.~~

**3. Termination of Charter by Default**

~~If the Vessel chartered under this Charter is registered in a Bareboat Charter Registry as stated in Box 44, and if the Owners shall default in the payment of any amounts due under the mortgage(s) specified in Box 29, the Charterers shall, if so required by the mortgagee, direct the Owners to re-register the Vessel in the Underlying Registry as shown in Box 45.~~

~~In the event of the Vessel being deleted from the Bareboat Charter Registry as stated in Box 44, due to a default by the Owners in the payment of any amounts due under the mortgage(s), the Charterers shall have the right to terminate this Charter forthwith and without prejudice to any other claim they may have against the Owners under this Charter.~~

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**ADDITIONAL CLAUSES  
TO BAREBOAT CHARTER FOR THE VESSEL "BLANDINE" TO BE RENAMED  
"GSL TRIPOLI"**

**32 Definitions**

In this Charter:

"**2018 Withdrawal Act**" means the European Union (Withdrawal) Act 2018.

"**2020 Withdrawal Act**" means the European Union (Withdrawal Agreement) Act 2020.

"**Account Bank**" means ABN AMRO Bank N.V. of Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands or any other third party bank acceptable to the Owners (acting reasonably).

"**Account Pledge**" means a deed or other instrument by the Charterers in favour of the Security Trustee in an agreed form conferring a Security Interest over the Operating Account.

"**Actual Delivery Date**" means the date of delivery of the Vessel by the Owners to the Charterers under this Charter.

"**Advance Hire**" has the meaning given to such term in Clause 40(a)(i) (*Hire*).

"**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.

"**Agreement Term**" means the period commencing on the date of this Charter and terminating on the later of:

- (a) the expiration of the Charter Period; and
- (b) the date on which all money of any nature owed by the Obligor Parties (as defined in the Security Trust Deed) to the Creditor Parties (as defined in the Security Trust Deed) under the Transaction Documents (as defined in the Security Trust Deed) or otherwise in connection with the Vessel and any Collateral Vessel have been paid in full to the Creditor Parties (as defined in the Security Trust Deed) and no obligations of the Obligor Parties (as defined in the Security Trust Deed) of any nature to the Creditor Parties (as defined in the Security Trust Deed) or otherwise in connection with the Transaction Documents (as defined in the Security Trust Deed) or with this Vessel and any Collateral Vessel remain unperformed or undischarged.

"**AML Laws**" means all applicable financial record-keeping and reporting requirements, anti-money laundering statutes (including all applicable rules and regulations thereunder) and all applicable related or similar laws, rules, regulations or guidelines, of all jurisdictions including and without limitation, the United States of America, the European Union, the United Kingdom and the People's Republic of China and which in each case are:

- (a) issued, administered or enforced by any governmental agency having jurisdiction over any Obligor or Owners;
- (b) of any jurisdiction in which any Obligor or Owners conduct business; or
- (c) to which any Obligor or Owners is subjected or subject to.

"**Anthea Y Charter**" means the bareboat charter on barecon 2001 form with additional clauses dated 20 May 2021 (as may from time to time be amended, supplemented, novated or replaced) made between Sea 156 Leasing Co. Limited as owners and Telemachus Marine LLC as charterers, in relation to the vessel "Anthea Y" (IMO No.: 9710244).

"**Anti-Terrorism Financing Laws**" means all applicable anti-terrorism laws, rules, regulations or guidelines of any jurisdiction, including and not limited to the United States of America, the European Union, the United Kingdom or the People's Republic of China which are:

- (a) issued, administered or enforced by any governmental agency, having jurisdiction over any Obligor or Owners;
- (b) of any jurisdiction in which any Obligor or Owners conduct business; or
- (c) to which any Obligor or Owners is subjected or subject to.

"**Applicable Rate**" means:

- (a) for any Hire Period of which the Variable Hire Determination Date falls before a Replacement Benchmark has been agreed pursuant to Clause 40(m)(ii)(B) (*Hire*), LIBOR; or
- (b) for any Hire Period of which the Variable Hire Determination Date falls upon or after a Replacement Benchmark is agreed on pursuant to Clause 40(m)(ii)(B) (*Hire*), the Replacement Benchmark.

"**Approved Broker**" means any of Clarksons Platou, Maersk Broker, Howe Robinson Partners Pte Ltd and Barry Rogliano Salles (BRS) (or any affiliates of the aforementioned if ship valuations are commonly issued by them) and such other reputable and independent ship brokers as may be nominated by the Charterers and approved by the Owners.

"**Approved Charter**" means a valid, binding time charter for the Vessel entered into by the Charterers as disponent owner and with an Approved Charterer as charterer meeting the following criteria:

- (a) with a minimum fixed charter period (without optional extensions) of three (3) years; and
- (b) with the amount of daily charter hire being not less than sixteen thousand five hundred Dollars (US\$16,500).

"**Approved Charterer**" means a leading international container shipping company ranked within the top seven container liner companies globally at any time or such

other reputable leading international container shipping company as may be nominated by the Charterers and approved by the Owners.

**"Approved Commercial Manager"** means the Conchart Commercial Inc, a company incorporated in the Marshall Islands whose registered address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 (registration number 39730) or such other reputable third-party ship management company nominated by the Charterers and approved by the Owners.

**"Approved Flag"** means Liberia or such other jurisdiction as may be acceptable to the Owners (acting reasonably) from time to time.

**"Approved Managers"** means the Approved Commercial Manager and the Approved Technical Manager and **"Approved Manager"** means any one of them.

**"Approved Technical Manager"** means Technomar Shipping Inc, a company incorporated in the Republic of Liberia whose registered address is at 80 Broad Street, Monrovia, Liberia (registration number C-76029) or such other reputable third-party ship management company nominated by the Charterers and approved by the Owners.

**"Arrangement Fee"** means the non-refundable fee in the amount equal to one per cent. (1%) of the Owners' Cost.

**"Break Costs"** means all costs, losses, premiums or penalties incurred by the Owners as a result of the receipt by the Owners of any payment under or in relation to the Transaction Documents on a day other than the due date for payment of the sum in question, or as a result of the Purchase Option Date, Expiry Date or a Termination Payment Date not falling on a Hire Payment Date or as a result of the Termination Payment Date not falling on a Hire Payment Date in each case, including (but not limited to) any break costs incurred by the Owners under the Finance Documents.

**"Business Day"** means a day (other than a Saturday or Sunday) on which banks and financial markets are open for business in Athens, Shanghai, Hong Kong, the Netherlands, the jurisdiction in which the Owners' Account is opened, and:

- (a) (in relation to the determination of the Actual Delivery Date) in London; and
- (b) (in relation to any date for payment) in New York.

**"Business Ethics Laws"** means any laws, regulations and/or other legally binding requirements or determinations in relation to bribery, corruption, fraud, money-laundering, terrorism, sanctions, collusion bid-rigging or anti-trust, human rights violations (including forced labour and human trafficking) which are applicable to either party or to any jurisdiction where activities are performed and which shall include: (i) the United Kingdom Bribery Act 2010, (ii) the United States Foreign Corrupt Practices Act 1977, (iii) Prevention of Bribery Ordinance (Cap. 201) of the Laws of Hong Kong and (iv) any United States, United Kingdom, United Nations or European Union sanctions.

**"Call Option "** means the option to purchase the Vessel at the applicable Call Option Price which the Charterers may exercise in accordance with Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*).

"**Call Option Expiry Date**" means the date falling ninety (90) days prior to the Expiry Date.

"**Call Option Notice**" means a written notice (in such form as the Owners and the Charterers may agree from time to time) which the Charterers may deliver to the Owners for the purpose of the Charterers exercising the Call Option.

"**Call Option Price**" means the aggregate of:

- (a) seven million Dollars (US\$7,000,000);
- (b) all other Unpaid Sums due and payable, together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof up to the date of actual payment;
- (c) the Break Costs (if any);
- (d) any reasonable and documented legal costs incurred by the Owners in respect of the Call Option;
- (e) any other reasonable and documented costs, losses, liabilities and expenses incurred or suffered by the Owners in connection with any Finance Document as a result of the Charterers' exercise of the Call Option; and
- (f) any other sums as the Owners may be entitled to under the terms of this Charter, including (but not limited to) any payments referred to in paragraph (a) of Clause 17 (*Indemnity*)(Part II) and Clause 58 (*Further Indemnities*).

"**Cancellation Date**" means the "Cancelling Date" as set out in the MOA.

"**Cash Collateral**" has the meaning given to it in Clause 48(oo) (*Charterers' Undertakings*), as may be adjusted from time to time in accordance with the same clause and Clause 48(oo).

"**Cash Collateral Refund Amount**" has the meaning given to it in Clause 48(oo)(ii) (*Charterers' Undertakings*).

"**Chargor**" means GSL Kithira Holding LLC, a limited liability company formed and existing under the laws of Liberia whose registered address is at 80 Broad Street, Monrovia, Liberia (registration number 960227).

"**Charter Guarantee**" means the guarantee made or to be made by the Charter Guarantor in favour of the Security Trustee in respect of the obligations of the Obligors (other than the Charter Guarantor) under the Transaction Documents.

"**Charter Guarantor**" means Global Ship Lease, Inc., a corporation organised and existing under the laws of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Islands, Majuro, Marshall Islands, MH96960 (registration number 28891).

"**Charter Guarantor Change of Control Event**" means any of the following events:

- (a) when the common stock of the Charter Guarantor ceases to be listed for public trade on the New York Stock Exchange (NYSE) or other internationally

recognised stock exchange (if applicable) where such delisting did not occur in connection with a listing of the Charter Guarantor's common stock on another internationally recognised stock exchange ("**Delisting Event**");

- (b) when any person(s) own(s) directly or indirectly more than thirty five per cent. (35%) of the shares in the Charter Guarantor, unless such person(s) owned such shares on the date of the completion of the merger of the Charter Guarantor with Poseidon Containers Holdings LLC and K&T Marine LLC in November 2018 (the "**Merger Completion Date**");
- (c) when Mr. George Glouroukos ceases to own or control (either directly or indirectly through one or more Affiliates) at least fifty per cent. (50%) of the number of shares of the Charter Guarantor held by him on the Merger Completion Date (excluding any share split or reverse split), other than by reason of death or other incapacity in managing his affairs; or
- (d) when Mr. George Glouroukos ceases to be the Executive Chairman (or to hold an equivalent executive officer position) of the Charter Guarantor, other than by reason of death or other incapacity in managing his affairs.

"**Charter Period**" means, subject to Clause 40(k) (*Hire*), Clause 49 (*Termination Events*), Clause 53 (*Total Loss*) and Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*), the period of seventy-two (72) months commencing from the Actual Delivery Date.

"**Charterers' Assignment**" means the deed of assignment executed or to be executed (as the case may be) by the Charterers in favour of the Security Trustee in relation to certain of the Charterers' rights and interest in and to (among other things) the (a) Earnings, (b) Insurances, (c) Requisition Compensation, (d) the Initial Sub-Charter and any Sub-Charter and (e) any Sub-Charter Guarantees.

"**Classification Society**" means the vessel classification society referred to in Box 10 (*Classification Society*) of this Charter, or such other reputable classification society which is a member of the International Association of Classification Societies as selected by the Charterers and as the Owners may approve from time to time (acting reasonably).

"**Collateral Charter**" means, in respect of a Collateral Vessel, the bareboat charter agreement in respect of that Collateral Vessel entered into between an Affiliate of the Owners as owner and the respective Collateral Charterers as charterer.

"**Collateral Charterers**" means, in relation to a Collateral Vessel, the Collateral Charterer set out alongside its name in the table specified at the definition "Collateral Vessels".

"**Collateral Owners**" means, in relation to a Collateral Vessel, the Collateral Owners set out alongside its name in the table specified at the definition "Collateral Vessels".

"**Collateral Vessels**" means the vessels set out below:

	<b>Vessel name / IMO</b>	<b>Collateral Owners</b>	<b>Collateral Charterers</b>
1.	"BERNADETTE" to be renamed "GSL Kithira"/ 9407885	Sea 251 Leasing Co. Limited	Global Ship Lease 68 LLC
2.	"BALBINA" to be renamed "GSL Syros"/ 9437062	Sea 253 Leasing Co. Limited	Global Ship Lease 70 LLC
3.	"BARBARA" to be renamed "GSL Tinos"/ 9437050	Sea 254 Leasing Co. Limited	Global Ship Lease 71 LLC

**"Commercial Management Agreement"** means the commercial management agreement entered or to be entered into (as the context so requires) between the Approved Commercial Manager and the Charterers.

**"Compliance Certificate"** means a certificate substantially in the form in schedule 1 of the Charter Guarantee.

**"Cost Balance"** means, at any relevant time during the Agreement Term, an amount equal to the Owners' Cost as may be reduced by payment of the Fixed Hire pursuant to Clause 40(a)(ii) (*Hire*).

**"Day One Cash Collateral Amount"** means one million eight hundred thousand Dollars (US\$1,800,000).

**"Default Termination"** means a termination of the Charter Period pursuant to the provisions of Clause 49 (*Termination Events*).

**"Early Termination Event"** means the option to purchase the Vessel which the Owners may exercise in accordance with Clause 52(d) (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*).

**"Earnings"** means all hires, freights, pool income and other sums payable to or for the account of the Charterers and in respect of the Vessel including (without limitation) all earnings received or to be received from each Sub-Charter or any proceeds received or to be received from each Sub-Charter Guarantee, all remuneration for salvage and towage services, demurrage and detention moneys, contributions in general average, compensation in respect of any requisition for hire, and damages and other payments (whether awarded by any court or arbitral tribunal or by agreement or otherwise) for breach, termination or variation of any contract for the operation, employment or use of the Vessel including the Initial Sub-Charter and any other Sub-Charter.

**"Environmental Approval"** means any present or future permit, ruling, variance or other authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration required under Environmental Laws.

**"Environmental Claim"** means any claim, proceeding, formal notice or investigation by any governmental, judicial or regulatory authority or any other person which arises out of an Environmental Incident or which relates to any Environmental Law and, for this purpose, "claim" includes a claim for damages, compensation, contribution, injury, fines, losses and penalties or any other payment of any kind, including in relation to clean-up and removal, whether or not similar to the foregoing; an order or direction to take, or not to take, certain action or to desist from or suspend certain action; and any form of enforcement or regulatory action, including the arrest or attachment of any asset.

**"Environmental Incident"** means:

- (a) any release, emission, spill or discharge into or upon the air, sea, land or soils (including the seabed) or surface water of Environmentally Sensitive Material within or from the Vessel; or
- (b) any incident in which Environmentally Sensitive Material is released, emitted, spilled or discharged into or upon the air, sea, land or soils (including the seabed) or surface water from a vessel other than the Vessel and which involves a collision between the Vessel and such other vessel or some other incident of navigation or operation, in either case, in connection with which the Vessel is actually arrested, attached, detained or injuncted and the Vessel, any Obligor, any operator or manager of the Vessel or any combination of them is at fault or allegedly at fault or otherwise liable to any legal or administrative action; or
- (c) any other incident in which Environmentally Sensitive Material is released, emitted, spilled or discharged into or upon the air, sea, land or soils (including the seabed) or surface water otherwise than from the Vessel and in connection with which the Vessel is actually liable to be arrested, attached, detained or injuncted and/or where any Obligor, any operator or manager of the Vessel or any combination of them is at fault or otherwise liable to any legal or administrative action, other than in accordance with an Environmental Approval.

**"Environmental Law"** means any present or future law or regulation relating to pollution or protection of human health or the environment, to conditions in the workplace, to the carriage, generation, handling, storage, use, release or spillage of Environmentally Sensitive Material or to releases of Environmentally Sensitive Material.

**"Environmentally Sensitive Material"** means all contaminants, oil, oil products, toxic substances and any other substance (including any chemical, gas or other hazardous or noxious substance) which is (or is capable of being or becoming) polluting, toxic or hazardous.

**"Expiry Date"** means the date falling seventy two (72) months after the Actual Delivery Date.

**"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 (a); or
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in (a) or (b) with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

"**FATCA Deduction**" means a deduction or withholding from a payment under a Transaction Document required by FATCA.

"**FATCA Exempt Party**" means a party that is entitled to receive payments free from any FATCA Deduction.

"**Finance Document**" means any facility agreement, security document, fee letter and any other document designated as such by the Finance Parties and the Owners and which have been or may be (as the case may be) entered into between the Finance Parties and the Owners for the purpose of, among other things, financing or (as the case may be) refinancing all or any part of the Owners' Cost.

"**Finance Party**" means any bank or Financial Institution which is or will be party to a Finance Document (other than the Owners and other entities which may have agreed or be intended as debtors and/or obligors thereunder) and "**Finance Parties**" means two or more of them.

"**Financial Indebtedness**" means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any acceptance credit under any acceptance credit facility or dematerialised equivalent;
- (c) any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract, a liability under which would, in accordance with GAAP, be treated as a balance sheet liability;
- (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, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability of an entity which is

not an Obligor which liability would fall within one of the other sections of this definition;

- (h) any amount raised by the issue of shares which are redeemable (other than at the option of the issuer) before the end of the Agreement Term or are otherwise classified as borrowings under GAAP;
- (i) any amount of any liability under an advance or deferred purchase agreement if (i) 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 or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 30 days after the date of supply;
- (j) any amount raised under any other transaction (including any forward sale or purchase, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing; and
- (k) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in (a) to (j).

**"Financial Institution"** means any bank or financial institution, trust, fund, leasing company or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets.

**"Fixed Hire"** means:

- (a) in respect of each of the first twelve (12<sup>th</sup>) payments of Fixed Hire due on the Hire Payment Dates occurring from the Actual Delivery Date up to and including the third (3<sup>rd</sup>) anniversary of the Actual Delivery Date, calculated in accordance with the following formula:

$$A = 1/12 \times B$$

Where:

**A** is the amount of the Fixed Hire due on that Hire Payment Date; and

**B** is the difference between the Owners' Cost and ten million nine hundred and fifty thousand Dollars (US\$10,950,000); and

- (b) in respect of each of the thirteenth (13<sup>th</sup>) to twenty fourth (24<sup>th</sup>) payment of Fixed Hire due on the Hire Payment Dates occurring from and excluding the third (3<sup>rd</sup>) anniversary of the Actual Delivery Date up to and including the sixth (6<sup>th</sup>) anniversary of the Actual Delivery Date, calculated in accordance with the following formula:

$$C = 1/12 \times D$$

Where:

**C** is the amount of the Fixed Hire due on that Hire Payment Date; and

**D** is the difference between ten million nine hundred and fifty thousand Dollars (US\$10,950,000) and seven million Dollars (US\$7,000,000).

"GAAP" means generally accepted accounting principles in the United States.

"Group" means the Charter Guarantor and each of its Subsidiaries for the time being.

"Hire" means each or any combination or aggregate of (as the context may require):

- (a) Advance Hire;
- (b) Fixed Hire; and
- (c) Variable Hire.

"Hire Payment Date" means the last day of each and any Hire Period.

"Hire Period" means each and every consecutive period of three (3) months with the first Hire Period to commence on the Actual Delivery Date and each successive Hire Period to commence forthwith upon the expiry of the immediately preceding Hire Period, provided that the final period shall end on the earlier of (i) the last day of the Charter Period, and (ii) the redelivery of the Vessel to the Owners following an early termination of this Charter or, as the case may be, purchase of the Vessel by the Charterers in accordance with the terms hereof, without prejudice however to any other claims of the Owners against the Charterers arising out of or in connection with this Charter.

"Holding Company" means, in relation to a person, any other person in respect of which it is a Subsidiary.

"Hong Kong" means the Hong Kong Special Administrative Region of The People's Republic of China.

"IAPPC" means a valid international air pollution prevention certificate for the Vessel issued under Annex VI (Regulations for the Prevention of Air Pollution from Ships) to the International Convention for the Prevention of Pollution from Ships 1973 (as modified in 1978 and 1997).

"IMO Ballast Water Management (BWM) Convention" means the International Convention for the Control and Management of Ships' Ballast Water and Sediments adopted by the International Maritime Organization (as the same may be amended, supplemented or superseded from time to time).

"Increased Costs" means:

- (a) a reduction in the rate of return from the transactions contemplated by the Transaction Documents or on the Owners' overall capital;
- (b) an additional or increased cost; or
- (c) a reduction of any amount due and payable under any Transaction Document,

which is incurred or suffered by the Owners to the extent that it is attributable to the Owners having agreed to acquire the Vessel to charter the same to the Charterers on the basis of this Charter and in entering into this Charter, the other Transaction Documents or in performing its obligations under the Transaction Documents.

"**Indemnitee**" has the meaning given to such term in Clause 58 (*Further indemnities*).

"**Indirect Tax**" means any goods and services tax, consumption tax, value added tax or any tax of a similar nature.

"**Initial MOA**" means the memorandum of agreement for the Vessel dated 12 May 2021 entered into between the Initial Sellers as sellers and the Initial Sub-Charterers as buyers, as amended by a nomination agreement dated 15 June 2021 entered into between the Initial Sellers as sellers, the Initial Sub-Charterers as initial buyers and the Charterers as the buyers' nominee, and an addendum no. 1 thereto dated 15 June 2021, as may be further amended or supplemented from time to time.

"**Initial Sellers**" means ERB. 5.300TEU GmbH & Co. KG, a company incorporated in Germany with its registered address at Elbchaussee 370, 22609, Hamburg, Germany.

"**Initial Sub-Charter**" means the time charterparty in respect of the Vessel dated 15 June 2021 between the Charterers and the Initial Sub-Charterers, with a daily hire rate at no less than thirty-six thousand five hundred Dollars (US\$36,500) for the fixed three year period from delivery (the "**Initial Sub-Charter Fixed Term**") and at no less than seventeen thousand two hundred and fifty Dollars (US\$17,250) (the "**Daily Initial Sub-Charter Optional Term Rate**") for the optional three year period thereafter (the "**Initial Sub-Charter Optional Term**"), as may be further amended or supplemented from time to time.

"**Initial Sub-Charterers**" means Maersk A/S, a company registered in Denmark, with its registered address at Esplanaden 50, 1263 Copenhagen K, Denmark.

"**Innocent Owners' Interest Insurances**" means all policies and contracts of innocent owners' interest insurance and innocent owners' additional perils (oil pollution) insurance from time to time taken out by the Owners in relation to the Vessel.

"**Insurances**" means all policies and contracts of insurance, including entries of the Vessel in any protection and indemnity or war risks association, which are from time to time taken out or entered into in respect of the Vessel or her earnings or otherwise in connection with the Vessel or her Earnings and (where the context permits) all rights, benefits and other assets under, or derived from, such contracts and policies, including all claims of any nature and returns of premium.

"**ISM Code**" means the International Safety Management Code (including the guidelines on its implementation), adopted by the International Maritime Organisation Assembly as Resolutions A.741 (18) (as amended by MSC 104 (73)) and A.913(22) (superseding Resolution A.788 (19)), as the same may be amended, supplemented or superseded from time to time (and the terms "safety management system", "Safety Management Certificate" and "Document of Compliance" have the same meanings as are given to them in the ISM Code).

"**ISPS Code**" means the International Ship and Port Facility Security Code adopted by the International Maritime Organisation (as the same may be amended, supplemented or superseded from time to time).

"**ISSC**" means a valid and current International Ship Security Certificate issued under the ISPS Code.

"**Joint Venture**" means any joint venture entity, whether a company, unincorporated firm, undertaking, association, joint venture or partnership or any other entity.

"**Legal Opinions**" means the legal opinions provided to the Owners under Clause 36(a)(xii) (*Conditions precedent and conditions subsequent*).

"**Legal Reservations**"

- (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 Acts, 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;
- (c) similar principles, rights and defences under the laws of any Relevant Jurisdiction; and
- (d) any other matters which are set out as qualifications or reservations as to matters of law of general application in the Legal Opinions.

"**LIBOR**" means the applicable Screen Rate at or about 11:00 am (London time) on the relevant Variable Hire Determination Date for the offering of deposits in US Dollars for a period of three (3) months and, if any such rate is below zero, LIBOR will be deemed to be zero.

"**Maersk QEL**" means the quiet enjoyment letter entered or to be entered into pursuant to the Initial Sub-Charter between the Initial Sub-Charterer, the Owners, the Security Trustee and the Charterers.

"**Management Agreement**" means the Commercial Management Agreement and the Technical Management Agreement.

"**Managers' Undertaking**" means the undertaking to be entered into by an Approved Manager in favour of the Security Trustee in the form to be agreed by the Owners and each Approved Manager.

"**Margin**" means three point two five per cent. (3.25%).

"**Market Value**" means, on any Valuation Date:

- (a) for the purposes of determining the Purchase Price on the Actual Delivery Date, the arithmetic average of two valuations pursuant to two such Valuation Reports from two Approved Brokers, one selected by the Charterers and one selected by the Owners; or in the event the difference between the two Valuation Reports obtained is greater than 5%, the arithmetic average of the three Valuation Reports, the third Valuation Report being obtained from a further Approved Broker selected by the Owners; and

- (b) for any other purposes other than that in (a) above (including, without limitation, determining the Value Maintenance Ratio and Minimum Insured Value), the arithmetic average of two valuations pursuant to two such Valuation Reports from two Approved Brokers, both selected by the Owners; or in the event the difference between the two Valuation Reports obtained is greater than 5%, the arithmetic average of the three Valuation Reports, the third Valuation Report being obtained from a further Approved Broker selected by the Owners,

in each case, (i) assessed in Dollars on a desktop charter-free basis between a willing buyer and a willing seller, and so obtained in ascertaining the market value of the Vessel, no more than thirty (30) days prior to that Valuation Date and (ii) if an Approved Broker determines that the valuation of the Vessel shall fall within a range, the valuation as determined by each Approved Broker should be the lower of such range.

"**MARPOL**" means the International Convention for the Prevention of Pollution from Ships adopted by the International Maritime Organisation (as the same may be amended, supplemented or superseded from time to time).

"**Material Adverse Effect**" means in the reasonable opinion of the Owners a material adverse effect on:

- (a) the business, operations or property of any Obligor or the Group taken as a whole; or
- (b) the ability of any Obligor to perform its obligations under any Transaction Document; 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 Transaction Documents or the rights or remedies of the Secured Parties under any of the Transaction Documents.

"**Minimum Cash Balance**" means at any date during the Charter Period, an amount of three hundred thousand Dollars (US\$300,000).

"**MOA**" has the meaning given to such term in Clause 34 (*Background*).

"**month**" means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last day in that calendar month.

"**Obligors**" means the Charterers, the Charter Guarantor, the Chargor, any Approved Managers that is owned or controlled by the Charter Guarantor, any person that may be party to a Transaction Document from time to time (other than the Owners, but provided that they are owned or controlled by the Charter Guarantor), any Sub-Charterer that is owned or controlled by the Charter Guarantor and any "Obligor" as defined in any Collateral Charter.

"**Operating Account**" means the bank account opened or to be opened in the name of the Charterers with the Account Bank and designated "the Operating Account" or

such other account to which the Earnings are to be remitted and operating expenses of the Vessel are to be recorded, and in each case, includes any sub-account thereof.

"**Option Premium**" means the aggregate of:

- (a) two million Dollars (US\$2,000,000);
- (b) all other Unpaid Sums due and payable, together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof up to the date of actual payment; and
- (c) any other reasonable and documented costs, losses, liabilities and expenses incurred or suffered by the Owners in connection with any Finance Document.

"**Original Financial Statements**" means the unaudited consolidated financial statements of the Charter Guarantor for the financial year ended 31 December 2020.

"**Owners' Account**" means the Owners' bank account described in paragraph (d) of Clause 40 (*Hire*).

"**Owners' Cost**" means an amount equivalent to sixty per cent. (60%) of the Purchase Price (as defined in the MOA) paid or to be paid by the Owners (as buyers) to the Charterers (as sellers) under the MOA.

"**Party**" means a party to this Charter and "**Parties**" means both of them.

"**Permitted Security Interest**" means:

- (a) any Security Interest created pursuant to any Transaction Document or any Finance Document or otherwise created with the prior written consent of the Owners;
- (b) any liens for unpaid master's, officer's and crew's wages in accordance with usual maritime practice and are discharged within thirty (30) days;
- (c) any liens for salvage;
- (d) any liens for master's disbursements incurred in the ordinary course of trading and are discharged within thirty (30) days; or
- (e) any other lien arising by operation of law or otherwise in the ordinary course of operation, repair or maintenance of the Vessel and not as a result of any default or omission of any Obligor.

"**PDA**" means the protocol of delivery and acceptance in relation to the Vessel to be executed between the Owners and the Charterers, substantially in the form of Schedule 1 (*Form of Protocol of Delivery and Acceptance*) hereto.

"**Potential Termination Event**" means a Termination Event or any event or circumstance specified in Clause 49 (*Termination Events*) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Transaction Documents or any combination of any of the foregoing) be a Termination Event.

**"Pre-positioning Date"** means such term as defined in the MOA.

**"Purchase Option"** means the option to purchase the Vessel at the applicable Purchase Option Price which the Charterers may exercise in accordance with Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*).

**"Purchase Option Date"** means the date falling on each relevant anniversary of the Actual Delivery Date commencing on and including the third (3<sup>rd</sup>) anniversary of the Actual Delivery Date, on which the Charterers exercise the Purchase Option in accordance with Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*), except for the Expiry Date.

**"Purchase Option Fee"** means:

- (a) if the Purchase Option Date falls on the third (3<sup>rd</sup>) anniversary or the fourth (4<sup>th</sup>) anniversary of the Actual Delivery Date, an amount that is calculated by multiplying (a) the then current Cost Balance by (b) two per cent. (2%); and
- (b) if the Purchase Option Date falls on the fifth (5<sup>th</sup>) anniversary of the Actual Delivery Date, an amount that is calculated by multiplying (a) the then current Cost Balance by (b) one per cent. (1%).

**"Purchase Option Notice"** means a written notice (in such form as the Owners and the Charterers may agree from time to time) which the Charterers may deliver to the Owners for the purpose of the Charterers exercising the Purchase Option.

**"Purchase Option Price"** means the amount due and payable by the Charterers to the Owners pursuant to Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*), being the aggregate of:

- (a) the then current Cost Balance;
- (b) the Purchase Option Fee (if applicable);
- (c) any Variable Hire due and payable, but unpaid, under this Charter up to (and including) any applicable Purchase Option Date together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof to the date of actual payment;
- (d) all other Unpaid Sums due and payable, together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof up to the date of actual payment;
- (e) the Break Costs (if any);
- (f) any reasonable and documented legal costs incurred by the Owners in respect of the Purchase Option;
- (g) any other reasonable and documented costs, losses, liabilities and expenses incurred or suffered by the Owners in connection with any Finance Document as a result of the Charterers' exercise of the Purchase Option; and

(h) any other sums as the Owners may be entitled to under the terms of this Charter, including (but not limited to) any payments referred to in paragraph (a) of Clause 17 (*Indemnity*) (Part II) and Clause 58 (*Further indemnities*).

"**Purchase Price**" means such term as defined in the MOA.

"**Registration Costs**" means any documented costs, expenses and taxes properly incurred by the Owners in respect of (i) the registration of title to the Vessel with an Approved Flag in the Owners' name (including but not limited to any notarisation, apostillisation or legalisation costs required by the relevant flag authorities); (ii) the maintenance of any such registration on or prior to the Actual Delivery Date and for the duration of the Agreement Term; and (iii) (if applicable) any documented costs and expenses in connection with the maintenance of a local agent and/or registration of the Owners as a foreign maritime entity (or similar) for purposes of the vessels registration.

"**Relevant Jurisdiction**" means, in relation to an Obligor:

- (a) its jurisdiction of incorporation or formation (as the case may be);
- (b) any jurisdiction where any asset subject to or intended to be subject to a Security Document to be executed by it is situated;
- (c) any jurisdiction where it principally conducts its business; and
- (d) the 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.

"**Replacement Benchmark**" means a benchmark rate which is:

- (a) formally designated, nominated or recommended as the replacement for the Screen Rate by:
  - (i) the administrator of the Screen Rate (provided that the market or economic reality that such benchmark rate measures is the same as that measured by the 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 Owners (acting reasonably), generally accepted in the international or any relevant domestic syndicated loan markets as the appropriate successor to the Screen Rate; or
- (c) in the opinion of the Owners (acting reasonably), an appropriate successor to the Screen Rate.

**"Requisition Compensation"** means all compensation or other money which may from time to time be payable to the Charterers as a result of the Vessel being requisitioned for title or in any other way compulsorily acquired (other than by way of requisition for hire).

**"Restricted Countries"** means those countries subject to country-wide or territory-wide Sanctions and/or trade embargoes, in particular but not limited to pursuant to the U.S.'s Office of Foreign Asset Control of the U.S. Department of Treasury ("**OFAC**") including at the date of this Charter, but without limitation, Iran, North Korea and Syria and any additional countries based on respective country-wide or territory-wide Sanctions being imposed by OFAC or any of the regulative bodies referred to in the definition of Restricted Party.

**"Restricted Party"** means a person or entity or any other parties (i) located, domiciled, resident or incorporated in Restricted Countries, and/or (ii) subject to any sanction administrated by the United Nations, the European Union, Switzerland, the United States and the OFAC, the United Kingdom, Her Majesty's Treasury ("**HMT**") and the Foreign and Commonwealth Office of the United Kingdom, the People's Republic of China and/or (iii) owned or controlled by or affiliated with persons, entities or any other parties as referred to in (i) and (ii).

**"Sanctions"** means any sanctions, embargoes, freezing provisions, prohibitions or other restrictions relating to trading, doing business, investment, exporting, financing or making assets available (or other activities similar to or connected with any of the foregoing) imposed by law or regulation of the United Nations, United Kingdom, the United States of America (including, without limitation, CISADA and OFAC), the People's Republic of China, the Council of the European Union or the jurisdiction of incorporation of the Owners and the Charterers.

**"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 US Dollars for the relevant period displayed on pages LIBOR01 or LIBOR02 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on 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 Owners may specify another page or service displaying the relevant rate after consultation with the Charterers.

**"Screen Rate Replacement Event"** means, in relation to the Screen Rate that:

- (a) the methodology, formula or other means of determining the Screen Rate has, in the opinion of the Owners and the Charterers, materially changed; or
- (b) any of the following applies:
  - (i) either:
    - (A) the administrator of the 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 the Screen Rate is insolvent,

provided that, in each case, at that time, there is no successor administrator to continue to provide the Screen Rate;

(ii) the administrator of the Screen Rate publicly announces that it has ceased or will cease to provide the Screen Rate permanently or indefinitely and, at that time, there is no successor administrator to continue to provide the Screen Rate;

(iii) the supervisor of the administrator of the Screen Rate publicly announces that the Screen Rate has been or will be permanently or indefinitely discontinued;

(iv) the administrator of the Screen Rate or its supervisor announces that the Screen Rate may no longer be used; or

(v) in the case of a Screen Rate for LIBOR, the supervisor of the administrator of that Screen Rate makes a public announcement or publishes information:

(A) stating that that Screen Rate is no longer or, as of a specified future date will no longer be, representative of the underlying market or economic reality that it is intended to measure and that representativeness will not be restored (as determined by such supervisor); and

(B) with awareness that any such announcement or publication will engage certain triggers for fallback provisions in contracts which may be activated by any such pre-cessation announcement or publication.

(c) the administrator of that Screen Rate determines that the 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 events leading to such determination are not (in the opinion of the Owners) temporary; or

(ii) the Screen Rate is calculated in accordance with any such policy or arrangement for a period no less than three months; or

(d) in the opinion of the Owners, the Screen Rate is otherwise no longer appropriate for the purposes of calculating the Variable Hire under this Charter.

**"Security Assets"** means all of the assets of the Obligors which from time to time are, or are expressed to be, the subject of the Security Interests created or evidenced or expressed to be created or evidenced under the Security Documents.

**"Security Documents"** means, in relation to the Vessel, collectively the following:

- (a) the Account Pledge;
- (b) the Charter Guarantee;
- (c) the Charterers' Assignment;
- (d) the Share Pledge;
- (e) the Managers' Undertakings;
- (f) any "Security Document" (as defined under any Collateral Charter); and
- (g) any other document that may at any time be executed by any person creating, evidencing or perfecting any Security Interest to secure all or part of the Obligors' obligations under or in connection with the Transaction Documents,

and **"Security Document"** means any one of them.

**"Security Interest"** means a mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, trust arrangement, title retention or other security interest or arrangement of any kind whatsoever.

**"Security Trust Deed"** means the deed executed or to be executed on or around the date hereof by the Security Trustee, the Owners, the Charterers, the Collateral Owners, the Collateral Charterers and the Charter Guarantor.

**"Security Trustee"** means Sea 251 Leasing Co. Limited, a company incorporated according to the laws of Hong Kong whose registered address is at 27/F Three Exchange Square 8, Connaught Place, Central, Hong Kong.

**"Settlement Date"** means, following a Total Loss of the Vessel, the earliest of:

- (a) the date which falls one hundred and twenty (120) days after the date of occurrence of the Total Loss or, if such date is not a Business Day, the immediately preceding Business Day;
- (b) the date on which the Owners receive the Total Loss Proceeds in respect of the Total Loss; and
- (c) the last day of the Charter Period.

**"Share Pledge"** means a charge over the entire issued share capital of the Charterers made or to be made by the Chargor in favour of the Security Trustee.

**"Shareholder Loans"** means any loans provided by any member of the Group to the Charterers from time to time.

**"Side Agreement"** means the agreement relating to the Initial MOA dated 15 June 2021 entered into between the Initial Sub-Charterers and the Charterers.

"**Sub-Charter**" means (as the context may require):

- (a) the Initial Sub-Charter;
- (b) any Approved Charter; or
- (c) such other sub-charter or contract of employment in respect of the Vessel entered or to be entered into between the Charterers as disponent owners and any sub-charterer.

"**Sub-Charter Guarantor**" means any party who enters into a guarantee of any other Sub-Charterer's obligations pursuant to any other Sub-Charter.

"**Sub-Charter Guarantees**" means any guarantees entered into by any Sub-Charter Guarantor pursuant to any other Sub-Charter.

"**Sub-Charter Termination Event**" means in respect of any Sub-Charter, any event entitling any party to a Sub-Charter to terminate, cancel or suspend that Sub-Charter under the terms thereof or at law.

"**Sub-Charterers**" means:

- (a) in respect of the Initial Sub-Charter, the Initial Sub-Charterers; or
- (b) in respect of any other Sub-Charter, such sub-charterers which are or will be parties to the relevant Sub-Charter.

"**Subsidiary**" means, in relation to any company or corporation, a company or corporation:

- (a) which is controlled, directly or indirectly, by the first mentioned company or corporation;
- (b) more than half the issued equity share capital of which is beneficially owned, directly or indirectly, by the first mentioned company or corporation; or
- (c) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation,

and for this purpose, a company or corporation shall be treated as being "controlled" by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

"**Swap Losses**" means the amount (if any) in Dollars payable by the Owners to their counterparty under any interest rate swap arrangement entered into by the Owners in connection with the hedging of their interest rate swap exposure in respect of the financing or refinancing of the Owners' Cost, in relation to an unwinding of the whole or part of any interest rate swap transaction entered between the Owners and such counterparty under such interest rate swap arrangement(s), in each cases, determined on a "mark-to-market" basis.

"**Tax**" or "**tax**" means any present and future tax (including, without limitation, value added tax, consumption tax or any other tax in respect of added value or any income), levy, impost, duty or other charge or withholding of any nature (including any penalty

or interest payable in connection with any failure to pay or any delay in paying any of the same); and "Taxes", "taxes", "Taxation" and "taxation" shall be construed accordingly.

"**Technical Management Agreement**" means the technical management agreement entered or to be entered into (as the context so requires) between the Approved Technical Manager and the Charterers.

"**Termination**" means the termination at any time of the chartering of the Vessel under this Charter.

"**Termination Event**" means each of the events specified in paragraph (a) of Clause 49 (*Termination Events*).

"**Termination Notice**" has the meaning given to such term in paragraph (k) of Clause 40 (*Hire*) and paragraph (c) of Clause 49 (*Termination Events*).

"**Termination Payment Date**" means:

- (a) in respect of a termination of this Charter in accordance with paragraph (k) of Clause 40 (*Hire*), the date specified in the Termination Notice served on the Charterers pursuant to that Clause;
- (b) in respect of a Default Termination, the date specified in the Termination Notice served on the Charterers pursuant to paragraph (c) of Clause 49 (*Termination Events*) in respect of such Default Termination;
- (c) in respect of a Total Loss Termination, the Settlement Date in respect of the Total Loss which gives rise to such Total Loss Termination; and
- (d) in respect of a termination of this Charter in accordance with Clause 52(d) (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*), the date specified in the notice issued by the Owners to the Charterers pursuant to Clause 52(d).

"**Termination Sum**" means an amount representing the Owners' losses as a result of a Termination prior to the expiry of the Charter Period (other than pursuant to Clause 40(k) (*Hire*) or by virtue of the Charterers exercising the Purchase Option, Call Option in accordance with Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*)), which both parties acknowledge as a genuine and reasonable pre-estimate of the Owners' losses in the event of such Termination and shall consist of the following:

- (a) an amount equivalent to one hundred and two per cent. (102%) of the Cost Balance applicable as at the Hire Payment Date immediately preceding the Termination Payment Date;
- (b) any Hire due and payable, but unpaid, under this Charter up to (and including) the relevant Termination Payment Date together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof to the date of actual payment;

- (c) all other Unpaid Sums due and payable, together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof up to the date of actual payment;
- (d) Break Costs and Swap Losses (if any);
- (e) any and all direct documented costs, losses, liabilities and expenses incurred or suffered by the Owners as a result of the early termination of this Charter including but not limited to any legal costs, any agency or broker fees incurred in re-charter or otherwise disposal of the Vessel;
- (f) any other documented costs, losses, liabilities and expenses incurred or suffered by the Owners in connection with any Finance Document as a result of the Termination;
- (g) any other sums as the Owners may be entitled to under the terms of this Charter, including (but not limited to) any payments referred to in paragraph (a) of Clause 17 (*Indemnity*) (Part II) and Clause 58 (*Further indemnities*); and
- (h) if the Vessel is required to be redelivered to the Owners pursuant to Clause 42 (*Redelivery*), all liabilities, documented costs and expenses so incurred in recovering possession of, and in repositioning, berthing, insuring and maintaining the Vessel for carrying out any works or modifications required to cause the Vessel to conform with the provisions of Clauses 42 (*Redelivery*) and 43 (*Redelivery conditions*),

for the avoidance of doubt, there shall be no double-counting as between any sums as listed in paragraphs (a) to (h) above.

"**Third Parties Act**" means the Contracts (Rights of Third Parties) Act 1999.

"**Title Transfer PDA**" means the protocol of delivery and acceptance in relation to the Vessel to be executed between the Owners and the Charterers, substantially in the form of Schedule 2 (*Form of Title Transfer Protocol of Delivery and Acceptance*) hereto.

"**Threshold Amount**" means one million Dollars (US\$1,000,000) or the equivalent in any other currency.

"**Total Loss**" means during the Charter Period:

- (a) actual or constructive or compromised or agreed or arranged total loss of the Vessel;
- (b) the requisition for title or compulsory acquisition of the Vessel by any government or other competent authority (other than by way of requisition for hire);
- (c) the capture, seizure, arrest, detention, hijacking, theft, condemnation as prize, confiscation or forfeiture of the Vessel (not falling within paragraph (b) of this definition), unless the Vessel is released and returned to the possession of the Owners or the Charterers within sixty (60) days after the capture,

seizure, arrest, detention, hijacking, theft, condemnation as prize, confiscation or forfeiture in question,

and for the purpose of this Charter, (i) an actual Total Loss of the Vessel shall be deemed to have occurred at the date and time when the Vessel was lost but if the date of the loss is unknown the actual Total Loss shall be deemed to have occurred on the date on which the Vessel was last reported, (ii) a constructive Total Loss shall be deemed to have occurred at the date and time at which a notice of abandonment of the Vessel is given to the insurers of the Vessel and (iii) a compromised, agreed or arranged Total Loss shall be deemed to have occurred on the date of the relevant compromise, agreement or arrangement.

**"Total Loss Proceeds"** means the proceeds of the Insurances or any other compensation of any description in respect of a Total Loss unconditionally received by or on behalf of the Owners in respect of a Total Loss.

**"Total Loss Termination"** means a termination of the Charter Period pursuant to the provisions of paragraph (a) of Clause 53 (*Total Loss*).

**"Transaction Documents"** means, together, this Charter, the MOA, the Security Trust Deed, the Security Documents, the Initial Sub-Charter and any other Sub-Charters, any Sub-Charter Guarantees, the Maersk QEL, any Management Agreement, any Compliance Certificate, the "Transaction Documents" (as defined under any Collateral Charter) and such other documents as may be designated as such by the Owners from time to time.

**"Treasury Transactions"** means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price.

**"Unpaid Sum"** means any sum due and payable but unpaid by any Obligor under the Transaction Documents.

**"US Dollars", "Dollars", "USD", "US\$" and "\$"** each means available and freely transferable and convertible funds in lawful currency of the United States of America.

**"US Tax Obligor"** means:

- (a) an obligor which is resident for tax purposes in the United States of America; or
- (b) an obligor some or all of whose payments under the Transaction Documents to which it is a party are from sources within the United States for US federal income tax purposes.

**"Variable Hire"** has the meaning given to such term in Clause 40(a)(iii) (*Hire*).

**"Variable Hire Determination Date"** means, in relation to a Hire Period, the date falling two (2) Business Days prior to such Hire Period.

**"Valuation Date"** means the Actual Delivery Date or such date as required by the Owners throughout the Agreement Term, provided that prior to the occurrence of a Potential Termination Event or Termination Event which, in each case, is continuing,

no more than one Valuation Date shall occur during each six-month period commencing from the Actual Delivery Date in accordance with Clause 74(b)(i).

**"Valuation Report"** means, in relation to the Vessel, a valuation report addressed to the Owners from an Approved Broker on the basis of a "desk top" charter-free sale for prompt delivery for cash at arm's length on normal commercial terms as between a willing seller and a willing buyer.

**"Vessel"** means the 5,470 TEU container vessel named "Blandine" to be renamed "GSL Tripoli" as more particularly described in Boxes 5 (*Vessel's name, call sign and flag*) to 10 (*Classification Society*) of this Charter.

### 33 Interpretations

- (a) In this Charter, unless the context otherwise requires, any reference to:
- (i) to this Charter include the Schedules hereto and references to Clauses and Schedules are, unless otherwise specified, references to Clauses of and Schedules to this Charter and, in the case of a Schedule, to such Schedule as incorporated in this Charter as substituted from time to time;
  - (ii) any statutory or other legislative provision shall be construed as including any statutory or legislative modification or re-enactment thereof, or any substitution therefor;
  - (iii) the term "Vessel" includes any part of the Vessel;
  - (iv) the "**Owners**", the "**Charterers**", any "**Obligor**", any "**Sub-Charterers**", the "**Collateral Owners**", the "**Collateral Charterers**" or any other person include any of their respective successors, permitted assignees and permitted transferees;
  - (v) any agreement, instrument or document include such agreement, instrument or document as the same may from time to time be amended, modified, supplemented, novated or substituted;
  - (vi) "**assets**" includes present and future properties, revenues and rights of every description;
  - (vii) the "**equivalent**" in one currency (the "**first currency**") as at any date of an amount in another currency (the "**second currency**") shall be construed as a reference to the amount of the first currency which could be purchased with such amount of the second currency at the spot rate of exchange quoted by the Owners at or about 11:00 a.m. two (2) business days (being a day other than a Saturday or Sunday on which banks and foreign exchange markets are generally open for business in Shanghai) prior to such date for the purpose of the first currency with the second currency for delivery and value on such date;
  - (viii) "**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;
- (ix) **"hereof", "herein" and "hereunder"** and other words of similar import means this Charter as a whole (including the Schedules) and not any particular part hereof;
  - (x) **"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;
  - (xi) **"law"** includes common or customary law and any constitution, decree, judgment, legislation, order, ordinance, regulation, rule, statute, treaty or other legislative measure in any jurisdiction or any present or future directive, regulation, request or requirement, or official or judicial interpretation of any of the foregoing, in each case having the force of law and, if not having the force of law, in respect of which compliance is generally customary;
  - (xii) the word **"person"** or **"persons"** or to words importing persons include, without limitation, any state, divisions of a state, government, individuals, firms, association, trust, consortiums, partnerships, companies, corporations, ventures, government agencies, committees, departments, authorities and other bodies, corporate or unincorporated, whether having distinct legal personality or not;
  - (xiii) 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 of any regulatory, self-regulatory or other authority or organisation;
  - (xiv) the **"winding-up", "dissolution", "administration", "liquidation", "insolvency", "reorganisation", "readjustment of debt", "suspension of payments", "moratorium" or "bankruptcy"** (and their derivatives and cognate expressions) of any person shall each be construed so as to include the others and any equivalent or analogous proceedings or event under the laws of any jurisdiction in which such person is incorporated or any jurisdiction in which such person carries on business;
  - (xv) **"protection and indemnity risks"** means the usual risks covered by a protection and indemnity association which is a member of the International Group of P&I Club, including pollution risks and the proportion (if any) of any sums payable to any other person or persons in case of collision which are not recoverable under the hull and machinery policies by reason of the incorporation in them of clause 6 of the International Hull Clauses (1/11/02 or 1/11/03),

clause 8 of the Institute Time Clauses (Hull)(1/10/83) or clause 8 of the Institute Time Clauses (Hulls)(1/11/1995) or the Institute Amended Running Down Clause (1/10/71) or any equivalent provision;

(xvi) a Potential Termination Event is "**continuing**" if it has not been remedied or waived and a Termination Event is "**continuing**" if it has not been waived; and

(xvii) words denoting the plural number include the singular and vice versa.

(b) Headings are for the purpose of reference only, have no legal or other significance, and shall be ignored in the interpretation of this Charter.

(c) A time of day (unless otherwise specified) is a reference to Shanghai time.

#### 34 Background

(a) By a memorandum of agreement (the "**MOA**") of even date herewith made between the Owners (as buyers thereunder) and the Charterers (as sellers thereunder), the Owners have agreed to purchase and the Charterers have agreed to sell the Vessel subject to the terms and conditions therein.

(b) Accordingly the parties hereby agree that this Charter is subject to the effective transfer of ownership of the Vessel to the Owners pursuant to the MOA.

(c) If:

(i) the Vessel is not delivered under the MOA by the Cancellation Date (or such later date as the Owners and Charterers may agree); or

(ii) it becomes unlawful for the Owners (as buyers) to perform or comply with any or all of their obligations under the MOA or any of the obligations of the Owners under the MOA is not or ceases to be legal, valid, binding and enforceable; or

(iii) the Vessel is not delivered and accepted for service under the Initial Sub-Charter on the Actual Delivery Date;

(iv) the MOA expires, is cancelled, terminated, rescinded or suspended or otherwise ceases to remain in full force and effect for any reason; or

(v) if on or prior to the Actual Delivery Date, any of the Initial MOA or the Initial Sub-Charter expires, is cancelled, terminated, rescinded or suspended or otherwise ceases to remain in full force and effect for any reason,

neither party shall be liable to the other for any claim arising out of this Charter and this Charter shall immediately terminate and be cancelled (with the exception of Clause 17 (*Indemnity*) (Part II) and Clause 58 (*Further indemnities*) and any other indemnities specified any other Transaction

Document, and, **provided that** the Owners shall be entitled to retain all fees paid by the Charterers pursuant to the Transaction Documents (and if such fees have not been paid, the Charterers shall forthwith pay such fees to the Owners) and such payment shall not be construed as a penalty but shall represent an agreed estimate of the loss and damage suffered by the Owners in entering into this Charter and shall therefore be paid as compensation to the Owners.

**35 Delivery**

- (a) The obligation of the Owners to charter the Vessel to the Charterers pursuant to this Charter shall be subject to the following conditions:
- (i) delivery of the Vessels by the Charterers to the Owners pursuant to the terms of the MOA;
  - (ii) the Owners obtaining full title to the Vessel pursuant to the terms of the MOA;
  - (iii) no Termination Event or Potential Termination Event having occurred which is continuing on or prior to the date of this Charter or the Actual Delivery Date;
  - (iv) the representations and warranties referred to in Clause 47 (*Charterers' representations and warranties*) being true and correct on the date of this Charter and the Actual Delivery Date;
  - (v) the Actual Delivery Date falling on or before the Cancellation Date (or such later date as may be agreed between the Owners (as buyer under the MOA) and the Charterers (as seller under the MOA)); and
  - (vi) the Owners having received, or being satisfied that they will receive, the documents and evidence referred to in Clause 36 (*Conditions precedent*), in each case in all respects in form and substance satisfactory to it on or before the Actual Delivery Date.
- (b) Provided that the conditions referred to in paragraph (a) above have been fulfilled or waived to the satisfaction of the Owners (which shall be evidenced in writing by the Owners), the Owners and the Charterers agree that:
- (i) the Charterers shall, at their own expense, upon the Actual Delivery Date arrange for the Vessel to be registered under an Approved Flag in the name of the Owners as legal owner;
  - (ii) the Charterers shall take delivery of the Vessel from the Owners under this Charter (such delivery to be conclusively evidenced by a duly executed PDA) simultaneously with the acceptance of delivery of the Vessel by the Owners from the Charterers pursuant to the MOA;
  - (iii) the Charterers will accept the Vessel:

- (A) on an "as is where is" basis in exactly the same form and state as the Vessel is delivered by the Charterers to the Owners pursuant to the MOA;
  - (B) in such form and state with any faults, deficiencies and errors of description; and
  - (C) for the avoidance of doubt, no underwater inspection shall be performed at the time of commencement of this Charter on the basis that any repairs required at the next scheduled dry-docking are the responsibility of the Charterers; and
- (iv) the Charterers shall have no right to refuse acceptance of delivery of the Vessel into this Charter if the Vessel is delivered to the Owners pursuant to the MOA and, notwithstanding and without prejudice to the foregoing, the Owners and the Charterers nonetheless agree to enter into and execute the PDA on delivery of the Vessel under this Charter.
- (c) The Charterers acknowledge and agree that the Owners are not the manufacturer or original supplier of the Vessel which has been purchased by the Owners pursuant to the MOA, and have therefore made no representations or warranties in respect of the Vessel or any part thereof hereby waive all their rights in respect of any warranty or condition implied (whether statutory or otherwise) on the part of the Owners and all claims against the Owners howsoever the same might arise at any time in respect of the Vessel, or arising out of the construction, operation or performance of the Vessel and the chartering thereof under this Charter (including, without limitation, in respect of the seaworthiness or otherwise of the Vessel).
- (d) In particular, and without prejudice to the generality of paragraph (c) above, the Owners shall be under no liability whatsoever, howsoever arising, in respect of the injury, death, loss, damage or delay of or to or in connection with the Vessel or any person or property whatsoever, whether onboard the Vessel or elsewhere, and irrespective of whether such injury, death, loss, damage or delay shall arise from the unseaworthiness of the Vessel. For the purpose of this paragraph (d), "**delay**" shall include delay to the Vessel (whether in respect of delivery under this Charter or thereafter and any other delay whatsoever).

### **36 Conditions precedent and conditions subsequent**

- (a) The Owners' agreement to perform its obligations under this Charter is subject to and conditional upon the Owners' receipt of the following documents and evidence (in each case in form and substance acceptable to the Owners) before the Pre-positioning Date:
- (i) each of the following:
    - (A) the duly executed Charter, MOA, Charter Guarantee, Account Pledge, Share Pledge, the Security Trust Deed, together with all dated notices of charge or documents

required by any of them (but excluding for the avoidance of doubt, the acknowledgement to the notice of charge under the Account Pledge and the original share certificates); and

- (B) the duly executed but undated Charterers' Assignment and Manager's Undertakings together with all documents required under any of them but left undated, including, without limitation, all notices of assignment (other than any acknowledgements of notices of assignment) together with written consents of the parties to the above-mentioned documents to release and date such documents on the Actual Delivery Date;
- (ii) copies of the constitution or memorandum and articles of association or bylaws (or equivalent documents) (and all amendments thereto) of each Obligor and any documents required to be filed or registered or issued under the laws of their jurisdiction of incorporation to establish their incorporation;
- (iii) copies of written resolutions or (as the case may be) resolutions passed at separate meetings, in each case, of the board of directors of each Obligor, in each case evidencing their approval of the Transaction Documents and authorising appropriate officers or attorneys to execute the same and to sign all notices required to be given hereunder or thereunder on their behalf or other evidence of such approvals and authorisations as shall be acceptable to the Owners;
- (iv) if applicable, the original power of attorney of each Obligor under which any document (including the Transaction Documents) are to be executed or transactions undertaken by them;
- (v) a specimen of the signature or copy of the passport of each person actually executing any of the Transaction Documents pursuant to the resolutions referred to in paragraph (iii) above;
- (vi) a certificate of a duly authorised officer of each of the Obligors:
  - (A) certifying that each copy document relating to it specified in this paragraph (a) is correct, complete and in full force and effect;
  - (B) in relation to the Charterers and the Charter Guarantor, setting out the names of the directors, officers and shareholders of that person and the proportion of shares held by each shareholder; and
  - (C) confirming that entry into the Transaction Documents to which it is a party or guaranteeing or securing, as appropriate, this Charter would not cause any borrowing, guarantee, security or similar limit binding on that person to be exceeded.

- (vii) a copy of the following:
  - (A) the duly executed Initial MOA, the Deposit Agreement (as defined in the Initial MOA) and the Side Agreement;
  - (B) the duly executed Management Agreement;
  - (C) the Approved Manager's current Document of Compliance (as such term is defined pursuant to the ISM Code); and
  - (D) the duly executed Initial Sub-Charter,in each case together with all addenda, amendments or supplements;
- (viii) the Initial Sub-Charterers written consent of the Charterers' entry into the sale of the Vessel by the Charterers to the Owners under the terms of the MOA (in a form satisfactory to the Owners) pursuant to Clause 59 of the Initial Sub-Charter;
- (ix) evidence that:
  - (A) all the conditions precedent under clause 24 (*Conditions Precedent*) of the MOA have been, or, in the Owners' opinion, will be satisfied on the Actual Delivery Date;
  - (B) on or immediately after the Actual Delivery Date, the Vessel will be registered in the name of the Owners as legal owner with the Approved Flag;
  - (C) the written approval of the Insurances by an insurance advisor appointed by the Owners in form satisfactory to the Owners; and
  - (D) the letters of undertaking will be issued to the Owners (as assignee pursuant to the Charterers' Assignment and Manager's Undertakings) in form acceptable to the Owners as in the industry-standard form by the brokers through whom the Insurances are placed;
- (x) (i) an e-mail confirmation from the Account Bank (if not possible, any other evidence) that the Operating Account has been activated by the Account Bank and is in operation; (ii) evidence that an amount no less than the Minimum Cash Balance has been remitted to the Operating Account and (iii) the evidence that the Charterers have notified the Initial Sub-Charterers and the Initial Sub-Charterers have acknowledged (by e-mail) that the Earnings under the Initial Sub-Charter shall be remitted to the Operating Account;
- (xi) such documentation and other evidence as is reasonably requested by the Owners in order for the Owners to comply with all necessary "know your customer" or similar identification procedures in relation to the transactions contemplated in the Transaction Documents;

- (xii) a legal opinion of the legal advisers to the Owners in form satisfactory to the Owners:
    - (A) England;
    - (B) Marshall Islands;
    - (C) Netherlands; and
    - (D) Liberia,
  - (xiii) a copy of the Original Financial Statements;
  - (xiv) a certificate of good standing (or equivalent) of each Obligor; and
  - (xv) such other consent, licence, approval, authorisation or other document, opinion or assurance which is necessary in connection with their entry into and performance of the transactions contemplated by any of the Transaction Documents or for the validity and enforceability thereof.
- (b) The Charterers undertake to deliver or to cause to be delivered to the Owners:
- (i) on the Actual Delivery Date, the following:
    - (A) a Provisional Certificate of Registry and Certificate of Ownership and Encumbrances evidencing that the Vessel is at least provisionally registered under the laws and flag of the Approved Flag in the ownership of the Owners and that the Vessel is free from registered encumbrances and mortgages;
    - (B) the duly executed and dated Charterers' Assignment and Manager's Undertakings, together with all documents required by any of them including, without limitation, all notices of assignment (save for those referred to at Clause 36(b)(iii));
    - (C) a copy of the following:
      - (1) the Vessel's current Safety Management Certificate (as such term is defined pursuant to the ISM Code) issued in the name of the Charterers;
      - (2) the Vessel's current ISSC issued in the name of the Charterers;
      - (3) the Vessel's current IAPPC;
      - (4) delivery notice tendered by the master of the Vessel to the Initial Sub-Charter evidencing that the Vessel is in service under the Initial Sub-Charter or will be in service under the Initial Sub-Charter from the Actual Delivery Date,

in each case together with all addenda, amendments or supplements;

- (D) written confirmation by the Charterers satisfactory to the Owners that the Charterers have not exercised the option under the Side Agreement to cancel the Initial Sub-Charter and the Vessel will be delivered into the Initial Sub-Charter on the Actual Delivery Date; and
  - (E) evidence that the Vessel is insured in the manner required by the Transaction Documents.
- (ii) within ten (10) Business Days from the Actual Delivery Date, the original share certificate(s) of the Charterers issued in the Chargor's name
  - (iii) within ten (10) Business Days from the Actual Delivery Date:
    - (A) the dated acknowledgement in respect of the notice of charge served pursuant to the Account Pledge;
    - (B) the dated insurance report in the form agreed under Clause 36(a)(ix)(C);
    - (C) the dated letters of undertaking in the forms agreed under Clause 36(a)(ix)(D);
    - (D) (using reasonable endeavours) the duly executed Maersk QEL; and
    - (E) (using reasonable endeavours) the dated acknowledgement from the Initial Sub-Charterers in respect of the notice of assignment of the Initial Sub-Charter pursuant to the Charterers' Assignment,
  - (iv) within twenty (20) Business Days from the Actual Delivery Date, the dated legal opinions in the forms agreed under Clause 36(a)(xii);
  - (v) within three (3) months from the Actual Delivery Date, an inventory of the Vessel's major spare parts for the Main Engine, Diesel Generators and E.R. Auxiliary Machinery on board the Vessel; and
  - (vi) if the Vessel will only be provisionally registered on the Actual Delivery Date, within six (6) months from the Actual Delivery Date, the Certificate of Registry issued by the Approved Flag evidencing that the Owners are the owners of the Vessel and that the Vessel is free from registered encumbrances and mortgages.
- (c) If the Owners in their sole discretion agree to deliver the Vessel under this Charter to the Charterers before all of the documents and evidence required under paragraph (a) and (b)(i) of this Clause 36 (*Conditions precedent and conditions subsequent*) have been delivered to or to the order of the Owners, the Charterers undertake to deliver all outstanding documents and evidence

to or to the order of the Owners no later than ten (10) Business Days after the Actual Delivery Date or such other date as specified by the Owners, acting in their sole discretion. The delivery of the Vessel by the Owners to the Charterers under this Charter shall not, unless otherwise notified by the Owners (acting in their sole discretion) to the Charterers in writing, be taken as a waiver of the Owners' right to require production of all the documents and evidenced required by this Clause 36 (*Conditions precedent and subsequent*).

**37 Bunkers and luboils**

- (a) At delivery the Charterers shall take over all bunkers, lubricating oil, water and unbroached provisions in the Vessel without cost assuming that these have remained the property of the Charterers (as sellers) under the MOA.
- (b) At redelivery the Owners shall take over and pay for all bunkers, unused lubricating oil, water and unbroached provisions and other consumable stores in the said Vessel without cost to the Owners.

**38 Further maintenance and operation**

- (a) The good commercial maintenance practice under Clause 10 (*Maintenance and Operation*) (Part II) of this Charter shall be deemed to include:
  - (i) the maintenance and operation of the Vessel by the Charterers in accordance with:
    - (A) the relevant regulations and requirements of the Classification Society;
    - (B) the relevant regulations and requirements of the country and flag of the Vessel's registry;
    - (C) any applicable IMO regulations (including but not limited to the ISM Code, the ISPS Code, IMO Ballast Water Management (BWM) Convention and MARPOL;
    - (D) all other applicable regulations, requirements and recommendations; and
    - (E) the Charterers' operations and maintenance manuals;
  - (ii) the maintenance and operation of the Vessel by the Charterers taking into account:
    - (A) engine manufacturers' recommended maintenance and service schedules;
    - (B) builder's operations and maintenance manuals; and
  - (iii) recommended maintenance and service schedules of all installed equipment and pipework.

- (b) In addition to the above, the Charterers covenant with the Owners at all times during the Charter Period:
- (i) to keep and maintain the Vessel in a condition entitling the Vessel to the highest class applicable to vessels of her type with the Classification Society free of overdue recommendations, qualifications and conditions;
  - (ii) to keep and maintain the Vessel with the Classification Society and shall not, without the Owners' prior written consent (not to be unreasonably withheld), change the Classification Society of the Vessel;
  - (iii) to install and maintain an auditable computerised planned maintenance system on board. On redelivery the full planned maintenance history and forthcoming work schedule to be retained on board;
  - (iv) to maintain on board an auditable record of any software upgrades that take place on all equipment. This record is to be available to the Owners following their reasonable request and becomes the property, together with the latest installed software of the Owners at redelivery; and
  - (v) to arrange online access to class records for the Owners as available to the Charterers.
- (c) Any equipment that is found not to be required on board as a result of regulation or operational experience is either to be removed at the Charterers expense or to be maintained in operable condition.
- (d) The title to any equipment placed on board as a result of operational requirements of the Charterers shall automatically be deemed to belong to the Owners immediately upon such placement, and such equipment may only be removed: (i) with the Owners' prior written consent (not to be unreasonably withheld and unless the removal is routine (such being determined by reference to the Vessel's normal operations and class and flag requirements) or in respect of equipment which is no longer needed or obsolete), (ii) at the Charterers' own expense, and (iii) without damage to the Vessel.
- (e) The Charterers shall, from time to time on request of the Owners (acting reasonably), produce to the Owners written evidence satisfactory to the Owners confirming that the master and crew of the Vessel have no claims for wages beyond the ordinary arrears and that the master has no claim for disbursements other than those properly incurred by him in the ordinary course of trading of the Vessel on the voyage then in progress.
- (f) The Charterers shall provide to the Owners from time to time during the Agreement Term on request:

- (i) such information as the Owners may reasonably require with regard to the Vessel, the Vessel's employment (including but not limited to records of the Vessel's itinerary), position and state of repair;
  - (ii) copies of all charterparties and other contracts of employment relating to the Vessel together with any information relating to the performance of any party's obligations under any Sub-Charter; and
  - (iii) copies of the Vessel's deck and engine logs.
- (g) The Charterers shall take all reasonable precautions to prevent any infringements of any anti-drug legislation in any jurisdiction in which the Vessel shall trade and in particular (if the Vessel is to trade in the United States of America) to take all reasonable precautions to prevent any infringements of the Anti-Drug Abuse Act of 1986 of the United States of America.
- (h) The Charterers shall comply, or procure that the operator of the Vessel will comply, with the ISM Code or any replacement of the ISM Code and shall in particular, without limitation:
- (i) procure that the Vessel is and remains for the duration of the Agreement Term subject to a safety management system developed and implemented in accordance with the ISM Code; and
  - (ii) maintain for the Vessel throughout the Agreement Term a valid and current Safety Management Certificate (as defined in the ISM Code) and provide a copy to the Owners; and
  - (iii) procure that the ISM Company maintains throughout the Charter Period a valid and current Document of Compliance (as defined in the ISM Code) and provide a copy to the Owners.
- (i) The Charterers shall comply, in relation to the Vessel, with the ISPS Code or any replacement of the ISPS Code and shall in particular, without limitation:
- (i) procure that the Vessel and the company responsible for the Vessel's compliance with the ISPS Code comply with the ISPS Code; and
  - (ii) maintain for the Vessel throughout the Agreement Term a valid and current ISSC and provide a copy to the Owners.
- (j) The Charterers shall, in respect of the Vessel, comply with Annex VI or any replacement of Annex VI and shall in particular, without limitation:
- (i) procure that the Vessel's master and crew are familiar with, and that the Vessel complies with, Annex VI; and
  - (ii) maintain for the Vessel throughout the Agreement Term a valid and current IAPPC and provide a copy to the Owners.

**39 Structural changes and alterations**

- (a) The Charterers shall make no structural changes in the Vessel or changes in the machinery, engines, appurtenances or spare parts thereof without in each instance first securing the Owners' written consent (not to be unreasonably withheld) thereto, save for any structural changes (i) as a result of mandatory law or regulatory compliance in accordance with Clause 39(c) and (ii) to improve the performance, operation or marketability of the Vessel in each case, at the Charterers' cost and for which written notice shall be provided to the Owners upon such structural change.
- (b) Upon the occurrence of any Termination Event which is continuing, if the Owners decide to retake possession of the Vessel pursuant to paragraph (c) of Clause 49 (*Termination Events*), the Charterers shall at their expense restore the Vessel to its former condition (fair wear and tear excepted) unless the changes made are carried out:
  - (i) with the prior written consent of the Owners (such consent not to be unreasonably withheld); or
  - (ii) to improve the performance, operation or marketability of the Vessel; or
  - (iii) as a result of mandatory law or a regulatory compliance.
- (c) Any improvement, structural changes or new equipment becoming necessary for the continued operation of the Vessel by reason of new class requirements or by compulsory legislation shall be undertaken by the Charterers and be for the Charterers' account and the Charterers shall not have any right to recover from the Owners any part of the cost for such improvements, changes or new equipment either during the Charter Period or at redelivery of the Vessel. The Charterers shall give written notice to the Owners of any such improvement, structural changes or new equipment.
- (d) Subject to Clause 10(f), the Charterers shall, at their own expenses, replace, renew or substitute such machinery and equipment as shall be so damaged or worn so as to be fit for use and the title to any such replaced, renewed or substituted machinery and equipment shall remain with the Owners.

**40 Hire**

- (a) In consideration of the Owners' agreement to charter the Vessel to the Charterers pursuant to the terms hereof, the Charterers agree to pay to the Owners each of the following sums on the relevant dates as follows:
  - (i) on the Actual Delivery Date, an amount equal to the difference between the Purchase Price and the Owners' Cost by way of advance hire (the "**Advance Hire**"), which shall neither bear any interest nor be refundable and which shall be set-off against the Owners' obligation (as buyers under the MOA) to pay the Purchase Price to the Charterers (as sellers under the MOA);

- (ii) on each and every Hire Payment Date, pay to the Owners the Fixed Hire;
  - (iii) on each and every Hire Payment Date, pay to the Owners by way of variable hire (each a "**Variable Hire**") then payable, calculated by multiplying (A) (in relation to the first Hire Payment Date) the Owners' Cost or (in relation to any other Hire Payment Date) the Cost Balance immediately prior to the relevant Hire Payment Date by (B) the aggregate of the applicable Margin and the Applicable Rate and (C) a fraction whose denominator is three hundred and sixty (360) and numerator is the number of days which will elapse from the Actual Delivery Date (in respect of the first Hire Payment Date), or the immediately preceding Hire Payment Date (in respect of any subsequent Hire Payment Date) (in each case including that day) until, in respect of the Hire Payment Date of the final Hire Period during the Charter Period, the last day of such Hire Period (including that day), and, in respect of all other Hire Payment Dates, that Hire Payment Date (not including that date); and
  - (iv) for the purpose of determining any Hire payment, Variable Hire shall accrue from and including the first day of a Hire Period to the last day of such Hire Period.
- (b) The Hire shall be paid in arrears on each Hire Payment Date (Shanghai time) (in respect of which time is of the essence) with the first (1<sup>st</sup>) Hire Payment Date falling on the date three (3) months after the Actual Delivery Date.
  - (c) Any payment provided herein due on any day which is not a Business Day shall be payable on the immediately preceding Business Day.
  - (d) All payments under this Charter shall be made to the account opened in the name of the Owners with such bank as the Owners may choose, the details of which shall be notified by the Owners to the Charterers prior to the first Hire Payment Date (or such other account as the Owners may notify the Charterers from time to time) for credit to the account of the Owners.
  - (e) Following delivery of the Vessel to, and acceptance by, the Charterers under this Charter, the Charterers' obligation to pay Hire and any other amounts in accordance with this Clause 40 shall be absolute irrespective of any contingency whatsoever including but not limited to:
    - (i) any set-off, counterclaim, recoupment, defence or other right which either party to this Charter may have against the other;
    - (ii) any unavailability of the Vessel, for any reason, including but not limited to any action or inaction by any Obligor or any Sub-Charterers, seaworthiness, condition, design, operation, merchantability or fitness for use or purpose of the Vessel or any apparent or latent defects in the Vessel or its machinery and equipment or the ineligibility of the Vessel for any particular use or trade or for registration of documentation under the laws of any relevant jurisdiction or lack of registration or the absence or

withdrawal of any consent required under the applicable law of any relevant jurisdiction for the ownership, chartering, use or operation of the Vessel or any damage to the Vessel;

- (iii) any lack or invalidity of title or any other defect in title, provided such lack or invalidity of title or defect does not affect the quiet and peaceful use, possession and enjoyment of the Vessel;
- (iv) any failure or delay on the part of either party to this Charter or any Obligor or any Sub-Charterer, whether with or without fault on its part, in performing or complying with any of the terms, conditions or other provisions of this Charter or any other Transaction Document;
- (v) any insolvency, bankruptcy, reorganisation, arrangement, readjustment of debt, dissolution, administration, liquidation or similar proceedings by or against the Owners, the Charterers, any Obligor, any Sub-Charterers, or any change in the constitution of the Owners, the Charterers, any Obligor or any Sub-Charterers;
- (vi) any invalidity or unenforceability or lack of due authorisation of or any defect in this Charter, any Sub-Charter or any other Transaction Document; or
- (vii) any other cause which would but for this provision have the effect of terminating or in any way affecting the obligations of the Charterers hereunder,

it being the intention of the parties that the provisions of this Clause 40, and the obligation of the Charterers to pay Hire and make any payments under this Charter, shall (save as expressly provided in this Clause 40) survive any frustration and that, save as expressly provided in this Charter, no moneys paid under this Charter by the Charterers to the Owners shall in any event or circumstance be repayable to the Charterers.

- (f) All payments of Hire and all other Unpaid Sums to the Owners pursuant to this Charter and the other relevant Transaction Documents shall be made in immediately available funds in US Dollars, free and clear of, and without deduction for or on account of, any taxes, unless the Charterers are required by law or regulation to make any such payment of Hire subject to such taxes.
- (g) In the event that the Charterers are required by any law or regulation to make any deduction or withholding on account of any taxes which arise as a consequence of any payment due under this Charter, then:
  - (i) the Charterers shall notify the Owners promptly after they become aware of such requirement;
  - (ii) the Charterers shall remit the amount of such taxes to the appropriate taxation authority within five (5) Business Days or any other shorter time period as required under any applicable law or regulation and in any event prior to the date on which penalties attach thereto; and

- (iii) such payment shall be increased by such amount as may be necessary to ensure that the Owners receive a net amount which, after deducting or withholding such taxes, is equal to the full amount which the Owners would have received had such payment not been subject to such taxes.
- (h) The Charterers shall promptly deliver to the Owners any receipts, certificates or other proof evidencing the amounts, if any, paid or payable in respect of any such withholding or deduction and that any such taxes have been remitted to the appropriate taxation authority within thirty (30) days after the expiry of any time limit within which such taxes must be so remitted or, if earlier, the date on which such taxes are so remitted.
- (i) If the Charterers fail to pay any amount payable by them to the Owners under a Transaction Document on its due date, interest shall accrue on the Unpaid Sum from the due date up to the date of actual payment (both before and after judgment) at a rate which is one per cent. (1%) per annum higher than the aggregate of the Margin and the Applicable Rate which would have been payable if the Unpaid Sum had, during the period of non-payment, constituted the Cost Balance for successive Hire Periods. Any interest accruing under this paragraph (i) shall be immediately payable by the Charterers on demand by the Owners. Default interest (if unpaid) arising on an Unpaid Sum will be compounded with the Unpaid Sum at the end of each Hire Period applicable to that Unpaid Sum but will remain immediately due and payable.
- (j) In the event that this Charter is terminated for whatever reason, the Charterers' obligation to pay Hire and such other Unpaid Sum which (in each case) has accrued due before, and which remains unpaid, at the date of such termination shall continue notwithstanding such termination.
- (k) In the event that it becomes unlawful or it is prohibited for the Owners to charter the Vessel pursuant to this Charter, then the Owners shall notify the Charterers of the relevant event and negotiate in good faith with the Charterers for a period of thirty (30) days from the date of the receipt of the relevant notice by the Charterers to agree an alternative arrangement. If such agreement is not reached within such thirty (30)-day period, the Charterers agree that, in such circumstances, the Owners shall have the right to terminate this Charter by delivering to the Charterers a Termination Notice specifying a Termination Payment Date, whereupon the Charterers shall be obliged to pay to the Owners the Termination Sum relative to the Termination Payment Date and comply with such other terms and conditions as may be specified in such Termination Notice.
- (l) The Charterers shall, within ten (10) Business Days of demand by the Owners, pay to the Owners any Break Costs and any Swap Losses (where applicable).
- (m)
  - (i) If a Screen Rate Replacement Event has occurred, any amendment or waiver which relates to:

- (A) providing for the use of a Replacement Benchmark in place of (or in addition to) the affected Screen Rate; and
- (B) any or all of the following:
  - (1) aligning any provision of any Transaction Document to the use of that Replacement Benchmark;
  - (2) enabling that Replacement Benchmark to be used for the calculation of Variable Hire under this Charter (including, without limitation, any consequential changes required to enable that Replacement Benchmark to be used for the purposes of this Charter);
  - (3) implementing market conventions applicable to that Replacement Benchmark;
  - (4) providing for appropriate fallback (and market disruption) provisions for that Replacement Benchmark; or
  - (5) 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 Owners and the Charterers.

- (ii) If, as at 30 September 2022 this Charter provides that the Variable Hire is to be determined by reference to the Screen Rate for LIBOR:

- (A) a Screen Rate Replacement Event shall be deemed to have occurred on that date in relation to the Screen Rate; and
- (B) the Owners and the Charterers 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 December 2022.

(n)

- (i) Subject to paragraph (iv) below, the Charterers shall promptly pay to the Owners, the amount of any Increased Costs incurred by the Owners or any of its Affiliates as a result of:

- (A) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation after the date of this Charter;
  - (B) compliance with any law or regulation made after the date of this Charter; or
  - (C) the implementation or application of, or compliance with Basel III or CRD IV or any law or regulation that implements or applies Basel III or CRD IV made after the date of this Charter (whether such implementation, application or compliance is by a government, regulator, the Owners or any of the Owners' Affiliates).
- (ii) If the Owners intend to make a claim pursuant to paragraph (i) above, the Owners shall promptly notify the Charterers of the event giving rise to the claim.
  - (iii) The Owners shall, as soon as practicable after a demand by the Charterers, provide a certificate confirming the amount of the Increased Costs.
  - (iv) Paragraph (i) above does not apply to the extent any Increased Cost is:
    - (A) attributable to a FATCA Deduction required to be made by a Party;
    - (B) attributable to a wilful breach by the Owners or its Affiliates of any law or regulation.
  - (v) In this Clause 40(n):

**"Basel III"** means:

    - (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, supplemental or restated; and
    - (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

**"CRD IV"** means EU CRD IV and UK CRD IV.

"EU CRD IV" means:

- (A) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 548/2012; and
- (B) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

"UK CRD IV" means:

- (A) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 548/2012 as it forms part of domestic law of the United Kingdom by virtue of the 2018 Withdrawal Act;
- (B) the law of the United Kingdom or any part of it, which immediately before IP Completion Day (as defined in the 2020 Withdrawal Act) implemented Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC and its implementing measures; and
- (C) direct EU legislation (as defined in the 2018 Withdrawal Act), which immediately before IP Completion Day (as defined in the 2020 Withdrawal Act) implemented EU CRD IV as it forms part of domestic law of the United Kingdom by virtue of the 2018 Withdrawal Act.

#### **41 Insurance**

- (a) During the Agreement Term, the Charterers shall at their expense keep the Vessel insured against fire and usual marine risks (including hull and machinery and excess risks), oil pollution liability risks, war and protection and indemnity risks and any other risks against which it is compulsory to insure for the operation for the Vessel or in the Owners' reasonable opinion common market practice to insure for the operation, trading, management and/or for safety purposes for the Vessel in such market (but excludes loss of hire insurance) and on such terms as the Security Trustee and/or the Owners and the Finance Parties (if any) shall approve in writing.

- (b) Such insurances shall be arranged by the Charterers to protect the interests of the Owners, the Security Trustee, the Charterers and (if any) the Finance Parties, and the Charterers shall be at liberty to protect under such insurances the interests of any managers (including the Approved Managers) they may appoint provided that any manager shall be an Approved Manager and shall, on or prior to its appointment, execute a Manager's Undertaking (i) in such form as the Security Trustee and/or the Owners may require and (ii) which shall include an assignment of the Approved Managers' interest under such insurances, in favour of the Security Trustee and/or the Owners or the relevant Finance Party (if any).
- (c) Insurance policies shall cover the Security Trustee, the Owners, the Charterers and (if any) the Finance Parties according to their respective interests. Subject to the approval of the Security Trustee, the Owners, the Finance Parties (if any) and the insurers, the Charterers shall effect all insured repairs and shall undertake settlement and reimbursement from the insurers of all costs in connection with such repairs as well as insured charges, expenses and liabilities to the extent of coverage under the insurances herein provided for. All time used for repairs under this Clause 41 and for repairs of latent defects, including any deviation, shall be for the Charterers' account.
- (d) The Charterers shall also remain responsible for and to effect repairs and settlement of costs and expenses incurred thereby in respect of all other repairs not covered by the insurances and/or not exceeding any possible franchise(s) or deductibles provided for in the insurances.
- (e) The Charterers shall arrange that, at any time during the Agreement Term, the hull and machinery and war risks insurance shall be in an amount not less than the higher of:
- (i) 100% of the latest Market Value as determined under the terms of this Charter; and
  - (ii) 120% of the Cost Balance then applicable,
- (the "**Minimum Insured Value**").
- (f) The terms of the hull and machinery insurance and the identity of the insurers shall be acceptable to the Security Trustee and/or the Owners (such acceptance not to be unreasonably withheld). The Vessel shall be entered in a P&I Club which is a member of the International Group Association on customary terms and shall be covered against liability for pollution claims in an amount not less than USD1,000,000,000. The P&I cover shall be placed with a P&I Club which is a member of the International Group Association. All insurances shall include customary protection in favour of the Security Trustee and/or the Owners and (if any) the Finance Parties as notice of cancellation and exclusion from liability for premiums or calls.
- (g) The Charterers:
- (i) undertake to place the Insurances in such markets, in such currency, on such terms and conditions, and with such first class and reputable

brokers, underwriters and associations as the Security Trustee and the Owners shall have previously approved in writing. The Charterers shall name the Security Trustee, the Owners, the Charterers, the Approved Managers and if applicable, the Finance Parties as the only named assureds;

- (ii) shall not alter the terms of any of the Insurances nor allow any person to be co-assured under any of the Insurances without the prior written consent of the Security Trustee and/or the Owners, and will supply the Security Trustee and/or the Owners and if applicable, any of the Finance Parties from time to time on request with such information as the Security Trustee and/or the Owners and if applicable, any of the Finance Parties may in their discretion require with regard to the Insurances and the brokers, underwriters or associations through or with which the Insurances are placed; and
- (iii) shall reimburse the Security Trustee and/or the Owners with ten (10) Business Days of demand but, subject to the proviso below, not more than once per calendar year during the Agreement Term, for all documented costs and expenses reasonably incurred by the Security Trustee and the Owners in obtaining a report on the adequacy of the Insurances from an insurance adviser instructed by the Security Trustee and the Owners provided however the Charterers shall reimburse the Owners for all documented costs and expenses reasonably incurred by the Owners in obtaining any number of such additional report if any such additional report is obtained by the Owners after the occurrence of (i) a Termination Event which is continuing, or (ii) any material changes in the Insurances and/or the market practices relating to the Insurances.
- (h) The Charterers undertake duly and punctually to pay all premiums, calls and contributions, and all other sums at any time payable in connection with the Insurances, and, at their own expense, to arrange and provide any guarantees from time to time required by any protection and indemnity or war risks association. From time to time at the Owners' and/or the Security Trustee and/or the Finance Parties' request, the Charterers will provide the Owners and/or the Security Trustee and/or such Finance Party with evidence satisfactory to the Security Trustee, Owners and the Finance Party (in each case, acting reasonably) that such premiums, calls, contributions and other sums have been duly and punctually paid; that any such guarantees have been duly given; and that all declarations and notices required by the terms of any of the Insurances to be made or given by or on behalf of the Charterers to brokers, underwriters or associations have been duly and punctually made or given.
- (i) The Charterers will comply in all respects with all terms and conditions of the Insurances and will make all such declarations to brokers, underwriters and associations as may be required to enable the Vessel to operate in accordance with the terms and conditions of the Insurances. The Charterers will not do, nor permit to be done, any act, nor make, nor permit to be made, any omission, as a result of which any of the Insurances may become liable to be

suspended, cancelled or avoided, or may become unenforceable, or as a result of which any sums payable under or in connection with any of the Insurances may be reduced or become liable to be repaid or rescinded in whole or in part. In particular, but without limitation, the Charterers will not permit the Vessel to be employed other than in conformity with the Insurances without first taking out additional insurance cover in respect of that employment in all respects to the satisfaction of the Security Trustee and/or the Owners and if applicable, any of the Finance Parties, and the Charterers will promptly notify the Security Trustee and the Owners of any new requirement imposed by any broker, underwriter or association in relation to any of the Insurances.

- (j) The Charterers will ensure that any of the Insurances is renewed no later than five (5) days before its expiry and shall immediately give the Security Trustee and/or the Owners and if applicable, any of the Finance Parties such details of those renewals as the Security Trustee and/or the Owners and if applicable, any of the Finance Parties may require.
- (k) The Charterers shall, upon relevant renewals, deliver to the Security Trustee and/or the Owners and if applicable, any of the Finance Parties certified copies of all policies, certificates of entry and other documents relating to the Insurances (including, without limitation, receipts for premiums, calls or contributions) and shall procure that letters of undertaking in such industry-standard form as the Security Trustee, the Owners or if applicable, any of the Finance Parties may approve (acting reasonably) shall be issued to the Security Trustee, the Owners and, if applicable, the Finance Parties by the brokers through which the Insurances are placed (or, in the case of protection and indemnity or war risks associations, by their managers). If the Vessel is at any time during the Agreement Term insured under any form of fleet cover, the Charterers shall procure that those letters of undertaking contain confirmation that the brokers, underwriters or association (as the case may be) will not set off claims relating to the Vessel against premiums, calls or contributions in respect of any other vessel or other insurance, and that the insurance cover of the Vessel will not be cancelled by reason of non-payment of premiums, calls or contributions relating to any other vessel or other insurance. Failing receipt of those confirmations, the Charterers will instruct the brokers, underwriters or association concerned to issue a separate policy or certificate for the Vessel in the sole name of the Charterers or of the Charterers' brokers as agents for the Charterers.
- (l) The Charterers shall promptly provide the Security Trustee and/or the Owners and if applicable, any of the Finance Parties with full information regarding any casualty or other accident or damage to the Vessel which exceed the Threshold Amount which claims in aggregate is or reasonably like to exceed the Threshold Amount and promptly upon the request of the Security Trustee and the Owners, provide information and promptly execute such documents as may be required to enable the Security Trustee and/or the Owners to comply with the insurance provisions of the Finance Documents.
- (m) The Charterers agree that, at any time after the occurrence of a Termination Event which is continuing, the Security Trustee and the Owners or if applicable, any of the Finance Parties shall be entitled to collect, sue for,

recover and give a good discharge for all claims in respect of any of the Insurances; to pay collecting brokers the customary commission on all sums collected in respect of those claims; to compromise all such claims or refer them to arbitration or any other form of judicial or non-judicial determination; and otherwise to deal with such claims in such manner as the Security Trustee and the Owners and if applicable, any of the Finance Parties shall in their discretion think fit.

- (n) Whether or not a Termination Event shall have occurred, the proceeds of any claim under any of the Insurances in respect of a Total Loss shall be paid and applied in accordance with Clause 53 (*Total Loss*).
- (o) In the event of any claim in respect of any of the Insurances (other than in respect of a Total Loss), if the Charterers shall fail to reach agreement with any of the brokers, underwriters or associations for the immediate restoration of the Vessel, or for payment to third parties, within such time as the Security Trustee and the Owners may in good faith stipulate, the Security Trustee and the Owners shall be entitled to require payment to itself and if applicable, any of the Finance Parties. In the event of any dispute arising between the Charterers and any broker, underwriter or association with respect to any obligation to make any payment to the Charterers or to the Security Trustee and the Owners and/or if applicable, any of the Finance Parties under or in connection with any of the Insurances, or with respect to the amount of any such payment, the Security Trustee, the Owners and/or if applicable, any of the Finance Parties shall be entitled to settle that dispute directly with the broker, underwriter or association concerned. Any such settlement shall be binding on the Charterers.
- (p)
  - (i) The Security Trustee and the Owners agree that any amounts which may become due under any protection and indemnity entry or insurance shall be paid to the Charterers to reimburse the Charterers for, and in discharge of, the loss, damage or expense in respect of which they shall have become due, unless, at the time the amount in question becomes due, a Termination Event shall have occurred and is continuing, in which event the Security Trustee and the Owners shall be entitled to receive the amounts in question and to apply them either in reduction of any amount owed by the Charterers pursuant to paragraph (d) of Clause 49 (*Termination Events*) or, at the option of the Security Trustee and the Owners, to the discharge of the liability in respect of which they were paid.
  - (ii) Without prejudice to the forgoing and subject to the terms of the Finance Documents (if any), all other claims in relation to the Insurances (other than in respect of a Total Loss), shall, unless and until the occurrence of a Termination Event which is continuing, in which event all claims under the relevant policy shall be payable directly to the Security Trustee and the Owners, be payable as follows:

- (A) a claim in respect of any one casualty where the aggregate claim against all insurers does not exceed the Threshold Amount, prior to adjustment for any franchise or deductible under the terms of the relevant policy, shall be paid directly to the Charterers (as agent for the Owners) for the repair, salvage or other charges involved or as a reimbursement if the Charterers fully repaired the damage to the satisfaction of the Security Trustee and the Owners (acting reasonably) and paid all of the salvage or other charges;
  - (B) a claim in respect of any one casualty where the aggregate claim against all insurers exceeds the Threshold Amount prior to adjustment for any franchise or deductible under the terms of the relevant policy, shall, subject to the prior written consent of the Security Trustee and the Owners (such consent not to be unreasonably withheld), be paid to the Charterers as and when the Vessel is restored to her former state and condition and the liability in respect of which the insurance loss is payable is discharged, and provided that the insurers may with such consent make payment on account of repairs in the course of being effected, but, in the absence of such prior written consent shall be payable directly to the Security Trustee and the Owners.
- (q) The Charterers shall not settle, compromise or abandon any claim under or in connection with any of the Insurances (other than a claim of less than the Threshold Amount arising other than from a Total Loss in the absence of any Termination Event that is continuing) without the prior written consent of the Security Trustee and the Owners (such consent not to be unreasonably withheld).
- (r) If the Charterers fail to effect or keep in force the Insurances, the Security Trustee and the Owners may (but shall not be obliged to) effect and/or keep in force such insurances on the Vessel and such entries in protection and indemnity or war risks associations as the Security Trustee and the Owners in their discretion consider desirable, and the Security Trustee and/or the Owners may (but shall not be obliged to) pay any unpaid premiums, calls or contributions. The Charterers will reimburse the Security Trustee and the Owners from time to time within ten (10) Business Days of a demand for all such premiums, calls or contributions paid by the Security Trustee and the Owners.
- (s) The Charterers shall comply strictly with the requirements of any legislation relating to pollution or protection of the environment which may from time to time be applicable to the Vessel in any jurisdiction in which the Vessel shall trade and in particular the Charterers shall comply strictly with the requirements of the United States Oil Pollution Act 1990 (the "**Act**") if the Vessel is to trade in the United States of America and Exclusive Economic

Zone (as defined in the Act). Before any such trade is commenced and during the entire period during which such trade is carried on, the Charterers shall:

- (i) pay any additional premiums required to maintain protection and indemnity cover for oil pollution up to the limit available to the Charterers for the Vessel in the market; and
- (ii) make all such quarterly or other voyage declarations as may from time to time be required by the Vessel's protection and indemnity association in order to maintain such cover, and promptly deliver to the Owners copies of such declarations; and
- (iii) submit the Vessel to such additional periodic, classification, structural or other surveys which may be required by the Vessel's protection and indemnity insurers to maintain cover for such trade and promptly deliver to the Owners copies of reports made in respect of such surveys; and
- (iv) implement any recommendations contained in the reports issued following the surveys referred to in paragraph (iii) above within the relevant time limits contained in such reports, and provide evidence satisfactory to the Security Trustee and the Owners that the protection and indemnity insurers are satisfied that this has been done; and
- (v) in addition to the foregoing (if such trade is in the United States of America and Exclusive Economic Zone):
  - (A) obtain and retain a certificate of financial responsibility under the Act in form and substance satisfactory to the United States Coast Guard and provide the Security Trustee and the Owners with evidence of the same; and
  - (B) procure that the protection and indemnity insurances do not contain a US Trading Exclusion Clause or any other analogous provision and provide the Owners with evidence that this is so; and
  - (C) comply strictly with any operational or structural regulations issued from time to time by any relevant authorities under the Act so that at all times the Vessel falls within the provisions which limit strict liability under the Act for oil pollution.
- (vi) The Security Trustee and/or the Owners shall at any date be at liberty to take out an Innocent Owners' Interest Insurance in relation to the Vessel in any amount and on such terms and conditions as the Security Trustee and the Owners may from time to time decide, and the Charterers shall from time to time upon the Security Trustee's and/or the Owners' demand (A) pay the relevant insurers directly for all costs, premiums and

expenses payable or (B) reimburse the Security Trustee and the Owners for all costs, premiums and expenses paid or incurred by the Security Trustee and the Owners, in connection with any Innocent Owners' Interest Insurance.

#### 42 Redelivery

(a) Upon:

- (i) the occurrence of any overdue Termination Event which is continuing and if the Owners decide to withdraw the Vessel from the service of the Charterers pursuant to paragraph (c) of Clause 49 (*Termination Events*); or
- (ii) the occurrence of a Termination pursuant to Clause 40(k) (*Hire*) and if the Termination Sum has not been paid in full in accordance with Clause 40(k) (*Hire*); or
- (iii) the expiry of the Charter Period (and subject to no Total Loss having occurred, the Purchase Option, Call Option or the Early Termination Event having not been exercised (or fulfilled)),

unless the Owners are obliged to transfer title to the Vessel to the Charterers in accordance with this Charter, the Charterers shall, at their own cost and expense, redeliver or cause to be redelivered the Vessel to the Owners at a safe, ice free port where the Vessel would be afloat at all times in a ready safe berth or anchorage as selected by the Owners, in accordance with Clauses 43 (*Redelivery conditions*) and 44 (*Diver's inspection at redelivery*).

(b) The Charterers warrant that they will not permit the Vessel to commence a voyage (including any preceding ballast voyage) which cannot reasonably be expected to be completed in time to allow redelivery of the Vessel within the Charter Period.

#### 43 Redelivery conditions

(a) In addition to what has been agreed in Clauses 15 (*Redelivery*) (Part II) and 42 (*Redelivery*) in the circumstances described in Clause 42 (*Redelivery*), the condition of the Vessel shall at redelivery be as follows:

- (i) the Vessel shall be free of any overdue class and statutory recommendations affecting its trading certificates;
- (ii) the Vessel must be redelivered with all equipment and spares or replacement items listed in the delivery inventory carried out pursuant to Clause 9 (*Inventories, Oil and Stores*) (Part II) and any spare parts on board or on order for any equipment installed on the Vessel following delivery and paid in full; all records, logs, plans, operating manuals and drawings, spare parts onboard shall be included at the time of redelivery in connection with a transfer of the Vessel or such other items as are then in the possession of the Charterers shall be delivered to the Owners;
- (iii) the Vessel must be redelivered with all national and international trading certificates and hull/machinery survey positions for both

class and statutory surveys free of any overdue recommendation and qualifications valid and un-extended for a period of at least three (3) months beyond the redelivery date;

- (iv) all of the Vessel's ballast tank coatings to be maintained in "Fair" (as such term (or its equivalent) may be defined and/or interpreted in the relevant survey report) condition as appropriate for the Vessel's age at the time of redelivery, fair wear and tear excepted;
  - (v) the Vessel shall have passed any flag or class surveys or inspections due within three (3) months after the date of redelivery and have its continuous survey system up to date;
  - (vi) the Vessel must be re-delivered with accommodation and common spaces for crew and officers substantially in the same condition as at the Actual Delivery Date, free of damage over and above fair wear and tear; with cargo spaces generally fit to carry the cargoes originally designed and intended for the Vessel; with main propulsion equipment, auxiliary equipment, cargo handling equipment, navigational equipment, etc., in such operating condition as provided for in this Charter, fair wear and tear excepted;
  - (vii) the Vessel shall be free and clear of all liens other than those created by or on the instructions of the Owners;
  - (viii) the condition of the cargo holds to be in accordance with the maintenance regime undertaken by the Charterers during the Charter Period since delivery with allowance for legitimate cargoes carried since the last major maintenance programme;
  - (ix) a final joint report from the surveyors appointed by the Owners and the Charterers respectively shall be carried out as to the condition of the Vessel and a list of agreed deficiencies if any shall be drawn up;
  - (x) the anti-fouling coating system applied at the last scheduled dry-docking shall be in accordance with prevailing regulations at the time of application;
  - (xi) the funnel markings and name (unless being maintained by the Owner following redelivery) shall be painted out by the Charterers; and
  - (xii) in addition and without prejudice to Clause 43(a)(ii), all remaining bunkers on the Vessel shall be in compliance with all applicable laws, including without limitation, the global sulphur limit imposed by the International Maritime Organization (IMO); and such remaining bunkers shall be sufficient to at least cover a voyage to the next bunkering port.
- (b) At redelivery, the Charterers shall ensure that the Vessel shall meet the following performance levels (which where relevant shall be determined by reference to the Vessel's log books):

- (i) all equipment controlling the habitability of the accommodation and service areas to be in proper working order, fair wear and tear excepted; and
  - (ii) available deadweight to be within one per cent (1%) of that achieved at delivery (as the same may be adjusted as a result of any upgrading of the Vessel carried out in accordance with this Charter (such adjustment to be agreed between the Owners and Charterers at the time such upgrading work is to be undertaken)).
- (c) The Owners and Charterers shall each appoint (at their own expense) surveyors for the purpose of determining and agreeing in writing the condition of the Vessel at redelivery.
  - (d) If the Vessel is not in the condition or does not meet the performance criteria required by this Clause 43, a list of deficiencies together with the costs of repairing/remediating such deficiencies shall be agreed by the respective surveyors.
  - (e) The Charterers shall be obliged to repair any class items restricting the operation or trading of the Vessel prior to redelivery.
  - (f) The Charterers shall be obliged to repair/remedy all such other deficiencies as are necessary to put the Vessel into the return condition required by this Clause 43.
  - (g) The cost of making any repairs/remedial work referred to in paragraph (f) above shall be for the Charterers' account.
  - (h) Provided that a Purchase Option, Call Option or Early Termination Event has not then been exercised by the Charterers by the Call Option Expiry Date or fulfilled (as the case may be), the Owners shall be entitled to remarket the Vessel and in connection therewith:
    - (i) the Owners shall be entitled at their cost, to place representatives on board the Vessel, subject to signing of a standard P&I indemnity letter; and
    - (ii) the Charterers shall provide all reasonable co-operation to the Owners.

#### **44 Diver's inspection at redelivery**

- (a) Unless the Vessel is returned in dry-dock, a diver's inspection is required to be performed at the time of redelivery.
- (b) The Charterers shall, at the written request of the Owners, arrange at the Charterers' expense for an underwater inspection by a diver approved by the Classification Society immediately prior to the redelivery.
- (c) A video film of the inspection shall be made. The extent of the inspection and the conditions under which it is performed shall be to the satisfaction of the Classification Society.

- (d) If damage to the underwater parts is found, the Charterers shall arrange, at their time and costs, for the Vessel to be dry-docked and repairs carried out to the satisfaction of the Classification Society.
- (e) If the conditions at the port of redelivery are unsuitable for such diver's inspection, the Charterers shall take the Vessel (in Owners' time but at Charterers' expense) to a suitable alternative place nearest to the redelivery port unless an alternative solution is agreed.
- (f) Without limiting the generality of paragraph (b)(iv) of Clause 55 (*Fees and expenses*), all costs relating to any diver's inspection shall be borne by the Charterers.

**45 Owners' mortgage; Owners transfers**

- (a) The Charterers:
  - (i) acknowledge that the Owners and the Collateral Owners are entitled without the prior written consent of the Charterers, and do intend to enter or have entered into certain funding arrangements with the Finance Parties in order to finance part of the Owners' Cost (the "**Financing Arrangements**"), which Financing Arrangements may be secured, inter alia, by ship mortgages over the Vessel and (along with other related matters) the relevant Finance Documents;
  - (ii) irrevocably consent to any assignment in favour of the Finance Parties of any Transaction Documents pursuant to the relevant Finance Documents; and
  - (iii) without limiting the generality of Clause 48(bb) (*Charterers' undertakings*), undertake to execute, provide or procure the execution or provision (as the case may be) of such further information or document as in the opinion of the Owners and/or the Finance Parties, acting in good faith, are necessary to effect the assignment referred to in paragraph (ii) above and any assignment (by way of security) by the Owners of their rights in the Transaction Documents in favour of any Finance Party.
- (b) Without limiting the Charterers' obligations under this Clause and without prejudice to any other provisions in this Charter, provided that the Charterers at all times perform their obligations under this Charter and in the absence of any Termination Event that is continuing:
  - (i) the Owners will not disturb or interfere with the Charterers' quiet possession and enjoyment of the Vessel; and
  - (ii) if required by the Charterers, the Owners will procure that the Finance Parties provide a quiet enjoyment agreement (in a form reasonably acceptable to the Charterers) to the Charterers prior to the creation of any mortgages over the Vessel pursuant to any Financing Arrangements.

- (c) Provided that the Owners will not disturb or interfere with the Charterers' quiet possession and enjoyment of the Vessel (subject to the Charterers performing their obligations under this Charter at all times and the absence of any Termination Event that is continuing), the Owners are entitled with the prior written consent of the Charterers (such consent not to be unreasonably withheld or delayed):
- (i) by delivering a notice (the "**Novation Notice**") to the Charterers, to notify the Charterers that the Owners sell the Vessel to a Financial Institution, and at the same time novate this Charter, to that Financial Institution. Following receipt by the Charterers of the Novation Notice, the rights and obligations of the Owners under the Transaction Documents shall be transferred by way of novation to that Financial Institution;
  - (ii) without prejudice to the foregoing, the Owners may assign, transfer or novate their rights under any Transaction Document, provided that the assignment, transfer or novation is to a Financial Institution in accordance with Clause 45(c) above; and
  - (iii) the Charterers shall provide all necessary assistance and use reasonable endeavours to obtain all necessary consents from any Sub-Charterer (if applicable) to facilitate the Owners' entry into such documents, assignment, novation and/or title transfer in accordance with this Clause,
- and, for the avoidance of doubt, if no Termination Event has occurred and is then continuing, without any costs to the Charterers.
- (d) For the avoidance of doubt, the Owners shall retain the right not to proceed with any assignment, transfer or novation as contemplated in this Clause if any such assignment, transfer or novation would or is reasonably likely to result in the Owners (or any of their Affiliates) being in breach of any applicable Sanctions.

#### **46 Transport documents**

The Charterers shall use their standard documents, waybills and conditions of carriage in the carriage of goods. Such documents, waybills and standard conditions shall comply with compulsory applicable legislation.

#### **47 Charterers' representations and warranties**

- (a) The Charterers make the representations and warranties set out in this Clause 47 to the Owners on the date of this Charter, the Pre-positioning Date and on the Actual Delivery Date:
- (i) each Obligor is a corporation or (as the case may be) limited liability company, duly incorporated or formed in good standing and validly existing under the laws of its jurisdiction of incorporation or formation (as the case may be), and has the power to own its assets and carry on its business as it is being conducted;

- (ii) subject to the Legal Reservations, all of the following:
  - (A) the obligations expressed to be assumed by each Obligor in the Transaction Documents to which it is a party are legal, valid, binding and enforceable obligations; and
  - (B) (without limiting the generality of Clause 47(a)(v)(A)) each Security Document to which it is a party creates the Security Interests which that Security Document purports to create and those Security Interests are valid and effective;
- (iii) the entry into and performance by each Obligor of, and the transactions contemplated by each Transaction Document to which it is a party do not conflict with:
  - (A) any law or regulation applicable to it;
  - (B) its constitutional documents; or
  - (C) any document binding on it or any of its assets or constitute a default or termination event (howsoever described) under any such agreement or instrument;
- (iv) all of the following:
  - (A) each Obligor has the power to enter into, perform and deliver, and have taken all necessary action to authorise its entry into, performance and delivery of the Transaction Documents to which it is a party and the transactions contemplated thereunder; and
  - (B) in respect of each Obligor, no limit on the powers of such Obligor will be exceeded as a result of the proposed transaction, grant of security or giving of guarantees or indemnities contemplated by the Transaction Documents to which it is a party;
- (v) all consents, licences, approvals, authorisations, filings and registrations required:
  - (A) to enable each Obligor to lawfully enter into, exercise its rights and comply with its obligations in each Transaction Document to which it is a party or to enable the Owners to enforce and exercise all its rights under the Transaction Documents; and
  - (B) to make each Transaction Document to which any Obligor is a party admissible in evidence in its Relevant Jurisdiction, have been obtained or effected and are in full force and effect;
- (vi) subject to Legal Reservations, all of the following:

- (A) the choice of governing law of any Transaction Document will be recognised and enforced in the Relevant Jurisdictions of each relevant Obligor; and
  - (B) any judgment obtained in relation to any Transaction Document in the jurisdiction of the governing law of that Transaction Document will be recognised and enforced in the Relevant Jurisdictions of each relevant Obligor.
- (vii) no corporate action, legal proceeding or other procedure or step described in Clause 49(a)(vii) or creditors' process described in Clause 49(a)(viii) has been taken or, to the knowledge of the Charterers, threatened in relation to an Obligor; and none of the circumstances described in Clause 49(a)(vi) applies to an Obligor;
- (viii) under the laws of the Relevant Jurisdictions of each Obligor, it is not necessary that any Transaction Document to which such Obligor is a 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 Transaction Document or the transactions contemplated thereby;
- (ix) no Obligor is required to make any deduction for or on account of Tax from any payment it may make under each Transaction Document to which it is a party;
- (x) all of the following:
- (A) no Termination Event is continuing or might reasonably be expected to result from any Obligor's entry into and performance of each Transaction Document to which such Obligor is a party; and
  - (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 (howsoever described) under any other agreement or instrument which is binding on any of the Obligor or to which its assets are subject;
- (xi) save as disclosed in writing to the Owners prior to the date of this Charter:
- (A) all material information provided to the Owners by or on behalf of any of the Obligors on or before the date of this Charter and not superseded before that date is accurate and not misleading in any material respect and all projections provided to the Owners on or before the date of this Charter have been prepared in good faith on the basis of assumptions which were reasonable at the time at which they were prepared and supplied;

- (B) all other written information provided by any of the Obligors (including its advisers) to the Owners was true, complete and accurate in all material respects as at the date it was provided and is not misleading in any respect;
  - (C) the copy of the Initial Sub-Charter provided to the Owners is a true and complete copy;
  - (D) no amendments or additions to the Initial Sub-Charter provided to the Owners have been agreed nor have any rights thereunder been waived; and
  - (E) there has been no material breach of any Sub-Charter nor has there been any Sub-Charter Termination Event;
- (xii) all of the following:
- (A) the Original Financial Statements were prepared in accordance with GAAP consistently applied;
  - (B) the audited Original Financial Statements fairly present the Group's financial condition and results of operations during the relevant financial year;
  - (C) there has been no material adverse change in any Obligor's assets, business or financial condition (or the assets, business or consolidated financial condition of the Group, in the case of the Charter Guarantor) since the date of the Original Financial Statements;
  - (D) the Charter Guarantor's most recent financial statements delivered pursuant to Clause 48(x):
    - (1) have been prepared in accordance with GAAP as applied to the Original Financial Statements; and
    - (2) fairly present its consolidated financial condition as at the end of, and its consolidated results of operations for, the period to which they relate; and
  - (E) since the date of the most recent financial statements delivered pursuant to Clause 48(y) there has been no material adverse change in the assets, business or financial condition of any of the Obligors.
- (xiii) all of the following:
- (A) no litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which has or have (to the best of its knowledge and belief) been started or threatened against any Obligor and in respect of the Charter Guarantor, which will or may reasonably be expected to have a Material Adverse Effect; and

- (B) no judgment or order of a court, arbitral body or agency which might reasonably be expected to have a Material Adverse Effect has been made against any Obligor;
- (xiv) none of the Obligors has breached any law or regulation which (in respect of the Charter Guarantor) such breach has or is reasonably likely to have a Material Adverse Effect;
- (xv) all of the following:
  - (A) each of the Obligors is in compliance with Clause 48(c) and to the best of its knowledge and belief (having made due and careful enquiry) no circumstances have occurred which would prevent such compliance; and
  - (B) no Environmental Claim has been commenced or (to the best of its knowledge and belief (having made due and careful enquiry)) is threatened against any of the Obligors and in respect of the Charter Guarantor, which will or may reasonably be expected to have a Material Adverse Effect;
- (xvi) all of the following:
  - (A) none of the Obligors is overdue in the filing of any Tax returns or is overdue in the payment of any amount in respect of Tax, save in the case of Taxes which are being contested in good faith; and
  - (B) no claims or investigations are being, or are reasonably likely to be, made or conducted against any of the Obligors with respect to Taxes.
- (xvii) all of the following:
  - (A) no Security Interest exists over all or any of the present or future assets of the Charterers other than Permitted Security Interests; and
  - (B) the Charterers do not have any Financial Indebtedness outstanding other than (i) as permitted by this Charter; (ii) the aggregate amount of which is not more than one million Dollars (US\$1,000,000), and (iii) any such Financial Indebtedness is subordinated to all Financial Indebtedness incurred under the Transaction Documents pursuant to a subordination agreement in favour of the Owners or such other arrangement acceptable to the Owners;
- (xviii) subject to Legal Reservations, the payment obligations of each Obligor under each Transaction Document to which it is a party rank at least *pari passu* with the claims of all other unsecured and unsubordinated creditors of such Obligor, except for obligations mandatorily preferred by law applying to companies generally;

- (xix) subject to Legal Reservations, all of the following:
  - (A) it is not necessary under the Relevant Jurisdictions of any of the Obligors:
    - (1) in order to enable the Owners to enforce its rights under any Transaction Document; or
    - (2) by reason of the execution of any Transaction Document or the performance by it of its obligations under any Transaction Document,that the Owners should be licensed, qualified or otherwise entitled to carry on business in any of the Relevant Jurisdictions of any of the Obligors; and
  - (B) the Owners are not or will not be deemed to be resident, domiciled or carrying on business in any of the Relevant Jurisdictions of any of the Obligors by reason only of the execution, performance and/or enforcement of any Transaction Document;
- (xx) the Charterers are not aware of any material facts or circumstances which have not been disclosed to the Owners and which might, if disclosed, have changed the decision of a person willing to enter into a lease financing transaction of the nature contemplated by the MOA and this Charter with the Charterers.
- (xxi) all of the following:
  - (A) the copies of any Transaction Documents or Management Agreements (together the "**Relevant Documents**") provided or to be provided by the Charterers to the Owners in accordance with Clause 36 (*Conditions precedent and conditions subsequent*) are, or will be, true and accurate copies of the originals and represent, or will represent, the full agreement between the parties to those Relevant Documents in relation to the subject matter of those Relevant Documents;
  - (B) there are no commissions, rebates, premiums or other payments due or to become due in connection with the subject matter of the Relevant Documents other than in the ordinary course of business or as disclosed to, and approved in writing by, the Owners; and
  - (C) there is no dispute under any of the Relevant Documents as between the parties to any such document;
- (xxii) none of the Obligors nor any of its assets has any right to immunity from set-off, legal proceedings, attachment prior to judgment, other attachment or execution of judgment on the grounds of sovereign immunity or otherwise;

- (xxiii) all of the following:
- (A) all information supplied by an Obligor or (with an Obligor's knowledge) on its behalf to an Approved Broker for the purposes of a valuation in evidence of a Market Value in accordance with this Charter was true and accurate as at the date it was supplied or (if appropriate) as at the date (if any) at which it is stated to be given;
  - (B) no Obligor has omitted to supply any information to an Approved Broker in its possession or knowledge which, if disclosed, would adversely affect any such valuation; and
  - (C) to the best of each Obligor's knowledge, there has been no change to the factual information supplied in relation to any such valuation between the date such information was supplied and the date of that valuation which renders that information untrue or misleading in any material respect;
- (xxiv) each of the Obligors is resident for Tax purposes only in its jurisdiction of incorporation or formation (as the case may be);
- (xxv) each Obligor, or any Affiliate of any of them and their respective directors, officers, employees and agents are not in breach of AML Laws, Anti-Terrorism Financing Laws and/or Business Ethics Laws and each of the Obligors have instituted and maintained systems, controls, policies and procedures designed to:
- (A) prevent and detect incidences of bribery and corruption, money laundering and terrorism financing; and
  - (B) promote and achieve compliance with AML Laws, Anti-Terrorism Financing Laws and Business Ethics Laws;
- (xxvi)
- (A) each Obligor, any Affiliate of any of them and their respective directors, officers and employees;
  - (B) to the best knowledge of the Charterers, as at the date of this Charter, the Initial Sub-Charter and the respective directors of the Initial Sub-Charterer; and
  - (C) to the best knowledge of the Charterers, as at the date any other Sub-Charter is entered into, any Sub-Charterer and the respective directors of such Sub-Charterer,

are in compliance with all Sanctions laws, and none of them have been or are currently being investigated on compliance with Sanctions, they have not received notice or are aware of any claim, action, suit or proceeding against any of them with respect to Sanctions and they have not taken any action to evade the application of Sanctions, provided that if after the date of this Charter

the Charterers become aware of any non-compliance or breach by the Initial Sub-Charterers or any Sub-Charterer or their respective directors of any Sanctions laws, or of the Initial Sub-Charterers or any Sub-Charterer or their respective directors becoming subject of any claim, action, suit or proceeding against them with respect to Sanctions, the Charterers shall immediately provide written notice to the Owners to inform the Owners of such breach, non-compliance or event (as the case may be);

(xxvii)

- (A) no Obligor or any Affiliate of any of them nor any of their respective directors, officers or employees; and
- (B) to the best knowledge of the Charterers, as at the date of this Charter, no Initial Sub-Charterer nor the respective directors of the Initial Sub-Charterer; and
- (C) to the best knowledge of the Charterers, as at the date any other Sub-Charter is entered into, no Sub-Charterer nor the respective directors of such Sub-Charterer,

are a Restricted Party; and

- (D) each Obligor or any Affiliate of any of them and their respective directors, officers and employees;
- (E) to the best knowledge of the Charterers, as at the date of this Charter, the Initial Sub-Charterer and the respective directors of the Initial Sub-Charterer; and
- (F) to the best knowledge of the Charterers, as at the date any other Sub-Charter is entered into, any Sub-Charterer and the respective directors of such Sub-Charterer,

are in compliance with all Sanctions laws, and none of them have been or are currently being investigated on compliance with Sanctions, they have not received notice or are aware of any claim, action, suit or proceeding against any of them with respect to Sanctions and they have not taken any action to evade the application of Sanctions, provided that if after the date of this Charter the Charterers become aware that the Initial Sub-Charterers or any Sub-Charterer or any of their respective directors become a Restricted Party or of any non-compliance or breach of any of them of any Sanctions laws, or of the Initial Sub-Charterers or any Sub-Charterer or their respective directors becoming subject of any claim, action, suit or proceeding against them with respect to Sanctions, the Charterers shall immediately provide written notice to the Owners to inform the Owners of such breach, non-compliance or event (as the case may be); and

(xxviii) none of the Obligors is a US Tax Obligor, nor has it established a place of business or is otherwise conducting business in the United States of America.

(b) Each representation and warranty in sub-paragraphs (a)(i) to (a)(vi), (a)(x)(B), (a)(xi)(B) to (a)(xviii), (a)(xxii), (a)(xxiii), (a)(xxv), (a)(xxvi), (a)(xxvii) and (a)(xxviii) above is deemed to be repeated by the Charterers by reference to the facts and circumstances then existing on the each day on which Hire is payable under this Charter.

#### 48 Charterers' undertakings

The Charterers hereby undertake to the Owners that they will comply in full and procure compliance (where applicable) with the following undertakings throughout the Agreement Term:

(a) the Charterers shall (and shall procure that each other Obligor) promptly:

- (i) obtain, comply with and do all that is necessary to maintain in full force and effect; and
- (ii) supply certified copies to the Charterers of,

any authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration required under any law or regulation of a Relevant Jurisdiction to:

- (A) enable any Obligor to perform its obligations under any Sub-Charter, the Management Agreements and the Transaction Documents to which it is a party;
- (B) ensure the legality, validity, enforceability or admissibility in evidence of any Transaction Document; and
- (C) enable any Obligor to carry on its business where failure to do so has or is reasonably likely to have a Material Adverse Effect;

(b) all of the following:

- (i)
  - (A) the Charterers shall comply;
  - (B) the Charterers shall procure that each other Obligor and each Affiliate of any of them will comply; and
  - (C) the Charterers shall use best endeavours to procure that each Sub-Charterer and Sub-Charter Guarantor and their respective directors shall comply,

in all respects with all laws to which it may be subject;

- (ii) the Charterers shall and shall procure that each other Obligor and each Affiliate of any of them (in each case above, including procuring or as the case may be, using best endeavours to procure the respective officers, directors and employees of the relevant entity to do the same) will:
- (A) comply with all AML Laws, Anti-Terrorism Financing Laws and Business Ethics Laws;
  - (B) maintain systems, controls, policies and procedures designed to promote and achieve ongoing compliance with AML Laws, Anti-Terrorism Financing Laws and Business Ethics Laws;
  - (C) not use, or permit or authorize any person to directly or indirectly use, the Purchase Price for any purpose that would breach any AML Laws, Anti-Terrorism Financing Laws or Business Ethics Laws; and
  - (D) in respect of the Charterers, not lend, invest, contribute or otherwise make available the Purchase Price to or for any other person in a manner which would result in a violation of AML Laws, Anti-Terrorism Financing Laws or Business Ethics Laws;
- (iii) the Charterers shall:
- (A) comply and shall procure that each other Obligor comply; and
  - (B) in respect of any Sub-Charter, they shall use best endeavours to procure that as at the date of that Sub-Charter, the Sub-Charterers party to such Sub-Charter,
- comply with all laws and regulations in respect of Sanctions, and in particular, they shall effect and maintain a sanctions compliance policy to ensure compliance with all such laws and regulations implemented from time to time;
- (iv) the Charterers shall not permit or authorise, and shall prevent the Vessel from being employed, operated or managed in any manner which (i) is contrary to any Sanctions and in particular, the Vessel shall not be used by or to benefit any party which is a target of Sanctions and/or is a Restricted Party or call any port in North Korea, Iran or Syria or trade to any area or country where trading the Vessel to such area or country would constitute or reasonably be expected to constitute a breach of any Sanctions or published boycotts imposed by any of the United Nations, the European Union, the United States of America, the United Kingdom or the People's Republic of China, (ii) would result or reasonably be expected to result in any Obligor or the Owners becoming a Restricted Party or

(iii) would trigger the operation of any sanctions limitation or exclusion clause in any insurance documentation;

(v)

(A) they shall, and shall use best endeavours to procure that any other Obligor, Sub-Charterers or Sub-Charter Guarantor shall, promptly notify the Owners of any non-compliance, by:

(1) any Obligor or each Affiliate of any of them or their respective officers, directors and employees;

(2) the Initial Sub-Charterers, any Sub-Charterer or Sub-Charter Guarantor or any of their respective directors.

with all laws and regulations relating to Sanctions (including but not limited to notifying the Owners in writing immediately upon being aware that:

(I) any Obligor or each Affiliate of any of them or its shareholders, directors, officers or employees; or

(II) the Initial Sub-Charterers, any Sub-Charterer or Sub-Charter Guarantor or any of their respective directors,

is a Restricted Party or has otherwise become a target of Sanctions) as well as provide all information (once available) in relation to its business and operations which may be relevant for the purposes of ascertaining whether any of the aforesaid parties are in compliance with such laws; and

(B) they shall, and shall use best endeavours to procure that any other Obligor shall, promptly notify the Owners of any non-compliance, by any Obligor or, each Affiliate of any of them or their respective officers, directors, employees, consultants, agents or intermediaries, with all laws and regulations relating to Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and/or Business Ethics Laws as well as provide all information (once available) in relation to its business and operations which may be relevant for the purposes of ascertaining whether any of the aforesaid parties are in compliance with such laws.

(c) the Charterers shall and shall procure that the Obligors shall:

(i) comply with all Environmental Laws;

(ii) obtain, maintain and ensure compliance with all requisite Environmental Approvals; and

- (iii) implement procedures to monitor compliance with and to prevent liability under any Environmental Law; where failure to do so has or is likely to have a Material Adverse Effect;
- (d) the Charterers shall promptly upon becoming aware of the same, inform the Owners in writing of:
  - (i) any Environmental Claim against any of the Obligors or the Vessel which is current, pending or threatened and which has or is likely to have a Material Adverse Effect; and
  - (ii) any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against any of the Obligors or the Vessel which has or is likely to have a Material Adverse Effect;
- (e) all of the following:
  - (i) the Charterers shall (and shall procure that each other Obligor will) pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that:
    - (A) such payment is being contested in good faith;
    - (B) 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 Owners under Clause 48(x); and
    - (C) such payment can be lawfully withheld.
  - (ii) the Charterers may not (and no other Obligor may) change its residence for Tax purposes.
  - (iii) the Charterers will ensure that no Obligor shall become a US Tax Obligor;
- (f) the Charterers shall and shall procure that each Obligor shall maintain its jurisdiction of incorporation or formation (as the case may be) as at the date of this Charter (or in respect of an Obligor that becomes an Obligor after the date of this Charter, as at the date on which it becomes an Obligor under this Charter), and the Charterers shall from time to time (but, provided no Termination Event has occurred and is continuing, not more than once every calendar year), if applicable and if requested by the Owners (acting reasonably), provide the Owners with evidence in form and substance satisfactory to the Owners that each Obligor remains in good standing;
- (g) the Charterers shall ensure that at all times any unsecured and unsubordinated claims of the Owners against it under the Transaction Documents rank at least *pari passu* with the claims of all its other unsecured

and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies;

- (h) the Charterers will procure that any Approved Manager shall enter into a Manager's Undertaking prior to its appointment as a manager for the Vessel;
- (i) except for any Permitted Security Interests, the Charterers will not create or permit to subsist any Security Interest or other third party rights over any of their present or future rights and interests in or towards the Vessel;
- (j) the Charterers shall not enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset;
- (k) the Charterers shall not enter into any transaction with any person except on arm's length terms and for full market value save for any fees, costs and expenses payable under the Transaction Documents in the amounts set out in the Transaction Documents or agreed by the Owners;
- (l) the Charterers shall not (and shall procure that no other Obligor will) enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction, **provided that** in the case of the Charter Guarantor, such amalgamation, demerger, merger, consolidation or corporate reconstruction is permitted without restrictions so long as:
  - (i) the Charter Guarantor remains the surviving entity of any such process;
  - (ii) no Termination Event has occurred at the relevant time or would be triggered as a result of such process; and
  - (iii) the process of any such further amalgamation, demerger, merger, consolidation or corporate reconstruction does not have a Material Adverse Effect;
- (m) the Charterers shall not (and shall procure that no other Obligor will) materially change the nature and scope of its business from that carried on at the date of this Charter;
- (n) the Charterers shall not cease or threaten to cease to carry on all or, in the reasonable opinion of the Owners, any material part of the Charterers' business;
- (o) the Charterers shall not acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them) or incorporate a company;
- (p) the Charterers shall not:
  - (i) enter into, invest in or acquire (or agree to acquire) any shares, stocks, securities or other interest in any Joint Venture; or
  - (ii) transfer any assets or lend to or guarantee or give an indemnity for or give security for the obligations of a Joint Venture or maintain the

solvency of or provide working capital to any Joint Venture (or agree to do any of the foregoing);

- (q) the Charterers shall not incur or allow to remain outstanding any Financial Indebtedness (other than (i) as permitted by this Charter; (ii) the aggregate amount of which is not more than one million Dollars (US\$1,000,000) (iii) any such Financial Indebtedness is subordinated to all Financial Indebtedness incurred under the Transaction Documents pursuant to a subordination agreement in favour of the Owners or such other arrangement acceptable to the Owners; and (iv) without prejudice to the foregoing provisions of this Clause, incur any liability to any third party which is in the Owners' opinion of a substantial nature);
- (r) the Charterers shall and shall procure that the Charter Guarantor shall undertake that all loans made to the Charterers (including but not limited to any Shareholder Loan), all claims of the Charter Guarantor or any member of the Group against the Charterers and all sums owed by the Charterers to any other member of the Group are specifically and absolutely subordinated to the interests of the Owners under the Transaction Documents pursuant to a subordination agreement in favour of the Owners or such other arrangement acceptable to the Owners and no principal or interest is to be paid by the Charterers in relation to such loans or other indebtedness during the Charter Period;
- (s) the Charterers shall not be a creditor in respect of any Financial Indebtedness;
- (t) the Charterers shall not incur or allow to remain outstanding any guarantee in respect of any obligation of any person save in accordance with the provisions of this Charter;
- (u) the Charterers shall not, and shall procure that the Charter Guarantor shall not, at such time when a Termination Event is continuing or would occur immediately after the making of the payment:
  - (i) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital);
  - (ii) repay or distribute any dividend or share premium reserve;
  - (iii) pay any management, advisory or other fee to or to the order of any of the shareholders of the Holding Company;
  - (iv) in relation to the Charterers only, make any payment of any kind under any Financial Indebtedness owed to any member of the Group which is subordinated to all Financial Indebtedness incurred under the Transaction Documents pursuant to a subordination agreement in favour of the Owners or such other arrangement acceptable to the Owners;

- (v) redeem, repurchase, defease, retire or repay any of its share capital or resolve to do so; or
- (vi) issue any new shares in its share capital or resolve to do so;
- (v) at such time when a Potential Termination Event or Termination Event has occurred and is continuing, the Charterers will permit the inspection of its financial records and accounts from time to time by the Owners or its nominee;
- (w) the Charterers will, when directed by the Owners to do so upon the occurrence of a Termination Event which is continuing, procure that any Sub-Charterer or Sub-Charter Guarantor shall credit all payments of charterhire of each Sub-Charter and Sub-Charter Guarantee and all other amounts payable thereunder directly to the Owners' Account;
- (x) in respect of the Charter Guarantor, the Charterers will supply or cause to be supplied to the Owners as soon as the same become available, but in any event within:
  - (i) one hundred and twenty (120) days after the end of each of the Charter Guarantor's financial years, the audited financial report of the Charter Guarantor for that financial year and management annual financial report extracts from the Charter Guarantor's audited financial report for that financial year; and
  - (ii) sixty (60) days after the end of each of the Charter Guarantor's financial half-years, the unaudited consolidated financial statements of the Charter Guarantor of that financial half-year and management annual financial report extracts from the Charter Guarantor's unaudited consolidated financial statements of that financial half-year;
- (y) each set of financial statements delivered by the Charterers under paragraph (y) above:
  - (i) shall be in the English language;
  - (ii) shall be certified by a director or the Chief Financial Officer of the relevant company as fairly presenting its financial condition as at the date as at which those financial statements were drawn up; and
  - (iii) shall be prepared using GAAP, 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, it notifies the Owners that there has been a change in GAAP, the accounting practices or reference periods and its auditors deliver to the Owners:
    - (A) a description of any change necessary for those financial statements to reflect the GAAP, accounting practices and reference periods upon which the Original Financial Statements were prepared; and

- (B) sufficient information, in form and substance as may be reasonably required by the Owners, to enable the Owners to determine whether Clause 75 (*Financial Covenants*) has been complied with and make an accurate comparison between the financial position indicated in those financial statements and the Original Financial Statements,

any reference in this Charter to those 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;

- (z) the Charterers shall supply to the Owners:

- (i)

- (A)

- (1)at the same time as they are dispatched, copies of all documents dispatched by the Charterers or any other Obligor (save for the Charter Guarantor) to its shareholders generally (or any class of them) or dispatched by the Charterers or any other Obligor to its creditors generally (or any class of them); and

- (2)at the same time as they are dispatched, copies of all documents dispatched by the Charter Guarantor to its shareholders generally or dispatched by the Charterers or any other Obligor to its creditors generally;

- (B) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending:

- (1)against any Obligor;

- (2)against any other member of the Group where the aggregate amount claimed by any party (ignoring any counterclaim or defence of set-off) exceeds or which has or is likely to have a Material Adverse Effect; or

- (3)involving the Vessel where the aggregate amount claimed by any party (ignoring any counterclaim or defence of set-off) exceeds or may reasonably be expected to exceed the Threshold Amount;

- (C) promptly upon becoming aware of them, the details of any judgment or order of a court, arbitral body, arbitral tribunal or agency or any order or sanction of any governmental or other regulatory body which is made against:

(1) any Obligor; or

(2) any other member of the Group where the amount claimed by any party (ignoring any counterclaim or defence of set-off) exceeds or may reasonably be expected to exceed the Threshold Amount;

(D) promptly, such information and documents as the Owners may reasonably require about the Security Assets and compliance of the Obligors with the terms of any Security Documents (including without limitation cash flow analyses and details of the operating costs of the Vessel); and

(E) promptly on request, such further information regarding the financial condition, assets and operations of any Obligor or any other member of the Group as the Owners or any Finance Party may reasonably request.

(ii)

(A) upon the request of the Owners and at the cost of the Charterers, on or before 31 July in each calendar year, supply or procure the supply to the Owners of all information necessary in order for the Owners, any of their Affiliates or a Finance Party to comply with its obligations under the Poseidon Principles in respect of the preceding calendar 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, each relating to the Vessel for the preceding calendar year, provided that the Owners shall not publicly disclose such information with the identity of the relevant Vessel without the prior written consent of the Charterers and, for the avoidance of doubt, such information shall be subject to Clause 78 (*Confidentiality*) but the Charterers acknowledge that, in accordance with the Poseidon Principles, such information will form part of the information published regarding the Owners', any of their Affiliates' or a Finance Party's portfolio climate alignment.

(B) For the purposes of this Clause 48(z)(ii):

**"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 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.

- (aa) the Charterers shall promptly upon receipt provide to the Owners copies of any notice of charter renewal, cancellation or termination issued by the Initial Sub-Charterer under the Initial Sub-Charter, and will disclose all information in relation to each Sub-Charter and each Sub-Charterers to the Owners upon the Owners' reasonable request (including any information in relation to any Sub-Charterers' fulfilment of their obligations pursuant to the relevant Sub-Charter);
- (bb) the Charterers will (and will procure that each Obligor will):
  - (i) from time to time and at their own costs and expenses, do and perform such other and further acts and execute and deliver any and all such other agreements, instruments and documents as may be required by law or requested by the Owners or the Finance Parties (as the case may be, in either case, acting reasonably) to establish, maintain and protect the rights and remedies of the Owners and/or the Finance Parties (as the case may be) and to carry out and effect the intent and purpose of this Charter, the other Transaction Documents and, to the extent consistent with the terms of this Charter, the Finance Documents (as applicable); and
  - (ii) if applicable:
    - (A) acknowledge and consent to the creation of any Finance Document required by any Finance Party; and
    - (B) to the extent consistent with the terms of this Charter, enter into any document, notice or acknowledgement reasonably required by any Finance Party for the purposes of ensuring any relevant Security Interest remains valid and in full force and effect;
- (cc) the Charterers will, forthwith execute and deliver any and all such other agreements, instruments and documents as may be required by law or deemed necessary by the Owners to ensure that each Sub-Charter remains in effect, so that all obligations previously owed by each Sub-Charterers to the Charterers (then as registered owners) under the relevant Sub-Charter shall continue to be owed to the Charterers throughout the duration thereof;
- (dd) the Charterers will deliver or procure the delivery to the Owners of such Valuation Reports each from an Approved Broker for purposes of determining Market Value from time to time in accordance with Clause 74 (*Value Maintenance Covenants*);
- (ee) the Charterers will notify the Owners as soon as they become aware of:
  - (i) a Potential Termination Event or a Termination Event and will keep the Owners fully up-to-date with all developments and will, if so requested by the Owners, provide any such certificate signed by a

director on behalf of the Charterers, confirming that there exists no Potential Termination Event or Termination Event;

- (ii) any Sub-Charter Termination Event and any event or circumstance which may entitle any party to a Sub-Charter to exercise its right to terminate, cancel or suspend such Sub-Charter, or otherwise results or is capable of resulting in such Sub-Charter ceasing to be in full force and effect, and provide to the Owners all documents and information in respect of such event or circumstance;
  - (iii) any cancellation, termination, rescission, expiration, cessation of remaining in in full force and effect or otherwise coming to an end of any Sub-Charter;
  - (iv) any detention or arrest of the Vessel;
  - (v) any damage or alteration of the Vessel where the costs to repair such damage or to make such alteration will exceed or is reasonably likely to exceed the Threshold Amount; and
  - (vi) any negotiations between an Obligor with one or more of its creditors with a view to rescheduling any of its indebtedness, by reason of actual or anticipated financial difficulties.
- (ff) the Charterers will not, without the prior written consent of the Owners, (x) novate or terminate the Sub-Charter, or (y) materially amend, vary, supplement, supersede or waive any term of, any Sub-Charter (for the purposes of this clause, any amendment, variation, supplement, supercession or waiver in connection with hire, payment terms, off-hire provisions, charter duration or termination shall be deemed as material);
- (gg) the Charterers shall ensure that there shall be no change in the legal or beneficial ownership, shareholding or management control of the Charterers (including any material change in the composition of the board of directors of the Charterers) from that advised to the Owners by the Charterers at the date of this Charter (and, in particular, reflected in the officer's certificate of the Charterers provided to the Owners pursuant to the MOA or this Charter); and
- (hh) the Charterers will keep the Vessel registered in the name of the Owners as legal owner of the Vessel under the laws and flag of an Approved Flag, and shall not do or permit to be done anything, or omit to do anything which would result in:
- (i) such registration being forfeited or imperilled; or
  - (ii) the Vessel being required to be registered under any other law or flag (other than the Approved Flag),

and save with the prior written consent of the Owners, the Charterers shall not register the Vessel or permit her registration under any other law or flag (other than the Approved Flag), provided always that if at any time the laws or regulations of any Approved Flag require the Owners to re-domicile or change their residency to another jurisdiction before the Vessel may be

registered under that flag then the prior written consent of the Owners (not to be unreasonably withheld) for any proposed change in flag to that Approved Flag shall be obtained. Any change of flag to an Approved Flag after the date of this Charter may only be undertaken (A) subject to any prevailing laws and regulations; (B) at no cost to the Owners and (C) at such time when no Termination Event has occurred and is continuing. The Charterers shall pay or reimburse (as the case may be) the Owners in respect of all documented costs, fees, expenses and/or taxes which are payable to effect any such change of flag).

- (ii) 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 Charter;
  - (ii) any change in the status of an Obligor (or of a Holding Company of an Obligor) after the date of this Charter;
  - (iii) any change in (A) the composition of the shareholders of an Obligor or its Holding Company, in each case not being a listed company in any stock exchange or (B) the shareholders which individually holds more than twenty-five per cent (25%) of an Obligor being a company listed in any stock exchange, after the date of this Charter;
  - (iv) a proposed assignment or transfer by the Owners of any of its rights and obligations under this Charter to any other party; or
  - (v) the Owners' internal compliance policies related to "know your customer" checks,

obliges the Owners to comply with "know your customer" or similar checks under all applicable laws, regulations and internal policies in circumstances where the necessary information is not already available to it, the Charterers shall promptly upon the request of the Owners supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Owners in order for the Owners to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations and internal policies pursuant to the transactions contemplated in the Transaction Documents (such documentation and evidence may include, without limitation, evidence of incorporation from the relevant registry of companies (or equivalent), a certificate of goodstanding (if relevant), a director's certificate (or equivalent) setting out the names of directors (or equivalent officials), copies of passports of directors (or equivalent officials) and articles of association or other equivalent constitutional documents);

- (jj) the Charterers shall (and shall procure that each other Obligor will) promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Owners may reasonably specify (and in such form as the Owners may reasonably require in favour of the Owners or its nominee(s)):

- (i) to perfect any Security Interest created or intended to be created under or evidenced by the Security Documents (which may include the execution of a mortgage, charge, assignment or other Security Interest 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 Owners provided by or pursuant to the Transaction Documents or by law;
  - (ii) in respect of the Charterers, to confer on the Owners a Security Interest over any property and assets of the Charterers located in any jurisdiction equivalent or similar to the Security Interest intended to be conferred by or pursuant to the Security Documents; and/or
  - (iii) to facilitate the realisation of the assets which are, or are intended to be, the subject of the Security Documents,
- the Charterers shall (and shall procure that each other Obligor will) 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 Owners by or pursuant to the Transaction Documents;
- (kk) the Charterers shall ensure that, at all times during the Agreement Term, the credit balance of the Operating Account is not less than the aggregate Minimum Cash Balance and that no amounts may be withdrawn or transferred from the Operating Account without the Owners' prior written consent following the occurrence of any Termination Event;
  - (ll) the Charterers shall supply to the Owners during the Agreement Term on a half-yearly basis from the Actual Delivery Date, with reports in form and substance satisfactory to the Owners (acting reasonably) in respect of the Vessel's employment status, management and pooling arrangements at that time;
  - (mm) the Charterers shall procure that the Account Bank provides to the Owners and that the Owners are provided access to any information on the Operating Account, including but not limited to written statements of accounts showing all entries made to the credit and debit of the Operating Account and any other information required by the Owners showing that any Earning has been paid into the Operating Account in full and on time; and
  - (nn)
    - (i) the Charterers shall permit the Owners to access class records and inspection records of the Vessel during the Agreement Term and the Charterers shall provide copies of any vessel certificates of the Vessel upon the Owners' request; and
    - (ii) the Charterers shall permit the Owners (by surveyors or other persons appointed by them for that purpose):

(A) in the absence of a Potential Termination Event or Termination Event, to board the Vessel once a year without interference to the operation of the Vessel; and

(B) upon the occurrence of a Potential Termination Event or Termination Event, to board the Vessel at any time,

to inspect the Vessel's condition or to satisfy themselves about proposed or executed repairs and the Charterers shall afford all proper facilities for such inspections. All documented costs and expenses arising from such inspection shall be for the Charterer's account.

(oo) no later than the second (2<sup>nd</sup>) anniversary of the Actual Delivery Date, the Charterers shall pay to the Owners a cash collateral (the "**Cash Collateral**"), which shall be paid to the Owners' Account or any other account nominated by the Owners, equal to the Day One Cash Collateral Amount which shall be:

(i) refunded by the Owners to the Charterers without interest if:

(A) the Initial Sub-Charterer exercises the Initial Sub-Charter Optional Term such that the charter period under the Initial Sub-Charter is extended to a date falling on or after the Expiry Date; or

(B) the Charterers enter into an Approved Charter for the Vessel and the rights and interests of the Charterers in such Approved Charter is assigned to the Owners on terms reasonably acceptable to the Owners;

(ii) reduced pro rata if none of the conditions set out in Clause 48(oo)(i) has been met but any Sub-Charter for the Vessel (which is not an Approved Charter) has been entered into by the Charterers with an Approved Charterer, with:

(A) a daily charterhire rate between (and inclusive of) thirteen thousand five hundred Dollars (US\$13,500) to (and exclusive of) sixteen thousand five hundred Dollars (US\$16,500) and for the avoidance of doubt, if such daily charterhire rate exceeds sixteen thousand and five hundred Dollars (US\$16,500), then for the purposes of calculating the Cash Collateral Refund Amount in this Clause 48(oo)(ii), the daily charterhire rate is deemed to be sixteen thousand and five hundred Dollars (US\$16,500); and

(B) the fixed charter period of such Sub-Charter shall be for a minimum period of one (1) year,

with the amount of each reduction to the Cash Collateral pursuant to this Clause 48(oo)(ii) (each, a "**Cash Collateral Refund Amount**") to be determined as follows:

$$A = (B/C) \times D$$

Where:

**A** is the Cash Collateral Refund Amount in United States Dollars;

**B** is the gross revenue receivable under such sub-charter based on the daily charterhire rate multiplied by the number of days during the fixed charter period ending in any event on the Expiry Date;

**C** is the aggregate amount of charter hire receivable by the Charterers from the Initial Sub-Charterers during the Initial Sub-Charter Optional Term (based on the Daily Initial Sub-Charter Optional Term Rate multiplied by the number of days during the Initial Sub-Charter Optional Term); and

**D** is the Day One Cash Collateral Amount.

Following a determination of a Cash Collateral Refund Amount by the Owners, the Owners shall refund that Cash Collateral Refund Amount to the Charterers without interest, **provided that** the aggregate amount of that Cash Collateral Refund Amount that may be refunded to the Charterers in accordance with this Clause 48(oo)(ii) and all Cash Collateral Refund Amounts already previously refunded by the Owners shall not in any circumstances exceed the Day One Cash Collateral Amount.

(iii) retained by the Owners and not be refundable to the Charterers in respect of any sub-chartering arrangements entered into by the Charterers and permitted under this Agreement (other than the Initial Sub-Charter or any Sub-Charters referred to in Clause 48(oo)(i) and Clause 48(oo)(ii)), including if:

(A) a Sub-Charter for the Vessel (which is not an Approved Charter) has been entered into by the Charterers and a Sub-Charterer, but:

(1) such Sub-Charterer is not an Approved Charterer; or

(2) such Sub-Charter has a daily charter hire of less than thirteen thousand five hundred Dollars (US\$13,500); or

(B) no Sub-Charter for the Vessel has been entered into by the Charterers and a Sub-Charterer,

and the Cash Collateral shall be applied by the Owners:

(l) if a Call Option has been exercised by the Charterers in accordance with Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*), against and

to reduce the Call Option Price payable by the Charterers at the expiry of the Charter Period;

- (II) in the event of a Termination Event, Total Loss or an Early Termination Event, against and to reduce the Termination Sum payable by the Charterers;
- (III) if a Purchase Option has been exercised and fulfilled in accordance with this Charter, against and to reduce the Purchase Option Price; and
- (IV) in whole or in part, any other sums owing by the Charterers to the Owners from time to time.

(pp) if either of the following events occur:

- (i) the Initial Sub-Charter is cancelled, rescinded, terminated, expires or otherwise ceases to be in full force and effect during the Initial Sub-Charter Optional Term; or
- (ii) any subsequent Sub-Charter is cancelled, repudiated, rescinded, terminated before its natural expiration under the terms of such Sub-Charter,

and the Charterers have received any refund from the Owners in accordance with Clause 48(oo) such that the amount of the Cash Collateral at such time is less than the Day One Cash Collateral, the Charterers shall immediately provide a further deposit in the amount of the shortfall and deposit the same in the Owners' Account or any other account nominated by the Owners, for the purpose of and in order to restore the Cash Collateral to the amount of the Day One Cash Collateral.

#### 49 Termination Events

(a) Each of the following events shall constitute a Termination Event:

- (i)
  - (A) an Obligor fails to pay on the due date (or, in the case of sums expressed to be payable on demand, within three (3) Business Days of the Owners' demand) any sum payable pursuant to the Transaction Document to which it is a party;
  - (B) no Termination Event shall occur under Clause 49(a)(i)(A) in relation to a failure to pay any Hire on the relevant due date if such Obligor can demonstrate to the reasonable satisfaction of the Owners that all necessary instructions were given to effect such payment and the non-receipt thereof is attributable solely to an administrative or technical error or an error in the banking system and payment of such Hire is made within three (3) Business Days of its original due date;

- (ii) any Obligor fails duly to perform or comply with any of the obligations in a Transaction Document expressed or to be assumed by or procured by the Charterers under or relating to:
  - (A) Clause 41 (*Insurance*), Clause 74 (*Financial Covenants*) or Clause 48(b) (*AML Laws etc. and Sanctions*); or
  - (B) Clause 38(a)(i) (*Further maintenance and operation*) which is not remedied within ten (10) days after the earlier of written notice from the Owners requesting action to remedy the same or the relevant Obligor becoming aware of the same;
- (iii) any Obligor defaults under, or in the due and punctual observance and performance of, any other provision of a Transaction Document to which it is a party and where, in the opinion of the Owners, such default is capable of remedy (and for these purposes a breach by the Charterers of their obligations under Clause 36(b) (*Conditions precedent and conditions subsequent*), Clause 41 (*Insurance*) or Clause 48(b) (*AML Laws etc. and Sanctions*), shall be a default not capable of remedy), such default is not remedied to the Owners' satisfaction within fourteen (14) days after written notice from the Owners requesting action to remedy the same;
- (iv) any representation or statement made by any Obligor in or pursuant to a Transaction Document to which it is a party or in any notice, certificate, instrument or statement contemplated thereby or made or delivered pursuant hereto or thereto is, or proves to be, incorrect or misleading in any material respect when made or deemed to be repeated;
- (v) all of the following:
  - (A) any Financial Indebtedness of an Obligor is not paid when due nor within any originally applicable grace period;
  - (B) any Financial Indebtedness of an Obligor 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 an Obligor is cancelled or suspended by a creditor of an Obligor as a result of an event of default (however described); and
  - (D) any creditor of an Obligor becomes entitled to declare any Financial Indebtedness of an Obligor due and payable prior to its specified maturity as a result of an event of default (however described),

**provided that** no Termination Event will occur under this Clause 49(a)(v) if, the aggregate amount of such Financial Indebtedness

referred to in this Clause 49(a)(v) (i) in respect of the Charter Guarantor, is less than ten million Dollars (US\$10,000,000) and (ii) in respect of the Charterers, is less than five hundred thousand Dollars (US\$500,000);

(vi) any of the following:

(A) an Obligor:

(1) is unable or admits inability to pay its debts as they fall due;

(2) is deemed to, or is declared to, be unable to pay its debts under applicable law;

(3) suspends or threatens to suspend making payments on any of its debts; or

(4) other than the Charter Guarantor, 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 Charter Guarantor, any of its Subsidiaries or any of their respective directors or authorised representatives by reason of actual or anticipated financial difficulties take any steps (whether by submitting or presenting a document setting out a proposal or proposed terms or otherwise) with more than 35% (by value) of creditors of the Group (taken as a whole) with a view to obtaining any form of moratorium, suspension or deferral of payments or reorganisation of debt (or certain debt), provided that this Clause 49(a)(vi)(B) shall not apply where the relevant steps are being taken solely with the Owners or any of the Owners' Subsidiaries;

(C) the value of the assets of an Obligor is less than its liabilities (taking into account contingent and prospective liabilities); or

(D) a moratorium is declared in respect of any indebtedness of an Obligor. If a moratorium occurs, the ending of the moratorium will not remedy any Termination Event caused by that moratorium;

(vii) any corporate action, legal proceedings or other procedure or step is taken in relation to:

(A) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration, bankruptcy or reorganisation (by way of voluntary

arrangement, scheme of arrangement or otherwise) of an Obligor;

- (B) a composition, compromise, assignment or arrangement with any creditor of an Obligor;
- (C) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager, trustee or other similar officer in respect of an Obligor or any of its assets; or
- (D) enforcement of any Security Interest over any assets of an Obligor,

or any analogous procedure or step is taken in any jurisdiction. This Clause 49(a)(vii) shall not apply to (i) any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within twenty one (21) days of commencement or (ii) any arrest or detention of the Vessel from which the Vessel is released within twenty one (21) days from the date of that arrest or detention;

- (viii) any expropriation, attachment, sequestration, distress or execution (or any analogous process in any jurisdiction) affects any asset or assets of an Obligor and is not discharged within twenty one (21) days.
- (ix) any Obligor ceases or threatens to cease, to carry on all or, any material part of such Obligor's business;
- (x) any of the following:
  - (A) it is or becomes unlawful for an Obligor to perform any of its obligations under the Transaction Documents or any Security Interest under a Security Document ceases to be effective;
  - (B) any obligation or obligations of any Obligor under any Transaction Documents are not or cease to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Owners under the Transaction Documents; or
  - (C) any Transaction Document ceases to be in full force and effect or any Security Interest under a Security Document ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it (other than the Owners) to be ineffective,

and no agreement is reached between the Owners and the Charterers to agree an alternative arrangement within thirty (30) days from the date of occurrence of any of the events stated above;

- (xi) the authority or ability of an 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 an Obligor or any of its assets **provided that** rescission or repudiation of a Sub-Charter by a Sub-Charterer with the prior written consent of the Owners, would not constitute a Termination Event;
- (xii) an Obligor rescinds or purports to rescind or repudiates or purports to repudiate a Transaction Document (in relation to a Sub-Charter, without the Owner's prior written consent) or any of the Security Interests under a Security Document or evinces an intention to rescind or repudiate a Transaction Document or any of the Security Interests under a Security Document;
- (xiii) any of the conditions in Clause 36(b) is not satisfied within the specified time;
- (xiv) any authorisation, approval, consent, licence, exemption, filing or registration or other requirement of any governmental, judicial or other public body or authority which is now, or which at any time during the Agreement Term becomes, necessary to enable any Obligor to comply with any of its obligations or undertakings contained in a Transaction Document to which it is a party is not obtained or is modified, revoked, suspended, withdrawn or withheld or does not remain in full force and effect and in any such case the same is not remedied within such reasonable time and by such measures as the Owners may approve;
- (xv) the Charter Guarantor gives notice to the Owners to determine any obligations under the Charter Guarantee;
- (xvi) any litigation, arbitration or administrative proceedings or investigations of, or before, any court, arbitral body, arbitral tribunal or agency are started or threatened, or any judgment or order of a court, arbitral body, arbitral tribunal, agency or other tribunal or any order or sanction of any governmental or other regulatory body is made, in relation to the Transaction Documents or the transactions contemplated in the Transaction Documents or against an Obligor or its assets which have, or has, or are, or is, reasonably likely to have a Material Adverse Effect;
- (xvii) for any reason whatsoever, the Vessel ceases to:
  - (A) comply with the ISM Code or the ISPS Code; or
  - (B) be managed by the Approved Manager in accordance with the Management Agreement or otherwise on terms in all respects approved by the Owners,

in each case, which is not remedied within three (3) Business Days after the earlier of written notice from the Owners requesting action to remedy the same or the Charterers becoming aware of the same;

- (xviii) any event or circumstance occurs which the Owners reasonably believe has or is reasonably likely to have a Material Adverse Effect;
- (xix)
  - (A) any of the Obligors or any Affiliate of any of them or any of their respective directors, officers or employees becomes a Restricted Party or becomes owned or controlled by, or acts directly or indirectly on behalf of, a Restricted Party or any of such persons becomes the owner or controller of a Restricted Party;
  - (B) any proceeds of the Purchase Price are made available, directly or indirectly, to or for the benefit of a Restricted Party or otherwise is, directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions; or
  - (C) any of the Obligors or any Affiliate of any of them or any of their respective directors, officers or employees is not in compliance with all Sanctions; or
  - (D) the Vessel is employed, operated or managed in any manner which (i) requires it to call at any port in North Korea, Iran or Syria, or any area or country where trading the Vessel to such port or area or country would constitute or reasonably be expected to constitute a breach of any Sanctions, (ii) is contrary to any Sanctions and in particular, the Vessel is used by or to benefit any party which is a target of Sanctions and/or is a Restricted Party, (iii) would result or reasonably be expected to result in any Obligors, Sub-Charterer, Sub-Charter Guarantor or the Owners becoming a Restricted Party, or (iv) would trigger the operation of any Sanctions limitation or exclusion clause in any insurance documentation; or
- (xx) at such time when there is a change in the legal or beneficial ownership, shareholding or management control of the Charterers (including any material change in the composition of the board of directors of the Charterers) from that advised to the Owners by the Charterers at the date of this Charter (and, in particular, reflected in the officer's certificate of the Charterers provided to the Owners pursuant to the MOA or this Charter);
- (xxi) the Initial Sub-Charter is cancelled, repudiated, rescinded, terminated, expires or otherwise ceases to be in full force and effect prior to the third (3<sup>rd</sup>) anniversary of the Actual Delivery Date, **provided that** it shall not constitute a Termination Event under this clause if the Charterers, within forty five (45) days after the date

that the Initial Sub-Charter is cancelled, repudiated, rescinded, terminated, expires or otherwise ceases to be in full force and effect, deliver the vessel into (and not just fix) a substitute Sub-Charter for the Vessel, with material terms and conditions satisfactory to the Owners and for the purposes of this clause any of the following requirements shall be deemed to be material:

- (A) such Sub-Charter shall be entered into with an Approved Sub-Charterer and shall not be on a bareboat charter basis unless approved by the Owners (acting reasonably);
- (B) the rate of daily charter hire under such Sub-Charter shall be no less than thirty six thousand five hundred Dollars (US\$36,500);
- (C) the fixed charter period of such Sub-Charter (without optional extensions) shall end on a date on or after the Initial Sub-Charter Fixed Term,

in addition, (i) the Charterers shall provide the Owners with such executed sub-charter agreement and issued "on-hire" certificate evidencing the delivery of the Vessel into such Sub-Charter; and (ii) the Charterers shall assign the rights of any such Sub-Charter to the Owners on terms and conditions satisfactory to the Owners;

- (xxii) any "Termination Event" (as such term is defined under any Collateral Charter) occurs under any Collateral Charter; or
  - (xxiii) a "Termination Event" (as such term is defined under the Anthea Y Charter) in accordance with Clause 49(a)(i) of the Anthea Y Charter has occurred and is continuing; or
  - (xxiv) the Charterers (as sellers) fail to perform or comply with its undertaking provided to the Owners (as buyers) in accordance with Clause 19(b) of the MOA.
- (b) A Termination Event shall constitute (as the case may be) either a repudiatory breach of, or breach of condition by the Charterers under, this Charter or an agreed terminating event the occurrence of which will (in any such case) entitle the Owners to exercise all or any of the remedies set out below in this Clause 49.
- (c) At any time after a Termination Event shall have occurred and be continuing following the lapse of any applicable grace period as specified in paragraph (a) above, the Owners may:
- (i) at their option and by delivering to the Charterers a Termination Notice, terminate this Charter with immediate effect or on the date specified in such Termination Notice, and withdraw the Vessel from the service of the Charterers without noting any protest and without interference by any court or any other formality whatsoever, whereupon the Vessel shall no longer be in the possession of the

Charterers with the consent of the Owners, and the Charterers shall redeliver the Vessel to the Owners in accordance with Clauses 42 (*Redelivery*) and 43 (*Redelivery conditions*);

- (ii) enforce any Security Interest created pursuant to the relevant Transaction Documents; and
  - (iii) forfeit the refund of the Cash Collateral (which the Charterers irrevocably agree the Owners are entitled to do at any time after a Termination Event has occurred and is continuing) and apply the Cash Collateral against any amount of the Termination Sum payable and owing by the Charterers.
- (d) On the date falling no later than fifteen (15) days after the Termination Payment Date in respect of any termination of the chartering of the Vessel under this Charter in accordance with paragraph (c) above, the Charterers shall pay to the Owners an amount equal to the Termination Sum. For the avoidance of doubt, interest shall continue to accrue on the Termination Sum pursuant to paragraph (i) of Clause 40 (*Hire*) from the Termination Payment Date to the date of actual payment.
- (e) Following any termination to which this Clause 49 applies, all sums payable in accordance with paragraph (d) above shall be paid to such account or accounts as the Owners may direct and shall be applied by the Owners in the following order:
- (i) firstly, against the Termination Sum; and
  - (ii) secondly, in accordance with Clause 4.2.1(d) to (e) of the Security Trust Deed.
- (f) If the chartering of the Vessel or, as the case may be, the obligation of the Owners to deliver and charter the Vessel to the Charterers is terminated in accordance with the terms of this Charter, the obligation of the Charterers to pay Hire shall cease once the Charterers have made the payment pursuant to paragraph (d) above or Clause 40(k) (*Hire*) to the satisfaction of the Owners, whereupon the Owners shall arrange for title of the Vessel to be transferred to the Charterers in accordance with paragraphs (e) to (h) of Clause 52 (*Purchase Option, Call Option, Early Termination Event and Transfer of Title*).
- (g) Without prejudice to the forgoing or to any other rights of the Owners under this Charter, at any time after a Termination Notice is served under Clause 49(c) (*Termination Events*), the Owners may, acting in their sole discretion without prejudice to the Charterers' obligations under Clause 43 (*Redelivery conditions*), retake possession of the Vessel and, the Charterers agree that the Owners, for such purpose, may put into force and exercise all their rights and entitlements at law and may enter upon any premises belonging to or in the occupation or under the control of the Charterers where the Vessel may be located as well as giving instructions to the Charterers' servants or agents for this purpose, provided that the Owners shall not be entitled to exercise their rights under this Clause if the Charterers have made the payment pursuant to Clause 49(d) (*Termination Events*) to the satisfaction of the

Owners and the Owners have transferred title to the Vessel to the Charterers (or its nominee) in accordance with Clauses 52(e) (*Purchase Obligation, Call Option, Early Termination Event and Transfer of title*).

- (h) Following any termination to which this Clause 49 applies, if the Charterers have not paid to the Owners the Termination Sum on the date falling no later than fifteen (15) days after the applicable Termination Payment Date (and consequently the Owners have not transferred title to the Vessel to the Charterers (or its nominee) in accordance with Clause 52(e) (*Purchase Obligation, Early Termination Event and Transfer of title*), the Owners shall be entitled (but not obliged) to sell the Vessel and apply the proceeds of a sale of the Vessel received or receivable, net of any fees, commissions, documented costs, disbursements or other expenses incurred by the Owners as a result of the Owners arranging the proposed sale (the "**Net Proceeds**"), against the Termination Sum and:
- (i) if the Net Proceeds do not exceed the Termination Sum, claim from the Charterers for any shortfall together with interest accrued thereon pursuant to paragraph (i) of Clause 40 (*Hire*) from the due date for payment thereof to the date of actual payment; or
  - (ii) if the Net Proceeds exceed the Termination Sum, any surplus shall be applied in the order set out in clause 4.2.1(d) to (e) of the Security Trust Deed,

**provided that** in the event:

- (A) the Owners have not yet entered into any agreement for the sale, charter or employment of the Vessel;
- (B) the Charterers furnish the Owners with an Offer no later than the date falling thirty (30) days after the Termination Payment Date (or such later date as may be agreed by the Owners, the "Latest MOA Date"); and
- (C) the potential buyer which has made the Offer (the "Potential Buyer") is acceptable to the Owners (acting reasonably, such acceptance not to be unreasonably withheld or delayed),

the Owners shall, subject to the entry into of a memorandum of agreement for the Vessel between the Potential Buyer and the Owners which shall be on terms acceptable to the Owners (the "**Potential Buyer MOA**") by the Latest MOA Date, sell the Vessel to the Potential Buyer in accordance with the terms of the Potential Buyer MOA. For the avoidance of doubt, the Owners may at its sole discretion (acting reasonably) proceed to complete any sale, charter or employment of the Vessel arranged by the Owners notwithstanding the Offer furnished by the Charterers. The proceeds of such sale shall, for the avoidance of any doubt, be applied in accordance with this Clause 49(h)(i) and (ii) as above.

For the purposes of this Clause 49(h):

"**Offer**" means a firm offer for the purchase of the Vessel:

- (i) for a purchase price in cash (payable on delivery and acceptance of the Vessel) not less than the Relevant Amount; and
- (ii) on customary terms for sale and purchase of commercial vessels of similar type.

"**Relevant Amount**" means the aggregate of the Termination Sum to be determined by the Owners payable on the delivery date of the Vessel under any Potential Buyer MOA and to the extent not already included within such Termination Sum, any actual or estimated costs associated with the entry into the Potential Buyer MOA by the Potential Buyer and the conclusion of the transaction and the delivery of the Vessel thereunder, including any brokers' fees or commission.

- (i) For the avoidance of doubt, the Charterers' obligation to pay the Termination Sum (and any of their other obligations under the Transaction Documents) shall not be affected irrespective of the Owners' ability to complete the sale of the Vessel referred to in Clause 49(h) above.
- (j) Save as otherwise expressly provided in this Charter, the Charterers shall not have the right to terminate this Charter any time prior to the expiration of the Agreement Term. The rights conferred upon the Owners by the provisions of this Clause 49 are cumulative and in addition to any rights which they may otherwise have in law or in equity or by virtue of the provisions of this Charter.

## 50 Sub-chartering and assignment

- (a) The Charterers shall not without the prior written consent of the Owners (such consent not to be unreasonably withheld):
  - (i) let the Vessel on demise charter for any period;
  - (ii) enter into any time or consecutive voyage charter in respect of the Vessel which exceeds 12 months in duration (with or without optional extensions);
  - (iii) except as may be permitted under any Sub-Charter, de-activate or lay up the Vessel; or
  - (iv) assign their rights under this Charter.
- (b) The Charterers acknowledge that any sub-chartering permitted in accordance with Clause 50(a) above shall additionally be subject (amongst other things) to the following conditions:
  - (i) the Owners being satisfied that the Charterers shall retain operational control of the Vessel (either directly or through any Approved Managers); and

- (ii) all charterhire and any other sums to be received by the Charterers in connection with the Sub-Charter or any such sub-chartering shall be paid into the Operating Account.
- (c) Without prejudice to anything contained in this Clause 50, the Charterers shall only enter into any sub-charter for the Vessel which is for a purpose for which the Vessel is suited and with a sub-charterer who is not a Restricted Party and in each case, the Charterers shall assign to the Owners all their earnings arising out of and in connection with such sub-charter and all their rights and interest of any such sub-charter upon such terms and conditions as the Owners may require and the Charterers shall serve a notice on any sub-charterer and shall use reasonable endeavours to obtain a written acknowledgement of such earnings assignment from such sub-charterer in such form as is required by the Owners or any Finance Party (as the case may be).
- (d) The Charterers shall, without prejudice to the Owners' rights under any Transaction Document, procure that all Earnings (including any Earnings pursuant to the Sub-Charters) are remitted to the Operating Account.
- (e) Without prejudice to anything contained in this Clause 50, the Vessel shall not be employed, operated or managed in any manner which:
  - (i) is contrary to any Sanctions and in particular, the Vessel shall not be used by or to benefit any party which is a target of Sanctions and/or is a Restricted Party or reach any port in North Korea, Iran, Syria or any area or country where trading the Vessel to such area or country would constitute or reasonably be expected to constitute a breach of any Sanctions or published boycotts imposed by any of the United Nations, the European Union, the United States of America, the United Kingdom or the People's Republic of China;
  - (ii) would result or reasonably be expected to result in any Obligor, any Sub-Charter or the Owners becoming a Restricted Party; or
  - (iii) would trigger the operation of any Sanctions limitation or exclusion clause in any insurance documentation.

## **51 Name of Vessel**

Provided that the Charterers have obtained the prior written consent of the Owners (such consent not to be unreasonably withheld) but always subject to the provisions of any Sub-Charter:

- (i) the name of the Vessel may be chosen by the Charterers provided that the name chosen must be commercially sensible (not to be politically or commercially inappropriate); and
- (ii) the Vessel may be painted in the colours, display the funnel insignia and fly the house flag as required by the Charterers.

Purchase Option

- (a) Subject to:
- (i) no Total Loss under Clause 53 (*Total loss*) having occurred;
  - (ii) no Termination Event under Clause 49 (*Termination Events*) having occurred and being continuing; and
  - (iii) the Charterers' delivery of the Purchase Option Notice to the Owners at least sixty (60) days prior to the proposed Purchase Option Date,

the Charterers may purchase the Vessel on any Purchase Option Date for the Purchase Option Price.

Call Option

- (b) Subject to:
- (i) no Total Loss under Clause 53 (*Total loss*) having occurred;
  - (ii) no Termination Event under Clause 49 (*Termination Events*) having occurred and being continuing; and
  - (iii) the Charterers' delivery of the Call Option Notice to the Owners prior to the Call Option Expiry Date,

the Charterers may exercise the Call Option to purchase the Vessel on the Expiry Date for the Call Option Price.

- (c)
- (i) If:
    - (A) neither the Purchase Option nor the Call Option has been exercised by the Call Option Expiry Date; or
    - (B) the Call Option has been exercised but the Call Option Price has not been paid in accordance with the terms of this Charter,the Charterers shall, no later than the Expiry Date, pay to the Owners the Option Premium in full.
  - (ii) In the event that Clause 52(c) is applicable and the Option Premium is not paid by the Expiry Date, the Owners shall be entitled (but not obliged) at the Charterers' cost to:
    - (A) withdraw the Vessel from the service of the Charterers without noting any protest and without interference by any court or any other formality whatsoever, whereupon the Vessel shall no longer be in the possession of the Charterers with the consent of the Owners, and the Charterers shall

redeliver the Vessel to the Owners in accordance with Clauses 42 (*Redelivery*) and 43 (*Redelivery conditions*); and

- (B) remarket the Vessel for sale or deliver the Vessel into any sub-charter and any proceeds from such sale or earnings from any sub-charterer shall not be used to apply against the Option Premium due and payable.

Early Termination Event

(d) If, at any time during the Agreement Term, any of the following events occur:

- (A) a Charter Guarantor Change of Control Event occurs (save for a Delisting Event prior to which the Charterers have provided additional security as may be required by the Owners and which is in form and substance acceptable to the Owners);

(B)

- (1) the Initial Sub-Charterer, any Sub-Charterer or Sub-Charter Guarantor or any of their respective directors, officers or employees becomes a Restricted Party or becomes owned or controlled by or acts directly or indirectly on behalf of, a Restricted Party or any of such persons becomes the owner or controller of a Restricted Party; or
- (2) the Initial Sub-Charterer, any Sub-Charterer or Sub-Charter Guarantor or any of their respective directors, officers or employees is not in compliance with all Sanctions,

unless within sixty (60) days of the occurrence of any event set out in Clause 52(d)(B)(1) and 52(d)(B)(2) (each, a "**Sub-Charter Event**") (or such shorter period as permitted by any applicable authority), the relevant Sub-Charter and any Sub-Charter Guarantee relative to the applicable Sub-Charter Event are terminated and the Charterers enter into a replacement Sub-Charter (and if applicable any replacement Sub-Charter Guarantee) in form and substance and with counterparties acceptable to the Owners (acting reasonably);

then:

- (i) the Charterers shall immediately notify the Owners;
- (ii) subject to no Total Loss under Clause 53 (*Total loss*) having occurred and no Termination Event under Clause 49 (*Termination Events*) having occurred and being continuing, and regardless of whether the notice referred to in Clause 52(d)(i) above has been received by the Charterers, the Owners may (but shall not be obliged to) provide the Charterers with its intention to terminate the Charter and require the transfer of title to the Vessel from the Owners to the Charterers in exchange for payment by the Charterers to the Owners of the Termination Sum on such date specified by the Owners; and

- (iii) the Charterers shall pay to the Owners the Termination Sum on the Termination Payment Date as specified by the Owners pursuant to Clause 52(d)(ii).

For the avoidance of doubt, Hire shall in any event continue to be payable for the full period and this Charter shall otherwise continue to be in full force and effect until the Termination Sum has been received in full by the Owners.

Transfer of Title

(e) Upon (1) in respect of a Purchase Option, the Call Option or an Early Termination Event, the full payment of the Purchase Option Price, the Call Option Price or the Termination Sum (as the case may be), (2) the full payment of the Termination Sum in accordance with Clause 40(k) (*Hire*), or (3) the full payment of the Termination Sum in accordance with Clause 49(d) (*Termination Events*) and any other sums payable by the Charterers to the Owners under this Charter and in each case, without any double counting, subject to compliance with the other conditions set out in this Clause 52, the Owners shall:

- (i) transfer title to and ownership of the Vessel to the Charterers (or their nominee) by delivering to the Charterers (in each case at the Charterers' costs):
- (A) a duly executed and notarised, legalised and/or apostilled (as applicable) bill of sale in such form as is required by an Approved Flag or such other flag the Charterers select; and
  - (B) the Title Transfer PDA; and
  - (C) any additional document as may be required by the Vessel's flag to register title in the ownership of the Charterers, provided that any requirements for any additional documents are being notified to the Owners reasonably in advance to allow the Owners sufficient time to review, sign, notarise and/or legalise (where required) and deliver such additional documents;
- (ii) procure the deletion of any mortgage or prior Security Interest in relation to the Vessel (including the Security Interest in relation to the Share Pledge and Account Pledge) at the Charterers' costs,

**provided always** that prior to such transfer or deletion (as the case may be), the Owners shall have received the letter of indemnity as referred to in paragraph (h) below from the Charterers, and the Charterers shall have performed all their obligations in connection herewith and with the Vessel, including without limitation the full payment of all Unpaid Sums and any sums pursuant to Clause 58 (*Further Indemnities*).

(f) The transfer in accordance with paragraph (e) above shall be made in all respects at the Charterers' expense on an "as is, where is" basis and the Owners shall give the Charterers (or their nominee) no representations,

warranties, agreements or guarantees whatsoever concerning or in connection with the Vessel, the Insurances, the Vessel's condition, state or class or anything related to the Vessel, expressed or implied, statutory or otherwise.

- (g) The Owners shall have no responsibility for the registrability of a bill of sale referred to in paragraph (e) above executed by the Owners, as far as such bill of sale is prescribed in forms generally acceptable to the Vessel's registry at the date of execution of such bill of sale.
- (h) The Charterers shall, immediately prior to the receipt of the bill of sale referred to in paragraph (e) above, furnish the Owners with a letter of indemnity (in a form satisfactory to the Owners) whereby the Charterers shall state that, among other things, the Owners have and will have no interest, concern or connection with the Vessel after the date of such letter and that the Charterers shall indemnify the Owners and keep the Owners indemnified forever against any claims made by any person arising in connection with the Vessel prior to the date the title of the Vessel is transferred to the Charterers.
- (i) If the chartering of the Vessel is terminated in accordance with this Clause 52, the obligation of the Charterers to pay the Hire shall cease only once the Charterers have paid the relevant Purchase Option Price, Call Option Price, or the Termination Sum (as applicable) and any other sums payable by the Charterers to the Owners as required hereunder to the satisfaction of the Owners.

### **53 Total Loss**

- (a) If circumstances exist giving rise to a Total Loss, the Charterers shall promptly notify the Owners of the facts of such Total Loss. If the Charterers wish to proceed on the basis of a Total Loss and advise the Owners thereof, the Owners shall agree to the Vessel being treated as a Total Loss for all purposes of this Charter. The Owners shall thereupon abandon the Vessel to the Charterers and/or execute such documents as may be required to enable the Charterers to abandon the Vessel to insurers and claim a Total Loss. Without prejudice to the obligations of the Charterers to pay to the Owners all monies then due or thereafter to become due under this Charter including but not limited to the Charterers' obligation to pay the Termination Sum on the Settlement Date in accordance with Clause 53(b) and 53(c) below, if the Vessel shall become a Total Loss during the Charter Period, the Charter Period shall end on the Settlement Date.
- (b) If the Vessel becomes a Total Loss during the Charter Period, the Charterers shall, on the Settlement Date, pay to the Owners the amount calculated in accordance with paragraph (c) below.
- (c) On the Settlement Date, the Charterers shall pay to the Owners an amount equal to the Termination Sum as at the Settlement Date. The foregoing obligations of the Charterers under this paragraph (c) shall apply regardless of whether or not any moneys are payable under any Insurances in respect of the Vessel, regardless of the amount payable thereunder, regardless of the

cause of the Total Loss and regardless of whether or not any of the said compensation shall become payable.

- (d) All Total Loss Proceeds shall be paid to such account or accounts as the Owners may direct and shall be applied towards satisfaction of the Termination Sum and any other sums due and payable under the Transaction Documents. To the extent that there is any surplus after such application, any such surplus shall be applied in the order set out in Clause 4.2.1(d) to (e) of the Security Trust Deed.
- (e) The Charterers shall, at the Owners' request, provide satisfactory evidence, in the reasonable opinion of the Owners, as to the date on which the constructive total loss of the Vessel occurred pursuant to the definition of Total Loss.
- (f) The Charterers shall continue to pay Hire on the days and in the amounts required under this Charter notwithstanding that the Vessel shall become a Total Loss **provided always** that no further instalments of Hire shall become due and payable after the Charterers have made the payment pursuant to paragraph (c) above.

**54 Appointment of Approved Manager**

- (a) The Charterers covenant not to appoint anyone other than the Approved Manager as managers or sub-managers of the Vessel without the prior written consent of the Owners (such consent not to be unreasonably withheld).
- (b) Without prejudice to the foregoing, the Owners shall be entitled, but without obligation, to replace the Approved Managers with such other ship management company at the Charterers' costs upon the occurrence of a Termination Event which is continuing.

**55 Fees and expenses**

- (a) The Charterers shall, on or prior to the Actual Delivery Date, pay to the Owners the Arrangement Fee. The Parties agree that the Arrangement Fee may be paid by way of deduction of the same from the Purchase Price payable by the Owners (as buyers) to the Charterers (as sellers) under the MOA. The Arrangement Fee shall not be refundable in any circumstance whatsoever.
- (b) In addition to the Arrangement Fee, the Charterers shall bear all documented costs, fees (including documented legal fees) and disbursements reasonably incurred by the Owners and the Charterers in connection with:
  - (i) the negotiation, preparation, finalisation and execution of this Charter and the other Transaction Documents;
  - (ii) the delivery or redelivery of the Vessel under the MOA and this Charter;
  - (iii) all Registration Costs;

- (iv) preparation or procurement of any survey, inspection, Valuation Report (subject to paragraph (dd) of Clause 48 (*Charterers' undertakings*)), tax or insurance advice; and
- (v) such other activities relevant to the transaction contemplated herein.

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**Stamp duties and taxes**

- (a) The Charterers shall pay promptly but in any event within ten (10) Business Days (or other period as may be agreed by both parties) of demand by the Owners:
  - (i) an amount equal to the loss, liability or documented cost which the Owners determine will be or has been (directly or indirectly) suffered for or on account of Tax by the Owners in respect of a Transaction Document, together with any interest, penalties, costs and expenses payable or incurred; and
  - (ii) all stamp, documentary or other like duties and taxes to which this Charter and the other Transaction Documents may be subject or give rise, whether before or after the delivery of the Vessel by the Charterers to the Owners pursuant to the MOA as well as any duties imposed in any relevant jurisdiction upon running stores, provisions and supplies furnished by the Owners from abroad to be stocked on board the Vessel and also from the payment of export duties, if any, to be imposed upon the Vessel as a whole or upon any of its parts or equipment, and shall indemnify the Owners on demand against any and all liabilities with respect to or resulting from any delay on the part of the Charterers to pay such duties or taxes.
- (b) All amounts set out or expressed in a Transaction Document to be payable to the Owners which constitute the consideration for any supply for Indirect Tax purposes shall be deemed to be exclusive of any Indirect Tax. If any Indirect Tax is chargeable on any supply made by the Owners to the Charterers in connection with a Transaction Document, the Charterers shall pay to the Owners an amount equal to the amount of the Indirect Tax (in addition to and at the same time as paying any other consideration for such supply).
- (c) Where a Transaction Document requires Charterers to reimburse or indemnify the Owners for any documented costs or expenses, the Charterers shall also at the same time reimburse or indemnify (as the case may be) the Owners against all Indirect Tax incurred by the Owners in respect of the documented costs or expenses save to the extent the Owners reasonably determines that they are entitled to credit or repayment in respect of the Indirect Tax from the relevant tax authority.
- (d) For the avoidance of doubt, the Charterers shall and shall procure that the Charter Guarantor shall, indemnify, protect, defend and hold harmless any Tax incurred by the Owners relating to, resulting from or arising out of or in connection with, directly or indirectly from the acts listed in Clause 58(a)(ii)(A)(*Further Indemnities*).

**57 Operational notifiable events**

The Charterers shall immediately notify the Owners of the occurrence of any of the following events:

- (a) any requirement or recommendation imposed by the Classification Society or any competent authority which is not promptly complied with within any applicable grace period agreed by the Classification Society or such competent authority (as the case may be);
- (b) whenever the Vessel is:
  - (i) arrested or detained, for a period of at least one (1) day; or
  - (ii) confiscated, seized, requisitioned, impounded or forfeited,by any government or other competent authorities or any other persons and the release of the Vessel following such arrest, confiscation, seizure, requisition, impoundment, forfeiture or detention;
- (c) in the event of a fire requiring the use of fixed fire systems or collision / grounding and the costs of such damage will or is reasonably likely to exceed the Threshold Amount;
- (d) (by email) whenever the Vessel is planned for dry-docking, whether in accordance with Clause 10(g) (Part II) or any Sub-Charter and whether routine or emergency;
- (e) the Vessel is taken under tow, save for any routine towage (including when leaving or entering a port);
- (f) whenever a Classification Society or flag authority refuses to issue or withdraw trading certification, and any actual or threatened withdrawal, suspension, cancellation or modification of:
  - (i) the Safety Management Certificate (as such term is defined pursuant to the ISM Code);
  - (ii) the Approved Technical Manager's current Document of Compliance (as such term is defined pursuant to the ISM Code);
  - (iii) the ISSC of the Vessel; or
  - (iv) the IAPPC of the Vessel;
- (g) any claim for breach of the ISM Code or the ISPS Code being made against the Charterers, the ISM Company, an Approved Manager or otherwise in connection with the Vessel, save that in respect of the Sub-Charterers, unless such breach does not affect the operation of the Vessel in all respects;
- (h) any exercise of any lien on the Vessel or her Earnings; or
- (i) any incident of, repair of, damage to or alteration of the Vessel the costs of which exceeds or may reasonably likely to exceed the Threshold Amount.

- (a) Whether or not any of the transactions contemplated hereby are consummated, the Charterers shall and shall procure that the Charter Guarantor shall, in addition to the provisions under Clause 17 (*Indemnity*) (Part II) of this Charter, indemnify, protect, defend and hold harmless the Owners, any Collateral Owners, the Security Trustee, their respective Affiliates and the Finance Parties and their respective officers, directors, agents and employees (collectively, the "**Indemnitees**") throughout the Agreement Term from, against and in respect of, any and all liabilities, obligations, losses, damages, penalties, fines, documented fees, claims, tax, actions, proceedings, judgement, order or other sanction, lien, salvage, general average, suits, documented costs, expenses and disbursements, including reasonable legal fees and expenses, of whatsoever kind and nature (collectively, the "**Expenses**"), imposed on, suffered or incurred by any Indemnitee, in any way relating to, resulting from or arising out of or in connection with, in each case, directly or indirectly, any one or more of the following:
- (i) this Charter, the Initial MOA (and any document delivered thereunder) and any other Transaction Documents and any amendment, supplement or modification thereof or thereto requested by the Charterers;
  - (ii) the Vessel or any part thereof, including with respect to:
    - (A) the ownership of, manufacture, design, possession, use or non-use, operation, maintenance, sub-chartering, testing, repair, overhaul, condition, alteration, modification, addition, improvement, storage, seaworthiness, replacement, repair of the Vessel or any part (including, in each case, latent or other defects, whether or not discoverable and any claim for patent, trademark, or copyright infringement and all liabilities, obligations, losses, damages and claims in any way relating to or arising out of spillage of cargo or fuel, out of injury to persons, properties or the environment or strict liability in tort);
    - (B) any claim or penalty arising out of Sanctions or violations of applicable law by any of the Obligors or Sub-Charterers;
    - (C) death or property damage of shippers or others;
    - (D) any liens in respect of the Vessel or any part thereof;
    - (E) any registration and/or tonnage fees (whether periodic or not) in respect of the Vessel payable to any registry of ships and any service fees payable to any service provider in relation to maintaining such registration at any registry of ships;  
or

- (F) any Environmental Claim which may arise in connection with the Vessel,
- unless directly and solely caused by the gross negligence or wilful misconduct of an Indemnitee provided that at that time no Potential Termination Event or Termination Event has occurred and there is no breach or contributory negligence of an Obligor;
- (iii) any breach of or failure to perform or observe, or any other non-compliance with, any covenant or agreement or other obligation to be performed by the Obligors under any Transaction Document to which it is a party or the falsity of any representation or warranty of the Obligors in any Transaction Document to which it is a party or the occurrence of any Potential Termination Event or Termination Event;
- (iv) in preventing or attempting to prevent the arrest, confiscation, seizure, taking and execution, requisition, impounding, forfeiture or detention of the Vessel, or in securing or attempting to secure the release of the Vessel in connection with the exercise of the rights of a holder of a lien created by any of the Obligors;
- (v) incurred or suffered by the Owners in:
- (A) procuring the delivery of the Vessel to the Charterers under Clause 35 (*Delivery*), including the determining of Market Value prior to the delivery of the Vessel under the MOA;
  - (B) recovering possession of the Vessel following termination of this Charter under Clause 49 (*Termination Events*) or earlier termination of this Charter and arranging for transfer of title of the Vessel under this Charter;
  - (C) in connection with any Sub-Charter Termination Event; or
  - (D) effecting the transfer of title from the Owners to the Charterers under any provision of this Charter;
- (vi) arising from the Master or officers of the Vessel or the Charterers' or their respective agents signing bills of lading or other documents;
- (vii) in connection with:
- (A) the arrest, seizure, taking into custody or other detention by any court or other tribunal or by any governmental entity; or
  - (B) subjection to distress by reason of any process, claim, exercise of any rights conferred by a lien or by any other action whatsoever, of the Vessel which are expended, suffered or incurred as a result of or in connection with any claim or against, or liability of, the Charterers or any other member of the Charterers' group or any Approved

Managers, together with any documented costs and expenses or other outgoings which may be paid or incurred by the Owners in releasing the Vessel from any such arrest, seizure, custody, detention or distress.

- (b) The Charterers shall and shall procure that the Charter Guarantor shall pay to the Owners promptly on the Owners' written demand within ten (10) Business Days the amount of all documented costs and expenses (including legal fees) incurred by the Owners in connection with the enforcement of, or the preservation of any rights under, any Transaction Document including (without limitation) (i) any documented losses, costs and expenses which the Owners may from time to time sustain, incur or become liable for by reason of the Owners being deemed by any court or authority to be an operator, or in any way concerned in the operation, of the Vessel and (ii) collecting and recovering the proceeds of any claim under any of the Insurances.

**59 Further assurances and undertakings**

Each party shall make all applications and execute all other documents and do all other acts and things as may be necessary to implement and to carry out their obligations under, and the intent of, this Charter.

**60 Cumulative rights**

The rights, powers and remedies provided in this Charter are cumulative and not exclusive of any rights, powers or remedies at law or in equity unless specifically otherwise stated.

**61 No waiver**

No delay, failure or forbearance by a party to exercise (in whole or in part) any right, power or remedy under, or in connection with, this Charter will operate as a waiver. No waiver of any breach of any provision of this Charter will be effective unless that waiver is in writing and signed by the party against whom that waiver is claimed. No waiver of any breach will be, or be deemed to be, a waiver of any other or subsequent breach.

**62 Entire Agreement**

- (a) This Charter may not be amended, altered or modified except by a written instrument executed by each of the Parties.
- (b) This Charter contains all the understandings and agreements of whatsoever kind and nature existing between the parties in respect of this Charter, the rights, interests, undertakings agreements and obligations of the parties to this Charter and shall supersede all previous and contemporaneous negotiations and agreements but shall be read in conjunction with the MOA.

**63 Invalidity**

If any term or provision of this Charter or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable the remainder of this Charter or application of such term or provision to persons or circumstances (other

than those as to which it is already invalid or unenforceable) shall (to the extent that such invalidity or unenforceability does not materially affect the operation of this Charter) not be affected thereby and each term and provision of this Charter shall be valid and be enforceable to the fullest extent permitted by law.

**64 English language**

All notices, communications and financial statements and reports under or in connection with this Charter and the other Transaction Documents shall be in English language or, if in any other language, shall be accompanied by a translation into English. In the event of any conflict between the English text and the text in any other language, the English text shall prevail.

**65 No partnership**

Nothing in this Charter creates, constitutes or evidences any partnership, joint venture, agency, trust or employer/employee relationship between the parties, and neither party may make, or allow to be made any representation that any such relationship exists between the parties. Neither party shall have the authority to act for, or incur any obligation on behalf of, the other party, except as expressly provided in this Charter.

**66 Notices**

(a) Any notices to be given to the Owners under this Charter shall be sent in writing by registered letter, facsimile or email and addressed to:

**Sea 252 Leasing Co. Limited**

c/o CMB Financial Leasing Co., Ltd.

Address: 21F, China Merchants Bank Building, No. 1088, Lujiazui Ring Road, Shanghai, China 200120

Email: xiao\_yue@cmbchina.com / zyzlsceb@cmbchina.com

Tel No.: +86 21 6106 1534

Attention: Yue XIAO (Nicholas), Shipping Leasing Department

or to such other address, facsimile number or email address as the Owners may notify to the Charterers in accordance with this Clause 66.

(b) Any notices to be given to the Charterers under this Charter shall be sent in writing by registered letter, facsimile or email and addressed to:

**Global Ship Lease 69 LLC**

c/o Technomar Shipping Inc.

Address: 3-5 Menandrou Street, Kifissia, 14561, Athens, Greece

Email: finance@technomar.gr with copy to (i) legalconfidential@technomar.gr and (ii) tpsaropoulos@technomar.gr

Attention: Legal Department / Mr. Tassos Psaropoulos

or to such other address, facsimile number or email address as the Charterers may notify to the Owners in accordance with this Clause 66.

(c)

- (i) Any such notice shall be deemed to have reached the party to whom it was addressed, when dispatched and acknowledged received (in case of a facsimile or an email) or when delivered (in case of a registered letter). A notice or other such communication received on a non-working day or after business hours in the place of receipt shall be deemed to be served on the next following working day in such place.
- (ii) Any communication or document to be made or delivered by one party to another under or in connection with the Transaction 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:
  - (A) 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
  - (B) 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.
- (iii) Any such electronic communication or delivery as specified in paragraph (ii) above to be made between an Obligor and the Owners 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.
- (iv) Any such electronic communication or delivery as specified in paragraph (ii) 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 Owners only if it is addressed in such a manner as the Owners shall specify for this purpose.
- (v) Any electronic communication or document which becomes effective, in accordance with paragraph (iv) 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

Charter shall be deemed only to become effective on the following day.

- (vi) Any reference in a Transaction 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 paragraph (c).

**67 Conflicts**

Unless stated otherwise, in the event of there being any conflict between the provisions of Clauses 1 (*Definitions*) (Part II) to 31 (*Notices*) (Part II) and the provisions of Clauses 32 (*Definitions*) to 76 (*FATCA*), the provisions of Clauses 32 (*Definitions*) to 76 (*FATCA*) shall prevail.

**68 Survival of Charterers' obligations**

The termination of this Charter for any cause whatsoever shall not affect the right of the Owners to recover from the Charterers any money due to the Owners in consequence thereof and all other rights of the Owners (including but not limited to any rights, benefits or indemnities which are provided to continue after the termination of this Charter) are reserved hereunder.

**69 Counterparts**

This Charter may be executed in any number of counterparts and any single counterpart or set of counterparts signed, in either case, by all the Parties shall be deemed to constitute a full and original agreement for all purposes.

**70 Third Parties Act**

- (a) The Security Trustee and any person which is an Indemnatee or a Finance Party from time to time and is not a party to this Charter shall be entitled to enforce such terms of this Charter as provided for in this Charter in relation to the obligations of the Charterers to the Security Trustee, such Indemnatee or (as the case may be) Finance Party, subject to the provisions of Clause 71 (*Law and dispute resolution*) and the Third Parties Act. The Third Parties Act applies to this Charter as set out in this Clause 70.
- (b) Save as provided above, a person who is not a party to this Charter has no right under the Third Parties Act to enforce or to enjoy the benefit of any term of this Charter.

**71 Law and dispute resolution**

- (a) This Charter and any non-contractual obligations arising from or in connection with it are in all respects governed by and shall be interpreted in accordance with English law and any dispute arising out of or in connection with this Agreement shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.

- (b) The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.
- (c) The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the fourteen (14) days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both the Owners and the Charterers as if the sole arbitrator had been appointed by agreement.
- (d) Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.
- (e) In cases where neither the claim nor any counterclaim exceeds the sum of US\$100,000 the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

## **72 Waiver of immunity**

- (a) To the extent that the Charterers may in any jurisdiction claim for themselves or their assets or revenues immunity from any proceedings, suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Charterers or their assets or revenues, the Charterers agree not to claim and irrevocably waive such immunity to the full extent permitted by the laws of such jurisdiction.
- (b) The Charterers consent generally in respect of any proceedings to the giving of any relief and the issue of any process in connection with such proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such proceedings. The Charterers agree that in any proceedings in England this waiver shall have the fullest scope permitted by the English State Immunity Act 1978 and that this waiver is intended to be irrevocable for the purposes of such Act.

## **73 Set-off**

Following the occurrence of a Termination Event which is continuing, the Owners may set off any matured and/or contingent obligation due from the Charterers under the Transaction Documents against any obligation (whether matured or not) owed by the Owners to the Charterers, regardless of the place of payment or currency of either obligation. If the obligations are in different currencies, the Owners may convert either

obligation at a market rate of exchange in their usual course of business for the purpose of the set-off.

#### 74 Value Maintenance Covenants

(a) In this Clause 74:

"**Value Maintenance Ratio**" means the ratio (expressed as a percentage) of:

- (i) the Market Value of the Vessel; to
- (ii) the aggregate of the Cost Balance then applicable as at the next applicable Hire Payment Date.

"**Value Maintenance Threshold**" means the ratio (expressed as a percentage) of:

- (A) at any time from the Actual Delivery Date up to and including the third (3<sup>rd</sup>) anniversary thereof, one hundred and thirty five per cent. (135%); and
- (B) at any time after the third (3<sup>rd</sup>) anniversary of the Actual Delivery Date, one hundred and thirty per cent. (130%).

(b)

(i) For the purposes of testing the Value Maintenance Ratio on a Valuation Date, the Market Value shall be determined by the Owners based on the most recent Valuation Report provided to the Owners in accordance with the requirements under this Clause 74 **provided that**:

- (A) in the absence of a Termination Event which is continuing, the Charterers shall arrange, deliver to the Owners and bear the cost of the issuance of each such Valuation Report once every six (6) months during the Charter Period, and any additional Valuation Report shall be at the Owners' cost; and
- (B) upon the occurrence of a Termination Event that is continuing, the Charterers shall arrange, deliver to the Owners and bear the cost of the issuance of all Valuation Reports as may be required by the Owners (acting in their sole discretion),

**provided further that** if the Charterers fail to deliver any Valuation Report in accordance with the requirements under this Clause 74, the Owners shall be entitled to arrange a Valuation Report at the Charterers' cost.

(ii) Each Valuation Report to be provided by the Charterers to the Owners for the purpose of sub-paragraph (i) above shall:

- (A) be issued by an Approved Broker on the relevant Valuation Date;

- (B) be made without physical inspection of the Vessel and on a desktop, charter-free basis;
  - (C) on the basis of a sale for prompt delivery for cash at arm's length on normal commercial terms as between a willing seller and a willing buyer; and
  - (D) upon occurrence of a Termination Event which is continuing, be delivered to the Owners within thirty (30) days from the day requested by the Owners to the Charterers in writing.
- (iii) If an Approved Broker determines that the Market Value shall fall within a range, the valuation as determined by such Approved Broker should be the lower value of such range.
  - (iv) Each valuation shall be provided by an Approved Broker in US Dollars.
  - (v) The Owners may test the Value Maintenance Ratio on any Valuation Date in accordance with the methodology described in subparagraph (b) above.
  - (vi) If, after conducting testing the Value Maintenance Ratio on the relevant Valuation Date, the Owners determine that the Value Maintenance Ratio is less than the Value Maintenance Threshold, then the Charterers shall, within thirty (30) days of the Owners' notice to the Charterers of the same, provide cash collateral in the amount of the shortfall and deposit the same in the Operating Account or any other account nominated by the Owners, for the purpose of and in order to restore the Value Maintenance Ratio to the Value Maintenance Threshold. For the avoidance of doubt, the Minimum Cash Balance shall not at any time be included in the determination of any satisfaction of the Value Maintenance Threshold. The Market Value of the Vessel shall be determined one (1) month following the provision of such cash collateral at the Charterers' cost and, if the Value Maintenance Threshold is evidenced to be met, the Owners shall immediately release such cash collateral to the Charterers and, if the Value Maintenance Threshold is not met as at such time, the Market Value of the Vessel shall be determined each month thereafter at the Charterers' cost.

## 75 Financial covenants

- (a) The Charterers shall procure that the Charter Guarantor will ensure that at all times during the Agreement Term, maintain the Free Liquidity in an amount of twenty million US Dollars (US\$20,000,000).

For the purpose of this Clause 74(a), the following term has the meanings ascribed to them below:

**"Free Liquidity"** means, on a date of calculation, on a consolidated basis, the aggregate of the unencumbered cash balances held by the Charter

Guarantor as evidenced by the Charter Guarantor's latest financial statements delivered pursuant to Clause 48(y).

- (b) Each of the financial covenants as set out in this Clause 75 shall be calculated in accordance with GAAP and tested by reference to each of the financial statements in respect of the Charter Guarantor delivered pursuant to Clause 48(x).
- (c) The Charterers shall supply and shall procure that the Charter Guarantor shall supply to the Owners a Compliance Certificate with each set of financial statements delivered pursuant to paragraph (b) above setting out (in reasonable detail) computations as to compliance with Clause 75 (*Financial Covenants*) as at the date as at which those financial statements were drawn up.
- (d) Each Compliance Certificate shall be signed by a director or the Chief Financial Officer of the Charter Guarantor.
- (e) If at any time any other Financial Indebtedness of the Charter Guarantor and/or any of its Subsidiaries shall include any financial covenant in respect of the Charter Guarantor (whether set forth as a covenant, undertaking, event of default, restriction or other such provision) (a "**Financial Covenant**") that would be more beneficial to the Owners than any analogous provision contained in this Charter (an "**Additional Financial Covenant**"), then such Additional Financial Covenant shall be deemed automatically incorporated into the terms of this Charter (an "**MFN Amendment**"). Such MFN Amendment shall be reversed and the financial covenants restored to those that were in effect immediately prior to an MFN Amendment when (i) such other financial indebtedness containing the Additional Financial Covenant is repaid in full other than as a result of or in connection with an actual event of default (howsoever defined); or (ii) the original terms of an Additional Financial Covenant provided that it has ceased to apply. The Charterers shall promptly notify the Owners of any change or event that requires the incorporation or reverse of an MFN Amendment. The Charterers agree that it will, and will procure that the Charter Guarantor will, promptly enter into such necessary documentation as may be required to amend and supplement the Charter Guarantee and this Charter so as to reflect and incorporate such new or amended financial covenants that are more favourable to the Owners in accordance with this clause.

**76 FATCA**

- (a) Subject to Clause 76(c) below, the Charterers shall (and shall procure that each Obligor will) and the Owners shall, within ten (10) Business Days of a reasonable request by a Party:
  - (i) confirm to such Party whether it is:
    - (A) a FATCA Exempt Party; or
    - (B) not a FATCA Exempt Party; and

- (ii) supply to such Party such forms, documentation and other information relating to its status under FATCA as such party reasonably requests for the purposes of its compliance with FATCA; and
  - (iii) supply to such Party such forms, documentation and other information relating to its status as such Party request for the purposes of its compliance with any other law, regulation, or exchange of information regime.
- (b) If a Party confirms to the other Party pursuant to Clause 76(a)(i) 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 the other Party promptly.
- (c) Clause 76(a) shall not oblige the Owners to do anything, and Clause 76(a)(iii) 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 fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with Clause 76(a)(i) or Clause 76(a)(ii) (including, for the avoidance of doubt, where Clause 76(c) applies), then such Party shall be treated for the purposes of the Transaction 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.
- (e) 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.
- (f) 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 Charterer and the Owners and the Owners shall notify the Owners.

#### **77 Day Count Convention**

Any interest, commission or fee accruing under a Transaction 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.

- (a) The Parties shall maintain the information provided in connection with the Transaction Documents strictly confidential and agree to disclose to no person other than:
- (i) its board of directors, employees (only on a need to know basis), and shareholders, professional advisors (including the legal and accounting advisors and auditors) and rating agencies;
  - (ii) as may be required to be disclosed under applicable law or regulations or for the purpose of legal proceedings;
  - (iii) in the case of the Owners, (1) to any of its Affiliate (more than one of them, collectively, the "**Permitted Parties**"), any Finance Party or other actual or potential financier providing funding for the acquisition or refinancing of the Vessel (provided the same have entered into similar confidentiality arrangements), (2) to professional advisers, auditors, insurers or insurance brokers and service providers of the Permitted Parties who are under a duty of confidentiality to the Permitted Parties and (3) as required by any law or any government, quasi-government, administrative, regulatory or supervisory body or authority, court or tribunal with jurisdiction over any of the Permitted Parties;
  - (iv) in the case of the Charterers, to any Sub-Charterers (but subject always to paragraph (b) below) in respect of obtaining any consent required under the terms of any relevant Sub-Charter;
  - (v) any Approved Managers, the classification society and flag authorities, in each case as may be necessary in connection with the transactions contemplated hereunder; and
  - (vi) any person which is a classification society or other entity which the Owners, any of their Affiliates or a Finance Party has engaged to make the calculations necessary to enable the Owners, any of their Affiliates or a Finance Party to comply with their reporting obligations under the Poseidon Principles (as defined under Clause 48(z)(ii)(B)).
- (b) Any other disclosure by each Party shall be subject to the prior written consent of the other Party, provided that the Charterers may disclose any information provided in connection with the Transaction Documents to their sub-contractors and any Sub-Charterers, in each case subject to the procurement of a confidentiality undertaking (in form and substance satisfactory to the Owners) from such sub-contractor or Sub-Charterers.

Schedule 1

FORM OF PROTOCOL OF DELIVERY AND ACCEPTANCE

**PROTOCOL OF DELIVERY AND ACCEPTANCE**

It is hereby certified that pursuant to a bareboat charter dated 2021 and made between **SEA 252 LEASING CO. LIMITED**, a company incorporated in Hong Kong with its registered address at 27/F Three Exchange Square 8, Connaught Place, Central, Hong Kong (the "**Owner**") as owner and **GLOBAL SHIP LEASE 69 LLC**, a company incorporated in Liberia with its registered address at 80 Broad Street, Monrovia, Liberia (the "**Bareboat Charterer**") as bareboat charterer (as may be amended and supplemented from time to time, the "**Bareboat Charter**") in respect of one (1) container ship named m.v. "**BLANDINE**" to be renamed "**GSL TRIPOLI**") and registered in Liberia under the laws and flag of Liberia with IMO number 9437048 (the "**Vessel**"), the Vessel is delivered for charter by the Owner to the Bareboat Charterer, and accepted by the Bareboat Charterer from the Owner at hours ( ) time) on the date hereof in accordance with the terms and conditions of the Bareboat Charter.

This protocol of delivery and acceptance may be executed in any number of counterparts each of which shall be original but which shall together constitute the same instrument.

IN WITNESS WHEREOF, the Owner and the Bareboat Charterer have caused this PROTOCOL OF DELIVERY AND ACCEPTANCE to be executed by their duly authorised representative on this day of 2021.

THE OWNER

**SEA 252 LEASING CO. LIMITED**

by:

THE BAREBOAT CHARTERER

**GLOBAL SHIP LEASE 69 LLC**

by:

\_\_\_\_\_  
Name:

Title:

Date:

\_\_\_\_\_  
Name:

Title:

Date:

Schedule 2

FORM OF TITLE TRANSFER PROTOCOL OF DELIVERY AND ACCEPTANCE

**PROTOCOL OF DELIVERY AND ACCEPTANCE**

m.v. "GSL TRIPOLI"

**SEA 252 LEASING CO. LIMITED**, a company incorporated in Hong Kong with its registered address at 27/F Three Exchange Square 8, Connaught Place, Central, Hong Kong (the "**Owners**") deliver to **GLOBAL SHIP LEASE 69 LLC**, a company incorporated in Liberia with its registered address at 80 Broad Street, Monrovia, Liberia (the "**Bareboat Charterers**") the Vessel described below and the Bareboat Charterers accept delivery of, title and risk to the Vessel pursuant to the terms and conditions of the bareboat charter dated 2021 (as may be amended and supplemented from time to time) and made between (1) the Owners and (2) the Bareboat Charterers.

Name of Vessel: m.v. "GSL TRIPOLI"  
Flag: [ ]  
Place of Registration: [ ]  
IMO Number: 9437048  
Gross Registered Tonnage: [ ]  
Net Registered Tonnage: [ ]

Dated:

At: hours ([ ] time)

Place of delivery:

THE OWNERS  
**SEA 252 LEASING CO. LIMITED**

THE BAREBOAT CHARTERERS  
**GLOBAL SHIP LEASE 69 LLC**

by: by:

\_\_\_\_\_  
Name: Name:  
Title: Title:  
Date: Date:

**SIGNATURE PAGE**

**ADDITIONAL CLAUSES**  
**TO BAREBOAT CHARTER FOR THE VESSEL "BLANDINE" TO BE RENAMED**  
**"GSL TRIPOLI"**

**THE OWNERS**

**SEA 252 LEASING CO. LIMITED**

by:

/s/ Tan Li Xin, Joan

Name: Tan Li Xin, Joan

Title: Attorney-in-fact

Date: 26 August 2021

**THE CHARTERERS**

**GLOBAL SHIP LEASE 69 LLC**

by:

/s/ Aglaia Lida Papadi

Name: Aglaia Lida Papadi

Title: attorney-in-fact

Date: 26 August 2021

# SALEFORM 2012

Norwegian Shipbrokers' Association's  
Memorandum of Agreement for sale and purchase of ships

1 Dated: 26 August 2021

2 **GLOBAL SHIP LEASE 69 LLC, a company incorporated in Liberia with its registered address at 80 Broad Street, Monrovia, Liberia**  
(Name of sellers), hereinafter called the "Sellers", have agreed to sell, and

3 **SEA 252 LEASING CO. LIMITED, a company incorporated in Hong Kong with its registered office at 27/F Three Exchange Square 8, Connaught Place, Central, Hong Kong** (Name of buyers), hereinafter called the "Buyers", have agreed to buy:

4 Name of vessel: **"Blandine" to be renamed "GSL Tripoli"**

5 IMO Number: **9437048**

6 Classification Society: **DNV GL**

7 Class Notation: **100 A5 E Container ship BWM DG IW LC RSCS**  
**✗ MC E AUT EP-D RCP (1025/75)**

8 Year of Build: **2009** Builder/Yard: **Zhejiang Ouhua Shipbuilding Co., Ltd., PRC**

9 Flag: **Republic of Portugal (bareboat charter registration only); Hamburg, Germany (as underlying registry)** Place of Registration:  
**Madeira (bareboat charter registration only); Germany – Leer (as underlying registry)**

GT/NT: **52,726 / 32,613**

10 hereinafter called the "Vessel", on the following terms and conditions:

## 11 Definitions

12 "Banking Days" are days on which banks are open both in the country of the currency stipulated for  
13 the Purchase Price in Clause 1 (Purchase Price) and in the place of closing stipulated in Clause 8  
14 (Documentation) and **Shanghai, Singapore, Athens, Hamburg, Copenhagen, Hong Kong and London** (add additional jurisdictions  
as appropriate).

15 "Buyers' Nominated Flag State" means **Liberia** (state flag state).

16 "Class" means the class notation referred to above.

17 "Classification Society" means the Society referred to above.

18 ~~"Deposit" shall have the meaning given in Clause 2 (Deposit)~~

19 ~~"Deposit Holder" means (state name and location of Deposit Holder) or, if left blank, the~~  
20 ~~Sellers' Bank, which shall hold and release the Deposit in accordance with this Agreement.~~

21 "In writing" or "written" means a letter handed over from the Sellers to the Buyers or vice versa, a  
22 registered letter, e-mail or telefax.

23 "Parties" means the Sellers and the Buyers.

24 "Purchase Price" means the price for the Vessel as stated in Clause 1 (Purchase Price).



25 ~~"Sellers' Account" means (state details of bank account) at the Sellers' Bank.~~

26 ~~"Sellers' Bank" means (state name of bank, branch and details) or, if left blank, the bank~~  
27 ~~notified by the Sellers to the Buyers for receipt of the balance of the Purchase Price.~~

## 28 **1. Purchase Price**

29 The Purchase Price is **the lower of (a) the Market Value and (b) USD50,000,000 (fifty million United States Dollars).** ~~(state currency and~~  
amount both in words and figures).

## 30 **2. Deposit**

### **No deposit for the Purchase Price is payable.**

31 ~~As security for the correct fulfilment of this Agreement the Buyers shall lodge a deposit of~~  
32 ~~% (per cent) or, if left blank, 10% (ten per cent), of the Purchase Price (the~~  
33 ~~"Deposit") in an interest bearing account for the Parties with the Deposit Holder within three (3)~~  
34 ~~Banking Days after the date that:~~

35 ~~(i) this Agreement has been signed by the Parties and exchanged in original or by~~  
36 ~~e-mail or telefax; and~~

37 ~~(ii) the Deposit Holder has confirmed in writing to the Parties that the account has been~~  
38 ~~opened.~~

39 ~~The Deposit shall be released in accordance with joint written instructions of the Parties.~~  
40 ~~Interest, if any, shall be credited to the Buyers. Any fee charged for holding and releasing the~~  
41 ~~Deposit shall be borne equally by the Parties. The Parties shall provide to the Deposit Holder~~  
42 ~~all necessary documentation to open and maintain the account without delay.~~

## 43 **3. Payment**

### **See Additional Clause 22 (Payment).**

44 ~~On delivery of the Vessel, but not later than three (3) Banking Days after the date that Notice of~~  
45 ~~Readiness has been given in accordance with Clause 5 (Time and place of delivery and~~  
46 ~~notices):~~

47 ~~(i) the Deposit shall be released to the Sellers; and~~

48 ~~(ii) the balance of the Purchase Price and all other sums payable on delivery by the Buyers~~  
49 ~~to the Sellers under this Agreement shall be paid in full free of bank charges to the~~  
50 ~~Sellers' Account.~~

## 51 **4. Inspection**

52 ~~(a)\* The Buyers have inspected and accepted the Vessel's classification records. The Buyers~~  
53 ~~have also inspected the Vessel at/in (state place) on (state date) and have~~  
54 ~~accepted the Vessel following this inspection and the sale is outright and definite, subject only~~  
55 ~~to the terms and conditions of this Agreement.~~

56 ~~(b)\* The Buyers shall have the right to inspect the Vessel's classification records and declare~~  
57 ~~whether same are accepted or not within (state date/period).~~

58 The Sellers shall make the Vessel available for inspection at/in (state place/range) within  
59 (state date/period).

60 The Buyers shall undertake the inspection without undue delay to the Vessel. Should the  
61 Buyers cause undue delay they shall compensate the Sellers for the losses thereby incurred.

62 The Buyers shall inspect the Vessel without opening up and without cost to the Sellers.

63 During the inspection, the Vessel's deck and engine log books shall be made available for  
64 examination by the Buyers.

65 The sale shall become outright and definite, subject only to the terms and conditions of this  
66 Agreement, provided that the Sellers receive written notice of acceptance of the Vessel from  
67 the Buyers within seventy two (72) hours after completion of such inspection or after the  
68 date/last day of the period stated in Line 59, whichever is earlier.

69 Should the Buyers fail to undertake the inspection as scheduled and/or notice of acceptance of  
70 the Vessel's classification records and/or of the Vessel not be received by the Sellers as  
71 aforesaid, the Deposit together with interest earned, if any, shall be released immediately to the  
72 Buyers, whereafter this Agreement shall be null and void.

73 \*4(a) and 4(b) are alternatives; delete whichever is not applicable. In the absence of deletions,  
74 alternative 4(a) shall apply.

## 75 5. Time and place of delivery and notices

76 (a) The Vessel shall be delivered and taken over safely afloat at sea or a safe and accessible berth or  
77 anchorage ~~at/in~~ (subject to the trading limits as permitted under the Bareboat Charter) (state place/range) in the Sellers' option **and as agreed by the Parties, provided that the Vessel shall not be delivered in a place that causes the Buyers to incur tax liabilities that the Buyers would not have incurred had the sale been completed in international waters.**

78 Notice of Readiness shall not be tendered before: (date)

79 Cancelling Date (see Clauses 5(c), 6 (a)(i), 6 (a) (iii) and 14): **30 September 2021 or such later date as the Buyers may agree.**

80 (b) The Sellers shall keep the Buyers well informed of the Vessel's itinerary and shall, **immediately upon receipt, provide to the Buyers copies of any notices received from the Initial Sellers under clause 5(b) of the Initial MOA, and**  
81 provide the Buyers with twenty (20), ten (10), five (5) and three (3) **two (2) Banking Days'** notice **prior to the proposed Pre-positioning Date and** of the date the  
82 Sellers intend to tender Notice of Readiness and of the intended **date and** place of delivery.

83 When the Vessel is at the place of delivery and physically ready for delivery in accordance with  
84 this Agreement, the Sellers shall give the Buyers a written Notice of Readiness for delivery.

85 (c) If the Sellers anticipate that, notwithstanding the exercise of due diligence by them, the  
86 Vessel will not be ready for delivery by the Cancelling Date they may notify the Buyers in writing  
87 stating the date when they anticipate that the Vessel will be ready for delivery and proposing a  
88 new Cancelling Date. Upon receipt of such notification the Buyers shall have the option of  
89 either cancelling this Agreement in accordance with Clause 14 (Sellers' Default) within three (3)  
90 Banking Days of receipt of the notice or of accepting the new date as the new Cancelling Date.

91 If the Buyers have not declared their option within three (3) Banking Days of receipt of the  
92 Sellers' notification or if the Buyers accept the new date, the date proposed in the Sellers'  
93 notification shall be deemed to be the new Cancelling Date and shall be substituted for the  
94 Cancelling Date stipulated in line 79.

95 If this Agreement is maintained with the new Cancelling Date all other terms and conditions  
96 hereof including those contained in Clauses 5(b) and 5(d) shall remain unaltered and in full  
97 force and effect.

98 (d) Cancellation, failure to cancel or acceptance of the new Cancelling Date shall be entirely  
99 without prejudice to any claim for damages the Buyers may have under Clause 14 (Sellers'  
100 Default) for the Vessel not being ready by the original Cancelling Date.

101 (e) Should the Vessel become an actual, constructive or compromised total loss before delivery  
102 the Deposit together with interest earned, if any, shall be released immediately to the Buyers  
103 ~~whereafter this~~ **the Agreement shall be null and void provided that the Sellers shall indemnify the Buyers in accordance with the terms set out in Clause 21, notwithstanding that this Agreement becomes null and void as a result of the Vessel being a total loss.**

## 104 **6. Divers Inspection / Drydocking**

### **The Vessel will be delivered without drydocking.**

105 ~~(a)\*~~  
106 ~~(i) The Buyers shall have the option at their cost and expense to arrange for an underwater~~  
107 ~~inspection by a diver approved by the Classification Society prior to the delivery of the~~  
108 ~~Vessel. Such option shall be declared latest nine (9) days prior to the Vessel's intended~~  
109 ~~date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this~~  
110 ~~Agreement. The Sellers shall at their cost and expense make the Vessel available for~~  
111 ~~such inspection. This inspection shall be carried out without undue delay and in the~~  
112 ~~presence of a Classification Society surveyor arranged for by the Sellers and paid for by~~  
113 ~~the Buyers. The Buyers' representative(s) shall have the right to be present at the diver's~~  
114 ~~inspection as observer(s) only without interfering with the work or decisions of the~~  
115 ~~Classification Society surveyor. The extent of the inspection and the conditions under~~  
116 ~~which it is performed shall be to the satisfaction of the Classification Society. If the~~  
117 ~~conditions at the place of delivery are unsuitable for such inspection, the Sellers shall at~~  
118 ~~their cost and expense make the Vessel available at a suitable alternative place near to~~  
119 ~~the delivery port, in which event the Cancelling Date shall be extended by the additional~~  
120 ~~time required for such positioning and the subsequent re-positioning. The Sellers may~~  
121 ~~not tender Notice of Readiness prior to completion of the underwater inspection.~~

122 ~~(ii) If the rudder, propeller, bottom or other underwater parts below the deepest load line are~~  
123 ~~found broken, damaged or defective so as to affect the Vessel's class, then (1) unless~~  
124 ~~repairs can be carried out afloat to the satisfaction of the Classification Society, the~~  
125 ~~Sellers shall arrange for the Vessel to be drydocked at their expense for inspection by~~  
126 ~~the Classification Society of the Vessel's underwater parts below the deepest load line,~~  
127 ~~the extent of the inspection being in accordance with the Classification Society's rules (2)~~  
128 ~~such defects shall be made good by the Sellers at their cost and expense to the~~  
129 ~~satisfaction of the Classification Society without condition/recommendation\*\* and (3) the~~  
130 ~~Sellers shall pay for the underwater inspection and the Classification Society's~~  
131 ~~attendance.~~

132 ~~Notwithstanding anything to the contrary in this Agreement, if the Classification Society~~

133 do not require the aforementioned defects to be rectified before the next class  
134 drydocking survey, the Sellers shall be entitled to deliver the Vessel with these defects  
135 against a deduction from the Purchase Price of the estimated direct cost (of labour and  
136 materials) of carrying out the repairs to the satisfaction of the Classification Society;  
137 whereafter the Buyers shall have no further rights whatsoever in respect of the defects  
138 and/or repairs. The estimated direct cost of the repairs shall be the average of quotes  
139 for the repair work obtained from two reputable independent shipyards at or in the  
140 vicinity of the port of delivery, one to be obtained by each of the Parties within two (2)  
141 Banking Days from the date of the imposition of the condition/recommendation, unless  
142 the Parties agree otherwise. Should either of the Parties fail to obtain such a quote within  
143 the stipulated time then the quote duly obtained by the other Party shall be the sole basis  
144 for the estimate of the direct repair costs. The Sellers may not tender Notice of  
145 Readiness prior to such estimate having been established.

146 (iii) If the Vessel is to be drydocked pursuant to Clause 6(a)(ii) and no suitable dry docking  
147 facilities are available at the port of delivery, the Sellers shall take the Vessel to a port  
148 where suitable drydocking facilities are available, whether within or outside the delivery  
149 range as per Clause 5(a). Once drydocking has taken place the Sellers shall deliver the  
150 Vessel at a port within the delivery range as per Clause 5(a) which shall, for the purpose  
151 of this Clause, become the new port of delivery. In such event the Cancelling Date shall  
152 be extended by the additional time required for the drydocking and extra steaming, but  
153 limited to a maximum of fourteen (14) days.

154 (b)\* The Sellers shall place the Vessel in drydock at the port of delivery for inspection by the  
155 Classification Society of the Vessel's underwater parts below the deepest load line, the extent  
156 of the inspection being in accordance with the Classification Society's rules. If the rudder,  
157 propeller, bottom or other underwater parts below the deepest load line are found broken,  
158 damaged or defective so as to affect the Vessel's class, such defects shall be made good at the  
159 Sellers' cost and expense to the satisfaction of the Classification Society without  
160 condition/recommendation\*\*. In such event the Sellers are also to pay for the costs and  
161 expenses in connection with putting the Vessel in and taking her out of drydock, including the  
162 drydock dues and the Classification Society's fees. The Sellers shall also pay for these costs  
163 and expenses if parts of the tailshaft system are condemned or found defective or broken so as  
164 to affect the Vessel's class. In all other cases, the Buyers shall pay the aforesaid costs and  
165 expenses, dues and fees.

166 (e) If the Vessel is drydocked pursuant to Clause 6 (a)(ii) or 6 (b) above:

167 (i) The Classification Society may require survey of the tailshaft system, the extent of the  
168 survey being to the satisfaction of the Classification surveyor. If such survey is  
169 not required by the Classification Society, the Buyers shall have the option to require the  
170 tailshaft to be drawn and surveyed by the Classification Society, the extent of the survey  
171 being in accordance with the Classification Society's rules for tailshaft survey and  
172 consistent with the current stage of the Vessel's survey cycle. The Buyers shall declare  
173 whether they require the tailshaft to be drawn and surveyed not later than by the  
174 completion of the inspection by the Classification Society. The drawing and refitting of  
175 the tailshaft shall be arranged by the Sellers. Should any parts of the tailshaft system be  
176 condemned or found defective so as to affect the Vessel's class, those parts shall be  
177 renewed or made good at the Sellers' cost and expense to the satisfaction of  
178 Classification Society without condition/recommendation\*\*.

179 (ii) The costs and expenses relating to the survey of the tailshaft system shall be borne by  
180 the Buyers unless the Classification Society requires such survey to be carried out or if

181 parts of the system are condemned or found defective or broken so as to affect the  
182 Vessel's class, in which case the Sellers shall pay these costs and expenses.

183 (iii) The Buyers' representative(s) shall have the right to be present in the drydock, as  
184 observer(s) only without interfering with the work or decisions of the Classification  
185 Society surveyor.

186 (iv) The Buyers shall have the right to have the underwater parts of the Vessel cleaned  
187 and painted at their risk, cost and expense without interfering with the Sellers' or the  
188 Classification Society surveyor's work, if any, and without affecting the Vessel's timely  
189 delivery. If, however, the Buyers' work in drydock is still in progress when the  
190 Sellers have completed the work which the Sellers are required to do, the additional  
191 docking time needed to complete the Buyers' work shall be for the Buyers' risk, cost and  
192 expense. In the event that the Buyers' work requires such additional time, the Sellers  
193 may upon completion of the Sellers' work tender Notice of Readiness for delivery whilst  
194 the Vessel is still in drydock and, notwithstanding Clause 5(a), the Buyers shall be  
195 obliged to take delivery in accordance with Clause 3 (Payment), whether the Vessel is in  
196 drydock or not.

197 \*6 (a) and 6 (b) are alternatives; delete whichever is not applicable. In the absence of deletions,  
198 alternative 6 (a) shall apply.

199 \*\*Notes or memoranda, if any, in the surveyor's report which are accepted by the Classification  
200 Society without condition/recommendation are not to be taken into account.

## 201 7. Spares, bunkers and other items

202 The Sellers shall deliver the Vessel to the Buyers with everything belonging to her on board  
203 and on shore. All spare parts and spare equipment including spare tail-end shaft(s) and/or  
204 spare propeller(s)/propeller blade(s), if any, belonging to the Vessel at the time of ~~inspection~~delivery  
205 used or unused, whether on board or not shall become the Buyers' property, ~~but spares on~~  
206 ~~order are excluded. Forwarding charges, if any, shall be for the Buyers' account.~~ The Sellers  
207 are not required to replace spare parts including spare tail-end shaft(s) and spare  
208 propeller(s)/propeller blade(s) which are taken out of spare and used as replacement prior to  
209 delivery, but the replaced items shall be the property of the Buyers. Unused stores and  
210 provisions shall be included in the sale and be taken over by the Buyers without extra payment.

211 Library and forms exclusively for use in the Sellers' vessel(s) and captain's, officers' and crew's  
212 personal belongings including the slop chest are excluded from the sale without compensation,  
213 as well as the following additional items: (include list)

214 Items on board which are on hire or owned by third parties, listed as follows, are excluded from  
215 the sale without compensation: (include list)

216 Items on board at the time of inspection which are on hire or owned by third parties, not listed  
217 above, shall be replaced or procured by the Sellers prior to delivery at their cost and expense. **Any remaining bunkers and unused  
lubricating and hydraulic oils and greases in storage tanks and unopened drums shall remain the property of the Sellers or the  
Initial Sub-Charterers but remain on board the Vessel on or after delivery and no payment shall be required by the Buyers in respect  
thereof.**

218 The Buyers shall take over remaining bunkers and unused lubricating and hydraulic oils and  
219 greases in storage tanks and unopened drums and pay either:

220 (a) \*the actual net price (excluding barging expenses) as evidenced by invoices or vouchers; or

221 ~~(b) \*the current net market price (excluding barging expenses) at the port and date of delivery~~  
222 ~~of the Vessel or, if unavailable, at the nearest bunkering port;~~

223 ~~for the quantities taken over.~~

224 ~~Payment under this Clause shall be made at the same time and place and in the same~~  
225 ~~currency as the Purchase Price.~~

226 ~~"inspection" in this Clause 7, shall mean the Buyers' inspection according to Clause 4(a) or 4(b)~~  
227 ~~(Inspection), if applicable. If the Vessel is taken over without inspection, the date of this~~  
228 ~~Agreement shall be the relevant date.~~

229 ~~\*(a) and (b) are alternatives, delete whichever is not applicable. In the absence of deletions~~  
230 ~~alternative (a) shall apply.~~

## 231 **8. Documentation**

**(See Additional Clause 24 (Conditions Precedent))**

232 The place of closing:

233 ~~(a) In exchange for payment of the Purchase Price the Sellers shall provide the Buyers with the~~  
234 ~~following delivery documents:~~

235 ~~(i) Legal Bill(s) of Sale in a form recordable in the Buyers' Nominated Flag State,~~  
236 ~~transferring title of the Vessel and stating that the Vessel is free from all mortgages,~~  
237 ~~encumbrances and maritime liens or any other debts whatsoever, duly notarially attested~~  
238 ~~and legalised or apostilled, as required by the Buyers' Nominated Flag State;~~

239 ~~(ii) Evidence that all necessary corporate, shareholder and other action has been taken by~~  
240 ~~the Sellers to authorise the execution, delivery and performance of this Agreement;~~

241 ~~(iii) Power of Attorney of the Sellers appointing one or more representatives to act on behalf~~  
242 ~~of the Sellers in the performance of this Agreement, duly notarially attested and legalised~~  
243 ~~or apostilled (as appropriate);~~

244 ~~(iv) Certificate or Transcript of Registry issued by the competent authorities of the flag state~~  
245 ~~on the date of delivery evidencing the Sellers' ownership of the Vessel and that the~~  
246 ~~Vessel is free from registered encumbrances and mortgages, to be faxed or e-mailed by~~  
247 ~~such authority to the closing meeting with the original to be sent to the Buyers as soon as~~  
248 ~~possible after delivery of the Vessel;~~

249 ~~(v) Declaration of Class or (depending on the Classification Society) a Class Maintenance~~  
250 ~~Certificate issued within three (3) Banking Days prior to delivery confirming that the~~  
251 ~~Vessel is in Class free of condition/recommendation;~~

252 ~~(vi) Certificate of Deletion of the Vessel from the Vessel's registry or other official evidence of~~  
253 ~~deletion appropriate to the Vessel's registry at the time of delivery, or, in the event that~~  
254 ~~the registry does not as a matter of practice issue such documentation immediately, a~~  
255 ~~written undertaking by the Sellers to effect deletion from the Vessel's registry forthwith~~  
256 ~~and provide a certificate or other official evidence of deletion to the Buyers promptly and~~  
257 ~~latest within four (4) weeks after the Purchase Price has been paid and the Vessel has~~  
258 ~~been delivered;~~

- 259 ~~(vii) A copy of the Vessel's Continuous Synopsis Record certifying the date on which the~~  
260 ~~Vessel ceased to be registered with the Vessel's registry, or, in the event that the registry~~  
261 ~~does not as a matter of practice issue such certificate immediately, a written undertaking~~  
262 ~~from the Sellers to provide the copy of this certificate promptly upon it being issued~~  
263 ~~together with evidence of submission by the Sellers of a duly executed Form 2 stating~~  
264 ~~the date on which the Vessel shall cease to be registered with the Vessel's registry;~~
- 265 ~~(viii) Commercial Invoice for the Vessel;~~
- 266 ~~(ix) Commercial Invoice(s) for bunkers, lubricating and hydraulic oils and greases;~~
- 267 ~~(x) A copy of the Sellers' letter to their satellite communication provider cancelling the~~  
268 ~~Vessel's communications contract which is to be sent immediately after delivery of the~~  
269 ~~Vessel;~~
- 270 ~~(xi) Any additional documents as may reasonably be required by the competent authorities of~~  
271 ~~the Buyers' Nominated Flag State for the purpose of registering the Vessel, provided the~~  
272 ~~Buyers notify the Sellers of any such documents as soon as possible after the date of~~  
273 ~~this Agreement; and~~
- 274 ~~(xii) The Sellers' letter of confirmation that to the best of their knowledge, the Vessel is not~~  
275 ~~black listed by any nation or international organisation.~~
- 276 ~~(b) At the time of delivery the Buyers shall provide the Sellers with:~~
- 277 ~~(i) Evidence that all necessary corporate, shareholder and other action has been taken by~~  
278 ~~the Buyers to authorise the execution, delivery and performance of this Agreement; and~~
- 279 ~~(ii) Power of Attorney of the Buyers appointing one or more representatives to act on behalf~~  
280 ~~of the Buyers in the performance of this Agreement, duly notarially attested and legalised~~  
281 ~~or apostilled (as appropriate).~~
- 282 ~~(c) If any of the documents listed in Sub clauses (a) and (b) above are not in the English~~  
283 ~~language they shall be accompanied by an English translation by an authorised translator or~~  
284 ~~certified by a lawyer qualified to practice in the country of the translated language.~~
- 285 ~~(d) The Parties shall to the extent possible exchange copies, drafts or samples of the~~  
286 ~~documents listed in Sub clause (a) and Sub clause (b) above for review and comment by the~~  
287 ~~other party not later than (state number of days), or if left blank, nine (9) days prior to the~~  
288 ~~Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to~~  
289 ~~Clause 5(b) of this Agreement.~~
- 290 ~~(e) Concurrent with the exchange of documents in Sub clause (a) and Sub clause (b) above,~~  
291 ~~the Sellers shall also hand to the Buyers the classification certificate(s) as well as all plans,~~  
292 ~~drawings and manuals, (excluding ISM/ISPS manuals), which are on board the Vessel. Other~~  
293 ~~certificates which are on board the Vessel shall also be handed over to the Buyers unless~~  
294 ~~the Sellers are required to retain same, in which case the Buyers have the right to take copies.~~
- 295 ~~(f) Other technical documentation which may be in the Sellers' possession shall promptly after~~  
296 ~~delivery be forwarded to the Buyers at their expense, if they so request. The Sellers may keep~~  
297 ~~the Vessel's log books but the Buyers have the right to take copies of same.~~
- 298 ~~(g) The Parties shall sign and deliver to each other a Protocol of Delivery and Acceptance~~

299 ~~confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.~~

## 300 **9. Encumbrances**

301 The Sellers warrant that the Vessel, at the time of delivery, is free from all charters (**other than the Bareboat Charter and the Initial**  
302 **Sub-Charter (as defined in the Bareboat Charter)**),  
303 encumbrances, mortgages and maritime liens or any other debts whatsoever, and is not subject  
304 to Port State or other administrative detentions. The Sellers hereby undertake to indemnify the  
305 Buyers against all consequences of claims made against the Vessel which have been incurred  
prior to the time of delivery.

## 306 **10. Taxes, fees and expenses**

307 Any taxes, fees and **documented** expenses in connection with the purchase and registration in the Buyers'  
308 Nominated Flag State, **any Registration Costs and any** shall be for the Buyers' account, whereas similar charges in connection  
309 with the closing of the Sellers' register shall be for the Sellers' account.

## 310 **11. Condition on delivery**

### **See also Clause 20 (Delivery under this Agreement and the Bareboat Charter)**

311 The Vessel with everything belonging to her shall be at the Sellers' risk and expense until she is  
312 delivered to the Buyers, but subject to the terms and conditions of this Agreement she shall be  
313 delivered and taken over "**as is where is**" she was at the time of **delivery** inspection, fair wear and tear excepted.

314 However, the Vessel shall be delivered ~~free of cargo and~~ free of stowaways with her Class  
315 maintained without **any conditions that are overdue** condition/recommendation\*, free of average damage affecting the Vessel's  
316 class, and with her classification certificates and national certificates, as well as all other  
317 certificates the Vessel had at the time of ~~inspection~~ **delivery**, valid and unextended without **any conditions that are overdue**  
318 ~~condition/recommendation\*~~ by the Classification Society or the relevant authorities at the time  
319 of delivery.

320 "inspection" in this Clause 11, shall mean the Buyers' inspection according to Clause 4(a) or  
321 4(b) (Inspections), if applicable. If the Vessel is taken over without inspection, the date of this  
322 Agreement shall be the relevant date.

323 \*Notes and memoranda, if any, in the surveyor's report which are accepted by the Classification  
324 Society without condition/recommendation are not to be taken into account.

## 325 **12. Name/markings**

### **Not applicable**

326 ~~Upon delivery the Buyers undertake to change the name of the Vessel and alter funnel~~  
327 ~~markings.~~

328 **13. Buyers' default**

329 ~~Should the Deposit not be lodged in accordance with Clause 2 (Deposit), the Sellers have the~~  
330 ~~right to cancel this Agreement, and they shall be entitled to claim compensation for their losses~~  
331 ~~and for all expenses incurred together with interest.~~

332 Should the Purchase Price **Relevant Amount** not be paid in accordance with Clause ~~21~~<sup>3</sup> (Payment) **as the sole and direct result of the**  
the Sellers **Buyers' acts or omissions and such non-payment has not been remedied within three (3) Banking Days of such failure to pay,**

333 the right to cancel this Agreement, in which case **this Agreement will become void without liability to either the Buyers or the**  
**Sellers,** the Deposit together with interest

334 earned, if any, shall be released to the Sellers. If the Deposit does not cover their loss, the  
335 Sellers shall be entitled to claim further compensation for their losses and for all expenses  
336 incurred together with interest.

337 **14. Sellers' default**

338 Should the Sellers fail to give Notice of Readiness in accordance with Clause 5(b) or fail to be  
339 ready to validly complete a legal transfer by the Cancelling Date the Buyers shall have the  
340 option of cancelling this Agreement. If after Notice of Readiness has been given but before  
341 the Buyers have taken delivery, the Vessel ceases to be physically ready for delivery and is not  
342 made physically ready again by the Cancelling Date and new Notice of Readiness given, the  
343 Buyers shall retain their option to cancel. In the event that the Buyers elect to cancel this  
344 Agreement, the Deposit together with interest earned, if any, shall be released to them  
345 immediately.

346 Should the Sellers fail to give Notice of Readiness by the Cancelling Date or fail to be ready to  
347 validly complete a legal transfer as aforesaid they shall make due compensation to the Buyers  
348 for their loss and for all expenses together with interest if their failure is due to proven  
349 negligence and whether or not the Buyers cancel this Agreement.

350 **15. Buyers' representatives**

**Not applicable.**

351 After this Agreement has been signed by the Parties and the Deposit has been lodged, the  
352 Buyers have the right to place two (2) representatives on board the Vessel at their sole risk and  
353 expense.

354 These representatives are on board for the purpose of familiarisation and in the capacity of  
355 observers only, and they shall not interfere in any respect with the operation of the Vessel. The  
356 Buyers and the Buyers' representatives shall sign the Sellers' P&I Club's standard letter of  
357 indemnity prior to their embarkation.

358 **16. Law and Arbitration**

**See Clause 25 (Law and dispute resolution)**

359 (a) \*This Agreement shall be governed by and construed in accordance with English law and  
360 any dispute arising out of or in connection with this Agreement shall be referred to arbitration in  
361 London in accordance with the Arbitration Act 1996 or any statutory modification or re  
362 enactment thereof save to the extent necessary to give effect to the provisions of this Clause.

363 The arbitration shall be conducted in accordance with the London Maritime Arbitrators

364 Association (LMAA) Terms current at the time when the arbitration proceedings are  
365 commenced.

366 The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall  
367 appoint its arbitrator and send notice of such appointment in writing to the other party requiring  
368 the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and  
369 stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own  
370 arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the  
371 other party does not appoint its own arbitrator and give notice that it has done so within the  
372 fourteen (14) days specified, the party referring a dispute to arbitration may, without the  
373 requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator  
374 and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on  
375 both Parties as if the sole arbitrator had been appointed by agreement.

376 In cases where neither the claim nor any counterclaim exceeds the sum of US\$100,000 the  
377 arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at  
378 the time when the arbitration proceedings are commenced.

379 (b) \*This Agreement shall be governed by and construed in accordance with Title 9 of the  
380 United States Code and the substantive law (not including the choice of law rules) of the State  
381 of New York and any dispute arising out of or in connection with this Agreement shall be  
382 referred to three (3) persons at New York, one to be appointed by each of the parties hereto,  
383 and the third by the two so chosen; their decision or that of any two of them shall be final, and  
384 for the purposes of enforcing any award, judgment may be entered on an award by any court of  
385 competent jurisdiction. The proceedings shall be conducted in accordance with the rules of the  
386 Society of Maritime Arbitrators, Inc.

387 In cases where neither the claim nor any counterclaim exceeds the sum of US\$ 100,000 the  
388 arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the  
389 Society of Maritime Arbitrators, Inc.

390 (c) This Agreement shall be governed by and construed in accordance with the laws of  
391 (state place) and any dispute arising out of or in connection with this Agreement shall be  
392 referred to arbitration at (state place), subject to the procedures applicable there.

393 \*16(a), 16(b) and 16(c) are alternatives; delete whichever is not applicable. In the absence of  
394 deletions, alternative 16(a) shall apply.

## 395 17. Notices

396 All notices to be provided under this Agreement shall be in writing.

397 Contact details for recipients of notices are as follows:

398 For the Buyers:

**SEA 252 LEASING CO. LIMITED**  
**c/o CMB Financial Leasing Co., Ltd.**  
**Address: 21F, China Merchants Bank Building, No.1088, Lujiazui Ring Road, Shanghai, China 200120**  
**Email: xiao\_yue@cmbchina.com / zyzlsceb@cmbchina.com**  
**Tel No.: +86 21 6106 1534**  
**Attention: Yue XIAO (Nicholas), Shipping Leasing Department**

399 For the Sellers:  
**GLOBAL SHIP LEASE 69 LLC**  
c/o Technomar Shipping Inc.  
Address: 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece

Email: [finance@technomar.gr](mailto:finance@technomar.gr)  
with a copy to:  
(a) [legalconfidential@technomar.gr](mailto:legalconfidential@technomar.gr); and  
(b) [tpsaropoulos@technomar.gr](mailto:tpsaropoulos@technomar.gr)

400 **18. Entire Agreement**

401 ~~The written terms of this Agreement comprise the entire agreement between the Buyers and~~  
402 ~~the Sellers in relation to the sale and purchase of the Vessel and supersede all previous~~  
403 ~~agreements whether oral or written between the Parties in relation thereto.~~

404 ~~Each of the Parties acknowledges that in entering into this Agreement it has not relied on and~~  
405 ~~shall have no right or remedy in respect of any statement, representation, assurance or~~  
406 ~~warranty (whether or not made negligently) other than as is expressly set out in this Agreement.~~

407 Any terms implied into this Agreement by any applicable statute or law are hereby excluded to  
408 the extent that such exclusion can legally be made. Nothing in this Clause shall limit or exclude  
409 any liability for fraud.

**Additional Clauses 19 to 26 (both inclusive) form an integral part of this Agreement. In the event of any inconsistency between (i) any terms set out in Clauses 1 to 18 of this Agreement and (ii) any terms set out in Additional Clauses (i.e., Clauses 19 to 26) of this Agreement, the terms of the Additional Clauses shall prevail.**

For and on behalf of the Sellers

For and on behalf of the Buyers

**GLOBAL SHIP LEASE 69 LLC**

**SEA 252 LEASING CO. LIMITED**

/s/ Aglaia Lida Papadi

/s/ Tan Li Xin, Joan

Name: Aglaia Lida Papadi

Name: Tan Li Xin, Joan

Title: Attorney-in-fact

Title: Attorney-in-fact

**ADDITIONAL CLAUSES  
TO MEMORANDUM OF AGREEMENT FOR  
THE VESSEL "BLANDINE" TO BE RENAMED "GSL TRIPOLI"**

**19. Sellers' representations and undertaking**

(a) The Sellers represent and warrant that:

(i) on the Delivery Date, they are the legal and beneficial owners of the Vessel; and

(ii) as at the date hereof and on the Delivery Date:

i. none of the:

1. Sellers, any of its Affiliate (as defined in the Bareboat Charter), nor any of their respective directors, officers and employees are a Restricted Party; and

2. to the best knowledge of the Sellers, as at the date of this Agreement, neither the Initial Sub-Charterer nor the Initial Sellers or any of its respective directors,

is a Restricted Party; and

3. the Sellers, any of its Affiliate (as defined in the Bareboat Charter) and their respective directors, officers and employees; and

4. to the best knowledge of the Sellers, as at the date of this Agreement, the Initial Sub-Charterer and the respective directors of the Initial Sub-Charterer,

are in compliance with all Sanctions laws, and none of them have been or are currently being investigated on compliance with Sanctions, they have not received notice or are aware of any claim, action, suit or proceeding against any of them with respect to Sanctions and they have not taken any action to evade the application of Sanctions; and

(iii) no part of the Purchase Price nor the Vessel shall be made available, directly or indirectly, to or for the benefit of a Restricted Party nor shall they be otherwise directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions laws; and

(iv) the copy of each of the Initial MOA, the Initial Sub-Charter, the Side Agreement and the Deposit Holder Agreement provided to the Buyers prior to the date hereof is a true and complete copy of such document

and there have been no amendments, supplements or variations to the same, provided that any further amendments, supplements or variations on or prior to the Delivery Date shall be subject to the Buyers' written consent (which shall not be unreasonably withheld or delayed) and thereafter copies of any such further amendment, supplement or variation should be provided by the Sellers to the Buyers promptly.

- (b) The Sellers hereby undertake to the Buyers that the Sellers shall not without the Buyers' written consent sign or release:
  - (i) the protocol of delivery and acceptance under the Initial MOA; or
  - (ii) the Release Letter.

## 20. Delivery under this Agreement and the Bareboat Charter

- (a) The Vessel will, subject to the terms and conditions of this Agreement, be delivered by the Sellers to the Buyers under this Agreement.
- (b) Upon the delivery of the Vessel under this Agreement, the Vessel shall simultaneously be delivered to the Sellers as charterers pursuant to a bareboat charterparty dated on or about the date of this Agreement (the "**Bareboat Charter**") made or to be made (as the case may be) between the Buyers (as owners) and the Sellers (as charterers).
- (c) The Sellers shall be fully responsible for the Buyers' fulfilment of physical delivery as new owner of the Vessel to the Sellers (as charterers) under the Bareboat Charter. The Buyers' obligation to take delivery of the Vessel under this Agreement is subject to the Sellers (as charterers) taking delivery of the Vessel simultaneously under the Bareboat Charter.
- (d) If any of the Bareboat Charter, the Initial MOA or the Initial Sub-Charter is cancelled or the delivery of the Vessel does not take place under the Bareboat Charter by the Cancelling Date, this Agreement shall be null and void, **provided however** that Clause 14 (*Sellers' default*) and Clause 21 (*Indemnities*) below shall survive.

## 21. Indemnities

- (a) The Sellers shall pay such amounts to the Buyers in respect of all claims, documented expenses, liabilities, losses, fees (including but not limited to legal fees (which have been pre-approved by the Sellers provided no Termination Event has occurred), any Registration Costs, any vessel registration and any tonnage fees) suffered or incurred by or imposed on the Buyers arising from this Agreement, or resulting from the occurrence of a Termination Event which is continuing (as defined in the Bareboat Charter), or in connection with the delivery, registration and purchase of the Vessel by the Buyers whether prior to, during or after termination of this Agreement (including but not limited to the Delivery Date not occurring on the proposed delivery date set out in the Payment Notice) and whether or not the Vessel is in the possession or the control of the

Sellers or otherwise in relation to any non-delivery to or acceptance by the Sellers (as charterers) of the Vessel under the Bareboat Charter.

- (b) Notwithstanding anything to the contrary herein, any breach of the terms of this Agreement or termination of this Agreement pursuant to the terms hereof, the indemnities provided by the Sellers in favour of the Buyers shall continue in full force and effect.

## 22. Payment

- (a) The Sellers and the Buyers agree that the Relevant Amount shall, subject to Clause 23 (*Partial set-off of Purchase Price*) below (if applicable), be paid in full by the Buyers by depositing with the Initial Sellers' Bank (in a suspense account) in accordance with the Payment Notice, the Relevant Amount which shall be subsequently released to the Sellers or to such person(s) as may be nominated by the Sellers in accordance with paragraph (b) below. The Payment Notice shall be issued by the Sellers to the Buyers after all the Pre-positioning Date CPs have been satisfied or waived to the satisfaction of the Buyers, which shall be on or before the date falling two (2) Banking Days prior to the proposed Pre-positioning Date.
- (b) On or before the Pre-positioning Date if the Buyers have received evidence (which may be in the form of confirmation that an MT199 message is acceptable to the Sellers' Bank and the Buyers (the "**Conditional Payment Message**")) that the Relevant Amount will be held to the order of the Buyers, and to be released to such person(s) as may be nominated by the sellers upon presentation to the Initial Sellers' Bank of a copy (transmitted by fax, email or otherwise) of each of (i) the protocol of delivery and acceptance under the Initial MOA which is duly signed by an authorised signatory of the Initial Sellers and an authorised signatory of the Sellers evidencing the delivery by the Initial Sellers and acceptance by the Sellers of the Vessel under the Initial MOA and (ii) the Release Letter which is signed by an authorised signatory of the Sellers which is named in the Conditional Payment Message and approved by the Buyers, the Buyers shall deposit with the Initial Sellers' Bank the Relevant Amount to be so held and so released, **provided that** the Buyers' obligation to deposit with the Initial Sellers' Bank the Relevant Amount is always subject to the Buyers being satisfied that all of the Pre-Positioning Date CPs have been satisfied.
- (c) A transfer of funds by the Buyers to the Initial Sellers' Bank in accordance with paragraph (b) above shall constitute payment of the Purchase Price for the purposes of this Agreement and shall, as from the date of such transfer, constitute a valid and binding obligation upon the Sellers in respect of the repayment of the Relevant Amount in accordance with and in the manner contemplated by this Agreement (including but not limited to Clauses 22(d)), the Conditional Payment Message and the Release Letter. The Sellers agree to release, discharge, defend, indemnify, waive and hold harmless the Buyers from and against any liability, obligation or claim which may be asserted, claimed or recovered against the Buyers for any reason directly arising out of the release or the failure to release (as the case may be) of any part of the Purchase Price by the Initial Sellers' Bank except if the same results from or is a direct consequence

of the Buyers' failure to perform their obligations under or in breach of any provisions under this Agreement or the Bareboat Charter.

- (d) Without prejudice to any other provisions under this Agreement, the Sellers shall pay to the Buyers:
- (i) within five (5) Banking Days after the date on which any part of the Purchase Price is released in accordance with paragraph (b) above, and in accordance with the invoice to be issued by the Buyers to the Sellers for the same; and
  - (ii) if applicable, on demand by the Buyers on and after the Return Due Date in relation to any part of the Purchase Price which is or should be returned to the Buyers in accordance with the Conditional Payment Message (whether or not it is actually returned on the Return Due Date);

each as applicable, an amount equal to the interest accrued over the relevant Pre-positioning Period and calculated at the rate of Overnight LIBOR Rate plus 325 basis points over such part of the Purchase Price.

**23. Partial set-off of Purchase Price**

The Sellers hereby consent, acknowledge and confirm that:

- (a) notwithstanding Clause 1 (*Purchase Price*), the amount due and payable from the Buyers to the Sellers in accordance with Clause 22 (*Payment*) shall be set off against the amount of Advance Hire (as defined in the Bareboat Charter) and the Arrangement Fee due from the Sellers (as charterers) to the Buyers (as owners) payable pursuant to the Bareboat Charter; and
- (b) for the avoidance of doubt, on the date of payment of the Relevant Amount, (A) the Buyers shall not be obliged to pay the Sellers and the Sellers shall not be entitled to receive from the Buyers an amount which is more than the difference between (i) the Purchase Price and (ii) the aggregate of the Advance Hire and the Arrangement Fee as set off in accordance with paragraph (a) above and (B) the Sellers shall not be obliged to pay the Buyers and the Buyers shall not be entitled to receive from the Sellers payments towards the Advance Hire as a result of this Clause 23 (*Partial set-off of Purchase Price*).

**24. Conditions precedent**

- (a) Release of the Relevant Amount is conditional upon the Sellers providing the Buyers with the following delivery documents and evidence:
  - (i) Two (2) original Legal Bill(s) of Sale in a form recordable in the Buyers' Nominated Flag State, transferring title of the Vessel from the Sellers to the Buyers and stating that the Vessel is free from all registered mortgages, encumbrances and maritime liens or any other debts whatsoever, duly notarially attested or acknowledged and (if required by the Buyers' Nominated Flag State) legalised or apostilled, as required by the Buyers' Nominated Flag State;

- (ii) Evidence that all necessary corporate, shareholder and other action has been taken by the Sellers to authorise the execution, delivery and performance of this Agreement;
- (iii) An original Power of Attorney of the Sellers appointing one or more representatives to act on behalf of the Sellers in the performance of this Agreement, duly notarially attested or acknowledged and (if required by the Buyers' Nominated Flag State) legalised or apostilled, as required by the Buyers' Nominated Flag State;
- (iv) A copy of Declaration of Class or (depending on the Classification Society) a Class Certificate issued within three (3) Banking Days prior to the Delivery Date confirming that the Vessel is in Class free of overdue condition;
- (v) All of the following:
  - (A) Evidence that on the Delivery Date the Vessel will be registered in the ownership of the Buyers as owners of all of the shares in the Vessel with the Buyers' Nominated Flag State; and
  - (B) A copy of the bill of sale to the Buyers referred to in Sub-clause (i) above marked "not released/non-negotiable".
- (vi) An original Commercial Invoice for the Vessel;
- (vii) Copies of the valuations to determine Market Value;
- (viii) Any additional documents as may reasonably be required by the competent authorities of the Buyers' Nominated Flag State for the purpose of registering the Vessel, provided the Buyers notify the Sellers of any such documents as soon as possible after the date of this Agreement;
- (ix) An original of the Sellers' letter of confirmation that to the best of their knowledge, the Vessel is not sanctioned, avoided, prohibited or proscribed by any nation or international organisation and the Vessel is eligible to trade lawfully worldwide;
- (x) An original certificate from a director / officer of the Sellers confirming that all copies of documents provided under this Agreement are true copies of such documents (or a pdf copy of the certificate together with confirmation from the Sellers that the original certificate will be despatched to the Buyers as soon as practicable);
- (xi) In respect of the Initial MOA:
  - (A) a copy of the Initial MOA;
  - (B) a copy of the Deposit Holder Agreement (as defined in the Initial MOA);
  - (C) a copy of the Initial Sub-Charter;
  - (D) a copy of the Side Agreement; and

- (E) written confirmation by the Sellers satisfactory to the Buyers that the Sellers have not exercised the option under the Side Agreement to cancel the Initial Sub-Charter and the Vessel will be delivered into the Initial Sub-Charter on the Delivery Date;
- (xii) Evidence that any difference in the Relevant Amount and the total amounts payable by the Sellers to the Initial Sellers under the Initial MOA have been or will be paid directly by the Sellers (or as the case may be, the Initial Sub-Charterers) to the Initial Sellers on the Delivery Date and such amounts will be released to the Initial Sellers no later than the time the Relevant Amount is released to the Initial Sellers under Clause 22(b) (*Payment*);
- (xiii) Copies of all documents listed at paragraphs 1, 2 and 3 of the Initial MOA Addendum, including but not limited to the protocol of delivery and acceptance under the Initial MOA which is duly signed by an authorised signatory of the Initial Sellers and an authorised signatory of the Sellers evidencing the delivery by the Initial Sellers and acceptance by the Sellers of the Vessel under the Initial MOA;
- (xiv) The Buyers being satisfied that, in their opinion,
  - (A) the conditions precedent set out in:
    - (1) Clause 36(a) (*Conditions precedent and conditions subsequent*) of the Bareboat Charter have been satisfied on the Pre-positioning Date; and
    - (2) Clause 36(b) (*Conditions precedent and conditions subsequent*) of the Bareboat Charter have been satisfied on the Delivery Date or, in each case, such other date as the Sellers and Buyers may mutually agree;
  - (B) no Termination Event (as defined in the Bareboat Charter) or Potential Termination Event (as defined in the Bareboat Charter) is, in each case, continuing or would result from:
    - (1) the pre-positioning of the Relevant Amount; or
    - (2) the release of the Relevant Amount to the Sellers or its nominee; and
  - (C) the representations and warranties referred to in Clause 19 (*Sellers' representations*) hereof and clause 47 (*Charterers' representations and warranties*) of the Bareboat Charter are true and correct on the Delivery Date.

The conditions set out in this Clause 24 are for the sole benefit of the Buyers and may be waived or deferred by the Buyers in whole or in part and with or without conditions. The foregoing is without prejudice to the Buyers' rights to require fulfilment of any such conditions by the Sellers in whole or in part at any time after the date of release of the Relevant Amount.

If the Buyers in their sole discretion agree to accept the delivery of the Vessel from the Sellers before all of the documents and evidence required under Clause 24(a) have been delivered to or to the order of the Buyers, the Sellers undertake to deliver all outstanding documents and evidence to or to the order of the Buyers no later than ten (10) Business Days after the date of delivery of the Vessel or such other later date as specified by the Buyers, acting in their sole discretion. The Buyers' acceptance of the delivery of the Vessel from the Sellers under this Agreement shall not, unless otherwise notified by the Buyers (acting in their sole discretion) to the Sellers in writing, be taken as a waiver of the Buyers' rights to require production of all the documents and evidence required under this Clause 24(a).

- (b) At the time of delivery the Buyers shall provide the Sellers with:
- (i) the certified copy of the resolutions passed by the board of directors of the Buyers to authorise the execution, delivery and performance of this Agreement; and
  - (ii) (if applicable) the original Power of Attorney of the Buyers appointing one or more representatives to act on behalf of the Buyers in the performance of this Agreement (or a pdf copy of the Power of Attorney together with confirmation from the Buyers that the original will be despatched to the Sellers as soon as practicable).
- (c) If any of the documents listed in Sub-clauses (a) and (b) above are not in the English language they shall be accompanied by an English translation by an authorised translator or certified by a lawyer qualified to practice in the country of the translated language.
- (d) The Parties shall to the extent possible exchange copies, drafts or samples of the documents listed in Sub-clause (a) and Sub-clause (b) above for review and comment by the other party not later than nine (9) days prior to the Vessel's intended date of delivery as notified by the Sellers pursuant to Clause 5(b) of this Agreement.
- (e) Concurrent with the exchange of documents in Sub-clause (a) and Sub-clause (b) above, the Buyers shall gain title and ownership to the classification certificate(s) as well as all plans, drawings and manuals, which are on board the Vessel and shall remain on board the Vessel. Other certificates which are on board the Vessel shall also be handed over to the Buyers unless such certificates are required to remain on board, or the Sellers are required to retain same in their capacity as bareboat charterers, in which case the Sellers shall, upon the request of the Buyers, provide copies of the same at the expense of the Sellers.
- (f) Simultaneously with the release of the Relevant Amount the Parties shall sign and deliver to each other a Protocol of Delivery and Acceptance in the form as attached in Schedule 2 hereto confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.

## **25. Law and dispute resolution**

- (a) This Agreement and any non-contractual obligations arising from or in connection with it are in all respects governed by and shall be interpreted in accordance with English law and any dispute arising out of or in connection with this Agreement shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save

to the extent necessary to give effect to the provisions of this Clause.

- (b) The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.
- (c) The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the fourteen (14) days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both the Buyers and the Sellers as if the sole arbitrator had been appointed by agreement.
- (d) Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.
- (e) In cases where neither the claim nor any counterclaim exceeds the sum of US\$100,000 the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

## 26. Further definitions

In this Agreement:

**"Approved Broker"** has the meaning ascribed to it in the Bareboat Charter.

**"Bareboat Charter"** has the meaning ascribed to it in Clause 20(b).

**"Delivery Date"** means the date of delivery of the Vessel by the Sellers to the Buyers pursuant to this Agreement.

**"Delivery Date CPs"** means the conditions precedent set out in paragraphs 24(a)(i), 24(a)(vi), 24(a)(ix), 24(a)(xi)(E), 24(a)(xiii), 24(a)(xiv)(A)(2), 24(a)(xiv)(B)(2), 24(a)(xiv)(C), of Clause 24 (*Conditions precedent*).

**"Deposit Holder Agreement"** has the meaning given to it in the Initial MOA.

**"Initial MOA"** means the memorandum of agreement for the Vessel dated 12 May 2021 entered into between the Initial Sellers as sellers and the Initial Sub-Charterers as buyers, as amended by a nomination agreement dated 15 June 2021 entered into between the Initial Sellers as sellers, the Initial Sub-Charterers as initial buyers and the Sellers as the buyers' nominee, and an addendum no. 1 thereto dated 15 June 2021 (the **"Initial MOA Addendum"**), as may be further amended or supplemented from time to time.

**"Initial Sellers"** means ERB. 5.300TEU GmbH & Co. KG, a company incorporated in Germany with its registered address at Elbchausee 370, 22609, Hamburg, Germany.

**"Initial Sellers' Account"** has the meaning given to the term **"Sellers' Account"** in the Initial MOA.

**"Initial Sellers' Bank"** has the meaning given to the term **"Sellers' Bank"** in the Initial MOA.

**"Initial Sub-Charter"** means the time charterparty in respect of the Vessel dated 15 June 2021 between the Sellers and the Initial Sub-Charterers, with a daily hire rate at no less than thirty-six thousand five hundred Dollars (US\$36,500) for the fixed three year period from delivery and at no less than seventeen thousand two hundred and fifty Dollars (US\$17,250) for the optional three year period thereafter, as may be further amended or supplemented from time to time.

**"Initial Sub-Charterers"** means Maersk A/S, a company incorporated in Denmark with its registered address at Esplanaden 50, 1263 Copenhagen K, Denmark.

**"Market Value"** has the meaning ascribed to paragraph (a) of the definition of **"Market Value"** in the Bareboat Charter.

**"Overnight LIBOR Rate"** means, for any day, the rate per annum equal to the British Bankers Association LIBOR Rate (**"BBA LIBOR"**), as published by Thomson Reuters (or other commercially available source providing quotations of BBA LIBOR as designated by the Buyers from time to time) at approximately 11:00 a.m., London time, on such day for United States Dollar deposits (for delivery on such day) with a term equivalent to one (1) day.

**"Payment Notice"** means a notice of the relevant amounts payable by the Buyers under this Agreement to be issued by the Sellers to the Buyers, in substantially the form set out in Schedule 1 (*Form of Payment Notice*) hereto (or such other form as the Buyers may require).

**"Pre-positioning Date"** means date falling one (1) Banking Day prior to the proposed Delivery Date.

**"Pre-positioning Date CPs"** means the conditions precedent set out in Clause 24 (*Conditions precedent*) which are not the Delivery Date CPs.

**"Pre-positioning Period"** means:

- (a) if any part of the Purchase Price deposited with the Initial Sellers' Bank by the Buyers is released in accordance with paragraph (b) of Clause 22 (Payment), the period commencing from (and inclusive of) the Pre-positioning Date and ending on (and inclusive of) the date such part of the Purchase Price is released in accordance with paragraph (b) of Clause 22 (Payment); or
- (b) if any part of the Purchase Price deposited with the Initial Sellers' Bank by the Buyers is or should be returned to the Buyers in accordance with the Conditional Payment Message (whether or not it is actually returned on the Return Due

Date), the period commencing from (and inclusive of) the Pre-positioning Date and ending on (and inclusive of) the date such part of the Purchase Price is returned to the Buyers in accordance with the Conditional Payment Message.

**"Release Letter"** means a release letter to be signed pursuant to the Conditional Payment Message in form and substance acceptable to the Buyers.

**"Relevant Amount"** means the Owners' Cost (as defined in the Bareboat Charter) less the Arrangement Fee (as defined in the Bareboat Charter).

**"Registration Costs"** has the meaning ascribed to it in the Bareboat Charter.

**"Restricted Countries"** means those countries subject to country-wide or territory-wide Sanctions and/or trade embargoes, in particular but not limited to pursuant to the U.S.'s Office of Foreign Asset Control of the U.S. Department of Treasury ("**OFAC**") including at the date of this Agreement, but without limitation, Iran, North Korea and Syria and any additional countries based on respective country-wide or territory-wide Sanctions being imposed by OFAC or any of the regulative bodies referred to in the definition of Restricted Party.

**"Restricted Party"** means a person or entity or any other parties (i) located, domiciled, resident or incorporated in Restricted Countries, and/or (ii) subject to any sanction administrated by the United Nations, the European Union, Switzerland, the United States and the OFAC, the United Kingdom, Her Majesty's Treasury ("**HMT**") and the Foreign and Commonwealth Office of the United Kingdom, the People's Republic of China and/or (iii) owned or controlled by or affiliated with persons, entities or any other parties as referred to in (i) and (ii).

**"Return Due Date"** means the date which is the thirteenth (13<sup>th</sup>) Banking Day after the Pre-positioning Date.

**"Sanctions"** means any sanctions, embargoes, freezing provisions, prohibitions or other restrictions relating to trading, doing business, investment, exporting, financing or making assets available (or other activities similar to or connected with any of the foregoing) imposed by law or regulation of the United Nations, United Kingdom, the United States of America (including, without limitation, CISADA and OFAC), the People's Republic of China or the Council of the European Union or the jurisdiction of incorporation of the Buyers and the Sellers.

**"Side Agreement"** means the agreement relating to the Initial MOA dated 15 June 2021 entered into between the Initial Sub-Charterers and the Sellers.

**Schedule 1  
Form of Payment Notice**

To: **SEA 252 LEASING CO. LIMITED**

From: **GLOBAL SHIP LEASE 69 LLC**

2021

Dear Sirs

**One container vessel m.v. "Blandine" to be renamed "GSL Tripoli"  
- memorandum of agreement dated 2021 (the "MOA")**

1. We refer to the MOA. This is a Payment Notice.
2. Terms defined in the MOA shall have the same meaning in this Payment Notice unless given a different meaning in this Payment Notice.
3. Pursuant to Clause 5(b) of the MOA, we hereby give you notice of the proposed delivery date of the Vessel, being \_\_\_\_\_ 2021 and the proposed place of delivery of the Vessel, being [ ] in accordance with Clause 5(a) of the MOA.
4. We irrevocably request that you advance USD [●], being the Relevant Amount in respect of the Vessel, to the Initial Sellers' Account on \_\_\_\_\_ 2021, which is a Banking Day, by paying the advance in accordance with the MOA, to the Initial Sellers' Account, as follows:

Beneficiary Bank:	[●]
Swift Code:	[●]
Account #:	[●]
Name on Account:	[●]

5. We warrant that no Potential Termination Event or Termination Event (each as defined in the Bareboat Charter) has occurred or would result from the payment of the amounts requested above.

Yours faithfully

For and on behalf of  
**GLOBAL SHIP LEASE 69 LLC**

.....  
Name:  
Title:  
SINGAPORE\6308930.1 MOA Additional Clauses (Blandine)

**Schedule 2**  
**Form of Protocol of Delivery and Acceptance**

**Protocol of Delivery and Acceptance**

KNOW ALL MEN BY THESE PRESENTS, that Global Ship Lease 69 LLC of 80 Broad Street, Monrovia, Liberia (the "**Sellers**") have sold and do grant and deliver, at \_\_\_\_\_ hours (Shanghai Time) on \_\_\_\_\_ day of \_\_\_\_\_ 2021, unto Sea 252 Leasing Co. Limited of 27/F Three Exchange Square 8, Connaught Place, Central, Hong Kong (the "**Buyer**"), all rights, title and interest in and to one (1) second-hand vessel of name "Blandine" (to be renamed "GSL Tripoli") (IMO No. 9437048) of Liberia flag, of GRT 52,726 and NRT 32,613, together with all stores and equipment of whatever nature, now on board and on shore and on order, and free from all charters (other than the Bareboat Charter and the Initial Sub-Charter (each as defined in the MOA)), encumbrances, mortgages, maritime liens or any other debts whatsoever, pursuant to the Memorandum of Agreement dated \_\_\_\_\_ 2021 (the "**MOA**") between the Sellers and the Buyers and any addenda thereto.

The Buyers do hereby accept delivery, title and risks of and to the aforesaid vessel in pursuance of the terms and conditions of the MOA on the date and any addendum thereto and at the time and place stated above.

This PROTOCOL OF DELIVERY AND ACCEPTANCE 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 PROTOCOL OF DELIVERY AND ACCEPTANCE.

Seller

**Global Ship Lease 69 LLC**

By: \_\_\_\_\_

Name:

Title:

SINGAPORE\6308930.1 MOA Additional Clauses (Blandine)

Buyer

**Sea 252 Leasing Co. Limited**

By: \_\_\_\_\_

Name:

Title:

In witness of which the parties to this Agreement have executed this Agreement the day and year first before written.

**SELLERS**

Signed by )  
as )  
for and on behalf of Aglaia Lida Papadi ) /s/ Aglaia Lida Papadi  
**GLOBAL SHIP LEASE 69 LLC** )  
in the presence of: )

Witness signature: /s/ Chrisanthy Klisaris  
Name: Chrisanthy Klisaris  
Address: 3-5 Menandrou Str.,  
Kifissia, 14561, Athens,Greece

**BUYERS**

Signed by Tan Li Xin, Joan )  
as duly authorised signatory )  
for and on behalf of ) /s/ Tan Li Xin, Joan  
**SEA 252 LEASING CO. LIMITED** ) Attorney-in-fact  
in the presence of: )

Witness signature: /s/ Kanageswary d/o Rajandran  
Name: Kanageswary d/o Rajandran  
Address: Stephenson Harwood LLP  
1 Raffles Place #18-61 Tower 2  
Singapore 048616



**GLOBAL SHIP LEASE, INC.  
2019 OMNIBUS INCENTIVE PLAN**

(effective February 4, 2019, as amended and restated on September 29, 2021)

**ARTICLE I.**

**General**

**1.1 Purpose**

The Global Ship Lease, Inc. 2019 Omnibus Incentive Plan (the “Plan”) is designed to provide certain Key Persons (as defined below), whose initiative and efforts are deemed to be important to the successful conduct of the business of Global Ship Lease, Inc. (the “Company”), with incentives to (a) enter into and remain in the service of the Company or its Subsidiaries and Affiliates (as such terms are defined below), (b) acquire a proprietary interest in the success of the Company, (c) maximize their performance and (d) enhance the long-term performance of the Company.

**1.2 Administration**

(a) Administration. The Plan shall be administered by the Compensation Committee of the Company’s Board of Directors (the “Board”) or such other committee of the Board as may be designated by the Board to administer the Plan (the Compensation Committee or such other committee, as applicable, the “Administrator”); provided that (i) in the event the Company is subject to Section 16 of the U.S. Securities Exchange Act of 1934, as amended (the “1934 Act”), the Administrator shall be composed of two or more directors, each of whom is a “Non-Employee Director” (a “Non-Employee Director”) under Rule 16b-3 (as promulgated and interpreted by the Securities and Exchange Commission (the “SEC”) under the 1934 Act, or any successor rule or regulation thereto as in effect from time to time (“Rule 16b-3”)), and (ii) the Administrator shall be composed solely of two or more directors who are “independent directors” under the rules of any stock exchange on which the Company’s Common Stock (as defined below) is traded; provided further, however, that, (A) the requirement in the preceding clause (i) shall apply only when required to exempt an Award (as defined below) intended to qualify for an exemption under the applicable provisions referenced therein, (B) the requirement in the preceding clause (ii) shall apply only when required pursuant to the applicable rules of the applicable stock exchange and (C) if at any time the Administrator is not so composed as required by the preceding provisions of this sentence, that fact will not invalidate any grant made, or action taken, by the Administrator hereunder that otherwise satisfies the terms of the Plan. Subject to the terms of the Plan, applicable law and the applicable rules and regulations of any stock exchange on which the Common Stock is listed for trading, and in addition to other express powers and authorizations conferred on the Administrator by the Plan, the Administrator shall have the full power and authority to: (1) designate the Key Persons to receive Awards under the Plan; (2) determine the types of Awards granted to a participant under the Plan; (3) determine the number of shares to be covered by, or with respect to which payments, rights or other matters are to be calculated with respect to, Awards; (4) determine the terms and conditions of

any Awards; (5) determine whether, and to what extent, and under what circumstances, Awards may be settled or exercised in cash, shares, other securities, other Awards or other property, or cancelled, forfeited or suspended, and the methods by which Awards may be settled, exercised, cancelled, forfeited or suspended; (6) determine whether, to what extent, and under what circumstances cash, shares, other securities, other Awards, other property and other amounts payable with respect to an Award shall be deferred, either automatically or at the election of the holder thereof or the Administrator; (7) construe, interpret and implement the Plan and any Award Agreement (as defined below); (8) prescribe, amend, rescind or waive rules and regulations relating to the Plan, including rules governing its operation, and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (9) correct any defect, supply any omission and reconcile any inconsistency in the Plan or any Award Agreement; and (10) make any other determination and take any other action that the Administrator deems necessary or desirable for the administration of the Plan. Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations and other decisions under or with respect to the Plan or any Award shall be within the sole discretion of the Administrator, may be made at any time and shall be final, conclusive and binding upon all Persons (as defined below).

(b) General Right of Delegation. Except to the extent prohibited by applicable law, the applicable rules of a stock exchange or any charter, by-laws or other agreement governing the Administrator, the Administrator may delegate all or any part of its responsibilities to any Person or Persons selected by it; provided, however, that in no event shall an officer of the Company be delegated the authority to grant Awards to, or amend Awards held by, the following individuals: (i) individuals who are subject to Section 16 of the 1934 Act, to the extent applicable, or (ii) officers of the Company to whom authority to grant or amend Awards has been delegated hereunder or directors of the Company; provided, further, that any delegation of administrative authority shall only be permitted to the extent it is permissible under applicable securities laws (including, without limitation, Rule 16b-3, to the extent applicable) and the rules of any applicable stock exchange. Any delegation hereunder shall be subject to the restrictions and limits that the Administrator specifies at the time of such delegation, and the Administrator may at any time rescind the authority so delegated or appoint a new delegatee. At all times, the delegatee appointed under this Section 1.2(b) shall serve in such capacity at the pleasure of the Administrator.

(c) Indemnification. No member of the Board, the Administrator or any officer or employee of the Company or any Subsidiary or Affiliate or any of their agents (each such Person, a "Covered Person") shall be liable for any action taken or omitted to be taken or any determination made in good faith with respect to the Plan or any Award hereunder. Each Covered Person shall be indemnified and held harmless by the Company against and from (i) any loss, cost, liability or expense (including attorneys' fees) that may be imposed upon or incurred by such Covered Person in connection with or resulting from any action, suit or proceeding to which such Covered Person may be a party or in which such Covered Person may be involved by reason of any action taken or omitted to be taken under the Plan or any Award Agreement and (ii) any and all amounts paid by such Covered Person, with the Company's approval, in settlement thereof, or paid by such Covered Person in satisfaction of any judgment in any such action, suit or proceeding against such Covered Person; provided that the Company shall have the right, at its own expense, to assume and defend any such action, suit or proceeding and, once the Company gives notice of its intent to assume the defense, the Company shall have sole control over such defense with counsel of the Company's choice. The foregoing right of indemnification shall not be available to a Covered Person to the extent that a court of competent jurisdiction in a final judgment or other final adjudication, in either

case not subject to further appeal, determines that the acts or omissions of such Covered Person giving rise to the indemnification claim resulted from such Covered Person's bad faith, fraud or willful criminal act or omission or that such right of indemnification is otherwise prohibited by law or by the Company's articles of incorporation or bylaws (in each case, as amended and/or restated). The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which Covered Persons may be entitled under the Company's articles of incorporation or bylaws (in each case, as amended and/or restated), as a matter of law, or otherwise, or any other power that the Company may have to indemnify such Persons or hold them harmless.

(d) **Delegation of Authority to Senior Officers.** The Administrator may, in accordance with and subject to the terms of Section 1.2(b), delegate, on such terms and conditions as it determines, to one or more senior officers of the Company, the authority to make grants of Awards to Key Persons who are employees of the Company or any of its Subsidiaries or Affiliates (including any such prospective employee) or consultants or service providers to (including Persons who are employed by or provide services to any entity that is itself a consultant or service provider to) the Company or any of its Subsidiaries or Affiliates.

(e) **Awards to Non-Employee Directors.** Notwithstanding anything to the contrary contained herein, the Board may, in its sole discretion, at any time and from time to time, grant Awards to Non-Employee Directors or administer the Plan with respect to such Awards. In any such case, the Board shall have all the authority and responsibility granted to the Administrator herein with respect to such Awards.

### **1.3 Persons Eligible for Awards**

The Persons eligible to receive Awards under the Plan are those directors, officers and employees (including any prospective director, officer or employee) of the Company and/or its Subsidiaries and Affiliates and consultants and service providers to (including Persons who are employed by or provide services to any entity that is itself a consultant or service provider to) the Company and its Subsidiaries and Affiliates (collectively, "Key Persons") as the Administrator shall select.

### **1.4 Types of Awards**

Awards may be made under the Plan in the form of (a) non-qualified stock options (i.e., stock options that are not "incentive stock options" for purposes of Sections 421 and 422 of the Code (as defined below)), (b) stock appreciation rights, (c) restricted stock, (d) restricted stock units, (e) dividend equivalents, (f) cash awards, (g) unrestricted stock and (h) other equity-based or equity-related Awards, all as more fully set forth in the Plan. The term "Award" means any of the foregoing that are granted under the Plan.

### **1.5 Shares Available for Awards; Adjustments for Changes in Capitalization**

(a) **Maximum Number.** Subject to adjustment as provided in Section 1.5(c):

(i) the maximum aggregate number of shares of Class A common stock of the Company, par value \$0.01 ("Common Stock"), that may be delivered pursuant to Awards granted under the Plan shall be 3,412,500 (of which 684,568 have previously been delivered under the Original Plan (as defined in Section 3.12(a) hereof)). The following shares of

Common Stock shall again become available for Awards under the Plan: (i) any shares that are subject to an Award under the Plan and that remain unissued upon the cancellation or termination of such Award for any reason whatsoever; (ii) any shares of restricted stock forfeited pursuant to the Plan or the applicable Award Agreement; provided that any dividend equivalent rights with respect to such shares that have not theretofore been directly remitted to the grantee are also forfeited; and (iii) any shares in respect of which an Award is settled for cash without the delivery of shares to the grantee. Any shares that are held back to satisfy the exercise price or tax withholding obligation pursuant to any stock options or stock appreciation rights granted under the Plan shall again become available to be delivered pursuant to Awards under the Plan. Awards that are payable solely in cash shall not be counted against the aggregate number of shares of Common Stock available for Awards under the Plan; and

(ii) no Non-Employee Director of the Company may be granted options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalents, unrestricted stock or other equity-based or equity-related Awards for more than 25,000 shares of Common Stock during any calendar year or cash awards under the Plan in excess of \$100,000 during any calendar year, inclusive of Board, committee or other service fees.

(b) Source of Shares. Shares issued pursuant to the Plan may be authorized but unissued Common Stock or treasury shares. The Administrator may direct that any stock certificate evidencing shares issued pursuant to the Plan shall bear a legend setting forth such restrictions on transferability as may apply to such shares.

(c) Adjustments.

(i) In the event that any dividend or other distribution (whether in the form of cash, Company shares, other securities or other property), stock split, reverse stock split, reorganization, merger, consolidation, split-up, combination, repurchase or exchange of Company shares or other securities of the Company, issuance of warrants or other rights to purchase Company shares or other securities of the Company, or other similar corporate transaction or event, other than an Equity Restructuring (as defined below), affects the Company shares such that an adjustment is determined by the Administrator to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to an Award, then the Administrator shall, in such manner as it may deem equitable, adjust any or all of the number of shares or other securities of the Company (or number and kind of other securities or property) with respect to which Awards may be granted under the Plan.

(ii) The Administrator shall make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or infrequently occurring events (including the events described in Section 1.5(c)(i) or the occurrence of a Change in Control (as defined below), other than an Equity Restructuring) affecting the Company, any Affiliate, or the financial statements of the Company or any Affiliate, or of changes in applicable rules, rulings, regulations or other requirements of any governmental body or securities exchange, accounting principles or law, whenever the Administrator determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to

an Award, including providing for (A) adjustment to (1) the number of shares or other securities of the Company (or number and kind of other securities or property) subject to outstanding Awards or to which outstanding Awards relate and (2) the Exercise Price (as defined below) with respect to any Award and (B) a substitution or assumption of Awards, accelerating the exercisability or vesting of, or lapse of restrictions on, Awards, or accelerating the termination of Awards by providing for a period of time for exercise prior to the occurrence of such event, or, if deemed appropriate or desirable, providing for a cash payment to the holder of an outstanding Award in consideration for the cancellation of such Award (it being understood that, in such event, any option or stock appreciation right having a per share Exercise Price equal to, or in excess of, the Fair Market Value (as defined below) of a share subject to such option or stock appreciation right may be cancelled and terminated without any payment or consideration therefor); provided, however, that with respect to options and stock appreciation rights, unless otherwise determined by the Administrator, such adjustment shall be made in accordance with the provisions of Section 424(h) of the Code.

(iii) In the event of (x) a dissolution or liquidation of the Company, (y) a sale of all or substantially all the Company's assets or (z) a merger, reorganization or consolidation involving the Company or one of its Subsidiaries, the Administrator shall have the power to:

(A) provide that outstanding options, stock appreciation rights, restricted stock units (including any related dividend equivalent right) and/or other Awards granted under the Plan shall either continue in effect, be assumed or an equivalent award shall be substituted therefor by the successor entity or a parent entity or subsidiary entity;

(B) cancel, effective immediately prior to the occurrence of such event, options, stock appreciation rights, restricted stock units (including each dividend equivalent right related thereto) and/or other Awards granted under the Plan outstanding immediately prior to such event (whether or not then exercisable) and, in full consideration of such cancellation, pay to the holder of such Award a cash payment in an amount equal to the excess, if any, of the Fair Market Value (as of a date specified by the Administrator) of the shares subject to such Award (or the value of such Award, as determined by the Administrator, if not based on the Fair Market Value of shares) over the aggregate Exercise Price of such Award (or the grant price of such Award, if any, if applicable) (it being understood that, in such event, any option or stock appreciation right having a per share Exercise Price equal to, or in excess of, the Fair Market Value of a share subject to such option or stock appreciation right may be cancelled and terminated without any payment or consideration therefor); or

(C) notify the holder of an option or stock appreciation right in writing or electronically that each option and stock appreciation right shall be fully vested and exercisable for a period of 30 days from the date of such notice, or such shorter period as the Administrator may determine to be reasonable, and the option or stock appreciation right shall terminate upon the expiration of such period (which period shall expire no later than immediately prior to the consummation of the corporate transaction).

(iv) In connection with the occurrence of any Equity Restructuring, and notwithstanding anything to the contrary in this Section 1.5(c):

(A) The number and type of securities or other property subject to each outstanding Award and the Exercise Price or grant price thereof, if applicable, shall be equitably adjusted; and

(B) The Administrator shall make such equitable adjustments, if any, as the Administrator may deem appropriate to reflect such Equity Restructuring with respect to the aggregate number and kind of shares that may be issued under the Plan (including, but not limited to, adjustment of the limitation set forth in Section 1.5(a)). The adjustments provided under this Section 1.5(c)(iv) shall be nondiscretionary and shall be final and binding on the affected participant and the Company.

## 1.6 Definitions of Certain Terms

(a) “Affiliate” shall mean (i) any entity that, directly or indirectly, is controlled by, controls or is under common control with, the Company and (ii) any entity in which the Company has a significant equity interest, in either case as determined by the Administrator.

(b) Unless otherwise specifically set forth in the applicable Award Agreement, in connection with a termination of employment or consultancy/service relationship or a dismissal from Board membership, for purposes of the Plan, the term “for Cause” shall be defined as follows:

(i) if there is an employment, severance, consulting, service or other agreement governing the relationship between the grantee, on the one hand, and the Company or any Subsidiary or Affiliate, on the other hand, that contains a definition of “cause” (or similar phrase), for purposes of the Plan, the term “for Cause” shall mean those acts or omissions that would constitute “cause” under such agreement; or

(ii) if the preceding clause (i) is not applicable to the grantee, for purposes of the Plan, the term “for Cause” shall mean any of the following:

(A) any failure by the grantee substantially to perform the grantee’s employment or consulting/service or Board membership duties;

(B) any excessive unauthorized absenteeism by the grantee;

(C) any refusal by the grantee to obey the lawful orders of the Board or any other Person to whom the grantee reports;

(D) any act or omission by the grantee that is or may be injurious to the Company or any Subsidiary or Affiliate, whether monetarily, reputationally or otherwise;

(E) any act by the grantee that is inconsistent with the best interests of the Company or any Subsidiary or Affiliate;

(F) the grantee’s gross negligence that is injurious to the Company or any Subsidiary or Affiliate, whether monetarily, reputationally or otherwise;

(G) the grantee's material violation of any of the policies of the Company or any Subsidiary or Affiliate, as applicable, including, without limitation, those policies relating to discrimination or sexual harassment;

(H) the grantee's material breach of his or her employment or service contract with the Company or any Subsidiary or Affiliate;

(I) the grantee's unauthorized (1) removal from the premises of the Company or any Subsidiary or Affiliate of any document (in any medium or form) relating to the Company or any Subsidiary or Affiliate or the customers or clients of the Company or any Subsidiary or Affiliate or (2) disclosure to any Person of any of the Company's, or any Subsidiary's or Affiliate's, confidential or proprietary information;

(J) the grantee's being convicted of, or entering a plea of guilty or nolo contendere to, any crime that constitutes a felony or involves moral turpitude; and

(K) the grantee's commission of any act involving dishonesty or fraud.

Any rights the Company or any Subsidiary or Affiliate may have under the Plan in respect of the events giving rise to a termination or dismissal "for Cause" shall be in addition to any other rights the Company or any Subsidiary or Affiliate may have under any other agreement with a grantee or at law or in equity. Any determination of whether a grantee's employment or consultancy/service relationship is (or is deemed to have been) terminated "for Cause" shall be made by the Administrator, provided that, if there is an employment, severance, consulting, service or other agreement governing the relationship between the grantee, on the one hand, and the Company or any Subsidiary or Affiliate, on the other hand, that contains a definition of "cause" (or similar phrase), for purposes of the Plan, any determination of whether such grantee's employment or consultancy/service relationship is (or is deemed to have been) terminated "for Cause" shall be made as provided in such agreement. If, subsequent to a grantee's voluntary termination of employment or consultancy/service relationship or involuntary termination of employment or consultancy/service relationship without Cause, it is discovered that the grantee's employment or consultancy/service relationship could have been terminated "for Cause", the Administrator may deem such grantee's employment or consultancy/service relationship to have been terminated "for Cause" upon such discovery and determination by the Administrator, provided that, if there is an employment, severance, consulting, service or other agreement governing the relationship between the grantee, on the one hand, and the Company or any Subsidiary or Affiliate, on the other hand, that contains a definition of "cause" (or similar phrase), for purposes of this sentence, any determination of whether such grantee's employment or consultancy/service relationship may be deemed to have been terminated "for Cause" shall be made by the person(s) responsible for determining whether "cause" (or similar phrase) existed under such agreement.

(c) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(d) Unless otherwise specifically set forth in the applicable Award Agreement, "Disability" shall mean the grantee's being unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in

death or can be expected to last for a continuous period of not less than 12 months, or the grantee receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the grantee's employer by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; provided that if there is an employment, severance, consulting, service or other agreement governing the relationship between the grantee, on the one hand, and the Company or any Subsidiary or Affiliate, on the other hand, that contains a definition of "disability" (or similar phrase), for purposes of the Plan, the term "Disability" shall have the meaning ascribed to "disability" (or such similar phrase) under such agreement. The existence of a Disability shall be determined by the Administrator; provided that, if there is an employment, severance, consulting, service or other agreement governing the relationship between the grantee, on the one hand, and the Company or any Subsidiary or Affiliate, on the other hand, that contains a definition of "disability" (or similar phrase), for purposes of the Plan, any determination of whether a "Disability" exists for purposes of the Plan in respect of such grantee shall be made as provided in such agreement.

(e) "Equity Restructuring" shall mean a non-reciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off, rights offering or recapitalization through a large, nonrecurring cash dividend, that affects the shares of Common Stock (or other securities of the Company) or the share price thereof and causes a change in the per share value of the shares underlying outstanding Awards.

(f) "Exercise Price" shall mean (i) in the case of options, the price specified in the applicable Award Agreement as the price-per-share at which such share can be purchased pursuant to the option or (ii) in the case of stock appreciation rights, the price specified in the applicable Award Agreement as the reference price-per-share used to calculate the amount payable to the grantee.

(g) The "Fair Market Value" of a share of Common Stock on any day shall be the closing price on the New York Stock Exchange, or such other primary stock exchange upon which such shares are then listed, as reported for such day in The Wall Street Journal (or, if not reported in The Wall Street Journal, such other reliable source as the Administrator may determine), or, if no such price is reported for such day, the average of the high bid and low asked price of Common Stock as reported for such day. If no quotation is made for the applicable day, the Fair Market Value of a share of Common Stock on such day shall be determined in the manner set forth in the preceding sentence for the next preceding trading day. Notwithstanding the foregoing, if there is no reported closing price or high bid/low asked price that satisfies the preceding sentences, or if otherwise deemed necessary or appropriate by the Administrator, the Fair Market Value of a share of Common Stock on any day shall be determined by such methods and procedures as shall be established from time to time by the Administrator. The "Fair Market Value" of any property other than Common Stock shall be the fair market value of such property determined by such methods and procedures as shall be established from time to time by the Administrator.

(h) "Person" shall mean any individual, firm, corporation, partnership, limited liability company, trust, incorporated or unincorporated association, joint venture, joint stock company, governmental body or other entity of any kind.

(i) “Repricing” shall mean (i) lowering the Exercise Price of an option or a stock appreciation right after it has been granted, (ii) the cancellation of an option or a stock appreciation right in exchange for cash or another Award when the Exercise Price exceeds the Fair Market Value of the underlying shares subject to the Award and (iii) any other action with respect to an option or a stock appreciation right that is treated as a repricing under (A) generally accepted accounting principles or (B) any applicable stock exchange rules.

(j) “Subsidiary” shall mean any entity in which the Company, directly or indirectly, has a 50% or more equity interest.

## ARTICLE II.

### Awards Under The Plan

#### 2.1 Agreements Evidencing Awards

Each Award granted under the Plan shall be evidenced by a written certificate (“Award Agreement”), which shall contain such provisions as the Administrator may deem necessary or desirable and which may, but need not, require execution or acknowledgment by a grantee. The Award shall be subject to all of the terms and provisions of the Plan and the applicable Award Agreement.

#### 2.2 Grant of Stock Options and Stock Appreciation Rights

(a) Stock Option Grants. The Administrator may grant non-qualified stock options (“options”) to purchase shares of Common Stock from the Company to such Key Persons, and in such amounts and subject to such vesting and forfeiture provisions and other terms and conditions, as the Administrator shall determine, subject to the provisions of the Plan. No option will be treated as an “incentive stock option” for purposes of the Code. It shall be the intent of the Administrator to not grant an Award in the form of stock options to any Key Person who is then subject to the requirements of Section 409A of the Code with respect to such Award if the Common Stock underlying such Award does not then qualify as “service recipient stock” for purposes of Section 409A. Furthermore, it shall be the intent of the Administrator, in granting options to Key Persons who are subject to Section 409A and/or Section 457A of the Code, to structure such options so as to comply with the requirements of Section 409A and/or Section 457A of the Code, as applicable.

(b) Stock Appreciation Right Grants; Types of Stock Appreciation Rights. The Administrator may grant stock appreciation rights to such Key Persons, and in such amounts and subject to such vesting and forfeiture provisions and other terms and conditions, as the Administrator shall determine, subject to the provisions of the Plan. The terms of a stock appreciation right may provide that it shall be automatically exercised for a payment upon the happening of a specified event that is outside the control of the grantee and that it shall not be otherwise exercisable. Stock appreciation rights may be granted in connection with all or any part of, or independently of, any option granted under the Plan. It shall be the intent of the Administrator to not grant an Award in the form of stock appreciation rights to any Key Person (i) who is then subject to the requirements of Section 409A of the Code with respect to such Award if the Common Stock underlying such Award does not then qualify as “service recipient stock” for purposes of Section 409A or (ii) if such Award would create adverse tax consequences for such Key

Person under Section 457A of the Code. Furthermore, it shall be the intent of the Administrator, in granting stock appreciation rights to Key Persons who are subject to Section 409A and/or Section 457A of the Code, to structure such stock appreciation rights so as to comply with the requirements of Section 409A and/or Section 457A of the Code, to the extent applicable.

(c) Nature of Stock Appreciation Rights. The grantee of a stock appreciation right shall have the right, subject to the terms of the Plan and the applicable Award Agreement, to receive from the Company an amount equal to (i) the excess of the Fair Market Value of a share of Common Stock on the date of exercise of the stock appreciation right over the Exercise Price of the stock appreciation right, multiplied by (ii) the number of shares with respect to which the stock appreciation right is exercised. Each Award Agreement with respect to a stock appreciation right shall set forth the Exercise Price of such Award and, unless otherwise specifically provided in the Award Agreement, the Exercise Price of a stock appreciation right shall equal the Fair Market Value of a share of Common Stock on the date of grant; provided that in no event may such Exercise Price be less than the greater of (A) the Fair Market Value of a share of Common Stock on the date of grant and (B) the par value of a share of Common Stock. Payment upon exercise of a stock appreciation right shall be in cash or in shares of Common Stock (valued at their Fair Market Value on the date of exercise of the stock appreciation right) or any combination of both, all as the Administrator shall determine. Repricing of stock appreciation rights granted under the Plan shall not be permitted (1) to the extent such action could cause adverse tax consequences to the grantee under Section 409A or Section 457A of the Code or (2) without prior shareholder approval, to the extent such approval would be required to be obtained by the Company pursuant to the applicable rules of any applicable stock exchange on which the Common Stock is then listed, and any action that would be deemed to result in a Repricing of a stock appreciation right shall be deemed null and void if it would cause such adverse tax consequences or if any requisite shareholder approval related thereto is not obtained prior to the effective time of such action. Upon the exercise of a stock appreciation right granted in connection with an option, the number of shares subject to the option shall be reduced by the number of shares with respect to which the stock appreciation right is exercised. Upon the exercise of an option in connection with which a stock appreciation right has been granted, the number of shares subject to the stock appreciation right shall be reduced by the number of shares with respect to which the option is exercised.

(d) Option Exercise Price. Each Award Agreement with respect to an option shall set forth the Exercise Price of such Award and, unless otherwise specifically provided in the Award Agreement, the Exercise Price of an option shall equal the Fair Market Value of a share of Common Stock on the date of grant; provided that in no event may such Exercise Price be less than the greater of (i) the Fair Market Value of a share of Common Stock on the date of grant and (ii) the par value of a share of Common Stock. Repricing of options granted under the Plan shall not be permitted (1) to the extent such action could cause adverse tax consequences to the grantee under Section 409A or Section 457A of the Code or (2) without prior shareholder approval, to the extent such approval would be required to be obtained by the Company pursuant to the applicable rules of any applicable stock exchange on which the Common Stock is then listed, and any action that would be deemed to result in a Repricing of an option shall be deemed null and void if it would cause such adverse tax consequences or if any requisite shareholder approval related thereto is not obtained prior to the effective time of such action.

### **2.3 Exercise of Options and Stock Appreciation Rights**

Subject to the other provisions of this Article II and the Plan, each option and stock appreciation right granted under the Plan shall be exercisable as follows:

(a) Timing and Extent of Exercise. Options and stock appreciation rights shall be exercisable at such times and under such conditions as determined by the Administrator and set forth in the corresponding Award Agreement, but in no event shall any portion of such Award be exercisable subsequent to the tenth anniversary of the date on which such Award was granted. Unless the applicable Award Agreement otherwise specifically provides, an option or stock appreciation right may be exercised from time to time as to all or part of the shares as to which such Award is then exercisable.

(b) Notice of Exercise. An option or stock appreciation right shall be exercised by the filing of a written notice with the Company or the Company's designated exchange agent (the "Exchange Agent"), on such form and in such manner as the Administrator shall prescribe.

(c) Payment of Exercise Price. Any written notice of exercise of an option shall be accompanied by payment for the shares being purchased. Such payment shall be made: (i) by certified or official bank check (or the equivalent thereof acceptable to the Company or its Exchange Agent) for the full option Exercise Price; (ii) with the consent of the Administrator, which consent shall be given or withheld in the sole discretion of the Administrator, by delivery of shares of Common Stock having a Fair Market Value (determined as of the exercise date) equal to all or part of the option Exercise Price and a certified or official bank check (or the equivalent thereof acceptable to the Company or its Exchange Agent) for any remaining portion of the full option Exercise Price; or (iii) at the sole discretion of the Administrator and to the extent permitted by law, by such other provision, consistent with the terms of the Plan, as the Administrator may from time to time prescribe (whether directly or indirectly through the Exchange Agent), or by any combination of the foregoing payment methods.

(d) Delivery of Certificates Upon Exercise. Subject to Sections 3.2, 3.4 and 3.13, promptly after receiving payment of the full option Exercise Price, or after receiving notice of the exercise of a stock appreciation right for which the Administrator determines payment will be made partly or entirely in shares, the Company or its Exchange Agent shall (i) deliver to the grantee, or to such other Person as may then have the right to exercise the Award, a certificate or certificates for the shares of Common Stock for which the Award has been exercised or, in the case of stock appreciation rights, for which the Administrator determines will be made in shares or (ii) establish an account evidencing ownership of the stock in uncertificated form. If the method of payment employed upon an option exercise so requires, and if applicable law permits, an optionee may direct the Company or its Exchange Agent, as the case may be, to deliver the stock certificate(s) to the optionee's stockbroker.

(e) No Stockholder Rights. No grantee of an option or stock appreciation right (or other Person having the right to exercise such Award) shall have any of the rights of a stockholder of the Company with respect to shares subject to such Award until the issuance of a stock certificate to such Person for such shares or an account in the name of the grantee evidences ownership of stock in uncertificated form. Except as otherwise provided in Section 1.5(c), no adjustment shall be made for dividends, distributions or other rights (whether ordinary or extraordinary, and whether in cash, securities or other property) for which the record date is prior to the date such stock certificate is

issued or the date an account evidencing ownership of the stock in uncertificated form notes receipt of such stock.

## **2.4 Termination of Employment/Service; Death Subsequent to a Termination of Employment/Service**

(a) **General Rule.** Except to the extent otherwise provided in paragraphs (b), (c), (d), (e) or (f) of this Section 2.4 or Section 3.5(b)(iii), or unless otherwise specifically set forth in the applicable Award Agreement or the grantee's relevant employment, severance or consulting agreement with the Company or a Subsidiary or Affiliate, a grantee who incurs a termination of employment or consultancy/service relationship with the Company and its Subsidiaries, Affiliates, consultants and service providers may exercise any outstanding option or stock appreciation right on the following terms and conditions: (i) exercise may be made only to the extent that the grantee was entitled to exercise the Award on the date of termination of employment or consultancy/service relationship, as applicable; and (ii) exercise must occur within three months after termination of employment or consultancy/service relationship but in no event after the original expiration date of the Award; it being understood that (A) then outstanding options and stock appreciation rights shall not be affected by a change of employment or consultancy/service relationship with Company and its Subsidiaries, Affiliates, consultants and service providers so long as the grantee continues to be a director, officer or employee of, or a consultant or service provider to (or a Person employed by or providing services to any entity that is itself a consultant or service provider to), the Company or any of its Subsidiaries or Affiliates and (B) neither sick-leave or military conscription, alone and without termination of employment or consultancy/service relationship with Company and its Subsidiaries, Affiliates, consultants and service providers, shall be treated as a termination of employment or consultancy/service relationship with Company and its Subsidiaries, Affiliates, consultants and service providers.

(b) **Dismissal "for Cause".** If a grantee incurs a termination of employment or consultancy/service relationship with Company and its Subsidiaries, Affiliates, consultants and service providers "for Cause", all options and stock appreciation rights not theretofore exercised (whether vested or unvested) shall immediately terminate upon such termination of employment or consultancy/service relationship.

(c) **Retirement.** If a grantee incurs a termination of employment or consultancy/service relationship with Company and its Subsidiaries, Affiliates, consultants and service providers as the result of his or her retirement (as defined below), then any outstanding option or stock appreciation right shall, to the extent exercisable at the time of such retirement, remain exercisable for a period of three years after such retirement; provided that in no event may such option or stock appreciation right be exercised following the original expiration date of the Award. For this purpose, unless otherwise specifically set forth in the applicable Award Agreement, "retirement" shall mean a grantee's resignation of employment or consultancy/service relationship with Company and its Subsidiaries, Affiliates, consultants and service providers (i) on or after his or her 65th birthday, (ii) on or after the date on which he or she has attained age 60 and completed at least five years of service with the Company or one or more of its Subsidiaries or Affiliates (using any method of calculation the Administrator deems appropriate) or (iii) if approved by the Administrator, on or after his or her having completed at least 20 years of service with the Company or one or more of its Subsidiaries or Affiliates (using any method of calculation the Administrator deems appropriate).

(d) Disability. If a grantee incurs a termination of employment or consultancy/service relationship with Company and its Subsidiaries, Affiliates, consultants and service providers by reason of a Disability, then any outstanding option or stock appreciation right shall, to the extent exercisable at the time of such termination, remain exercisable for a period of one year after such termination; provided that in no event may such option or stock appreciation right be exercised following the original expiration date of the Award.

(e) Death.

(i) *Termination of Employment/Service as a Result of Grantee's Death*. If a grantee incurs a termination of employment or consultancy/service relationship with Company and its Subsidiaries, Affiliates, consultants and service providers as the result of his or her death, then any outstanding option or stock appreciation right shall, to the extent exercisable at the time of such death, remain exercisable for a period of one year after such death; provided that in no event may such option or stock appreciation right be exercised following the original expiration date of the Award.

(ii) *Restrictions on Exercise Following Death*. Any exercise of an Award following a grantee's death shall be made only by the grantee's executor or administrator or other duly appointed representative reasonably acceptable to the Administrator, unless the grantee's will specifically disposes of such Award, in which case such exercise shall be made only by the recipient of such specific disposition. If a grantee's personal representative or the recipient of a specific disposition under the grantee's will shall be entitled to exercise any Award pursuant to the preceding sentence, such representative or recipient shall be bound by all the terms and conditions of the Plan and the applicable Award Agreement which would have applied to the grantee.

(f) Administrator Discretion. The Administrator may, in writing, waive or modify the application of the foregoing provisions of this Section 2.4, subject to Section 3.1(c).

## **2.5 Transferability of Options and Stock Appreciation Rights**

Except as otherwise specifically provided in this Plan or the applicable Award Agreement evidencing an option or stock appreciation right, during the lifetime of a grantee, each such Award granted to a grantee shall be exercisable only by the grantee, and no such Award may be sold, assigned, transferred, pledged or otherwise encumbered or disposed of other than by will or by the laws of descent and distribution. The Administrator may, in any applicable Award Agreement evidencing an option or stock appreciation right, permit a grantee to transfer all or some of the options or stock appreciation rights to (a) the grantee's spouse, children or grandchildren ("Immediate Family Members"), (b) a trust or trusts for the exclusive benefit of such Immediate Family Members, (c) companies and other legal entities (including partnerships and trusts) that are substantially controlled by or for the benefit of the grantee and/or any of the Immediate Family Members or (d) other parties approved by the Administrator. Following any such transfer, any transferred options and stock appreciation rights shall continue to be subject to the same terms and conditions as were applicable immediately prior to the transfer.

## **2.6 Grant of Restricted Stock**

(a) Restricted Stock Grants. The Administrator may grant restricted shares of Common Stock to such Key Persons, in such amounts and subject to such vesting and forfeiture provisions and other terms and conditions as the Administrator shall determine, subject to the provisions of the Plan. A grantee of a restricted stock Award shall have no rights with respect to such Award unless such grantee accepts the Award within such period as the Administrator shall specify by accepting delivery of a restricted stock Award Agreement in such form as the Administrator shall determine.

(b) Issuance of Stock Certificate. Promptly after a grantee accepts a restricted stock Award in accordance with Section 2.6(a), subject to Sections 3.2, 3.4 and 3.13, the Company or its Exchange Agent shall issue to the grantee a stock certificate or stock certificates for the shares of Common Stock covered by the Award or shall establish an account evidencing ownership of the stock in uncertificated form. Upon the issuance of such stock certificates, or establishment of such account, the grantee shall have the rights of a stockholder with respect to the restricted stock, subject to: (i) the nontransferability restrictions and forfeiture provisions described in the Plan (including paragraphs (d) and (e) of this Section 2.6); (ii) in the Administrator's sole discretion, a requirement, as set forth in the Award Agreement, that any dividends paid on such shares shall be held in escrow and, unless otherwise determined by the Administrator, shall remain forfeitable until all restrictions on such shares have lapsed; and (iii) any other restrictions and conditions contained in the applicable Award Agreement.

(c) Custody of Stock Certificate. Unless the Administrator shall otherwise determine, any stock certificates issued evidencing shares of restricted stock shall remain in the possession of the Company (or such other custodian as may be designated by the Administrator) until such shares are free of any restrictions specified in the applicable Award Agreement. The Administrator may direct that such stock certificates bear a legend setting forth the applicable restrictions on transferability.

(d) Nontransferability. Shares of restricted stock may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of prior to the lapsing of all restrictions thereon, except as otherwise specifically provided in this Plan or the applicable Award Agreement. The Administrator at the time of grant shall specify the date or dates (which may depend upon or be related to the attainment of performance goals and other conditions) on which the nontransferability of the restricted stock shall lapse.

(e) Consequence of Termination of Employment/Service. Unless otherwise specifically set forth in the applicable Award Agreement or the grantee's relevant employment, severance or consulting agreement with the Company or a Subsidiary or Affiliate, (i) a grantee's termination of employment or consultancy/service relationship with Company and its Subsidiaries, Affiliates, consultants and service providers for any reason other than death or Disability shall cause the immediate forfeiture of all shares of restricted stock that have not yet vested as of the date of such termination of employment or consultancy/service relationship and (ii) if a grantee incurs a termination of employment or consultancy/service relationship with Company and its Subsidiaries, Affiliates, consultants and service providers as the result of his or her death or Disability, all shares of restricted stock that have not yet vested as of the date of such termination shall immediately vest as of such date; it being understood that (A) then outstanding restricted stock Awards shall not be affected by a change of employment or consultancy/service relationship with Company and its Subsidiaries, Affiliates, consultants and service providers so long as the grantee continues to be a director, officer or employee of, or a consultant or service provider to (or a Person employed by or

providing services to any entity that that is itself a consultant or service provider to), the Company or any of its Subsidiaries or Affiliates and (B) neither sick-leave or military conscription, alone and without termination of employment or consultancy/service relationship with Company and its Subsidiaries, Affiliates, consultants and service providers, shall be treated as a termination of employment or consultancy/service relationship with Company and its Subsidiaries, Affiliates, consultants and service providers. Unless otherwise determined by the Administrator, all dividends paid on shares forfeited under this Section 2.6(e) that have not theretofore been directly remitted to the grantee shall also be forfeited, whether by termination of any escrow arrangement under which such dividends are held or otherwise. The Administrator may, in writing, waive or modify the application of the foregoing provisions of this Section 2.6(e), subject to Section 3.1(c).

## **2.7 Grant of Restricted Stock Units**

(a) Restricted Stock Unit Grants. The Administrator may grant restricted stock units to such Key Persons, and in such amounts and subject to such vesting and forfeiture provisions and other terms and conditions, as the Administrator shall determine, subject to the provisions of the Plan. A restricted stock unit granted under the Plan shall confer upon the grantee a right to receive from the Company, conditioned upon the occurrence of such vesting event as shall be determined by the Administrator and specified in the Award Agreement, the number of such grantee's restricted stock units that vest upon the occurrence of such vesting event multiplied by the Fair Market Value of a share of Common Stock on the date of vesting. Payment upon vesting of a restricted stock unit shall be in cash or in shares of Common Stock (valued at their Fair Market Value on the date of vesting) or both, all as the Administrator shall determine, and such payments shall be made to the grantee at such time as provided in the Award Agreement, which the Administrator shall intend to be (i) if Section 409A of the Code is applicable to the grantee, within the period required by Section 409A such that it qualifies as a "short-term deferral" pursuant to Section 409A and the Treasury Regulations issued thereunder, unless the Administrator shall provide for deferral of the Award intended to comply with Section 409A, (ii) if Section 457A of the Code is applicable to the grantee, within the period required by Section 457A(d)(3) (B) such that it qualifies for the exemption thereunder, or (iii) if Sections 409A and 457A of the Code are not applicable to the grantee, at such time as determined by the Administrator.

(b) Dividend Equivalents. The Administrator may include in any Award Agreement with respect to a restricted stock unit a dividend equivalent right entitling the grantee to receive amounts equal to the ordinary dividends that would be paid, during the time such Award is outstanding and unvested, and/or, if payment of the vested Award is deferred, during the period of such deferral following such vesting event, on the shares of Common Stock underlying such Award if such shares were then outstanding. In the event such a provision is included in a Award Agreement, the Administrator shall determine whether such payments shall be (i) paid to the holder of the Award, as specified in the Award Agreement, either (A) at the same time as the underlying dividends are paid, regardless of the fact that the restricted stock unit has not theretofore vested, (B) at the time at which the Award's vesting event occurs, conditioned upon the occurrence of the vesting event, (C) once the Award has vested, at the same time as the underlying dividends are paid, regardless of the fact that payment of the vested restricted stock unit has been deferred, and/or (D) at the time at which the corresponding vested restricted stock units are paid, (ii) made in cash, shares of Common Stock or other property and (iii) subject to such other vesting and forfeiture provisions and other terms and conditions as the Administrator shall deem appropriate and as shall be set forth in the Award Agreement.

(c) No Stockholder Rights. No grantee of a restricted stock unit shall have any of the rights of a stockholder of the Company with respect to such Award unless and until a stock certificate is issued with respect to such Award upon the vesting of such Award or an account in the name of the grantee evidences ownership of stock in uncertificated form (it being understood that the Administrator shall determine whether to pay any vested restricted stock unit in the form of cash or Company shares or both), which issuance shall be subject to Sections 3.2, 3.4 and 3.13. Except as otherwise provided in Section 1.5(c), no adjustment to any restricted stock unit shall be made for dividends, distributions or other rights (whether ordinary or extraordinary, and whether in cash, securities or other property) for which the record date is prior to the date such stock certificate, if any, is issued or the date an account evidencing ownership of the stock in uncertificated form notes receipt of such stock.

(d) Nontransferability. No restricted stock unit granted under the Plan may be sold, assigned, transferred, pledged or otherwise encumbered or disposed of, except as otherwise specifically provided in this Plan or the applicable Award Agreement.

(e) Consequence of Termination of Employment/Service. Unless otherwise specifically set forth in the applicable Award Agreement or the grantee's relevant employment, severance or consulting agreement with the Company or a Subsidiary or Affiliate, (i) a grantee's termination of employment or consultancy/service relationship with Company and its Subsidiaries, Affiliates, consultants and service providers for any reason other than death or Disability shall cause the immediate forfeiture of all restricted stock units that have not yet vested as of the date of such termination of employment or consultancy/service relationship and (ii) if a grantee incurs a termination of employment or consultancy/service relationship with Company and its Subsidiaries, Affiliates, consultants and service providers as the result of his or her death or Disability, all restricted stock units that have not yet vested as of the date of such termination shall immediately vest as of such date; it being understood that (A) then outstanding restricted stock units shall not be affected by a change of employment or consultancy/service relationship with Company and its Subsidiaries, Affiliates, consultants and service providers so long as the grantee continues to be a director, officer or employee of, or a consultant or service provider to (or a Person employed by or providing services to any entity that that is itself a consultant or service provider to), the Company or any of its Subsidiaries or Affiliates and (B) neither sick-leave or military conscription, alone and without termination of employment or consultancy/service relationship with Company and its Subsidiaries, Affiliates, consultants and service providers, shall be treated as a termination of employment or consultancy/service relationship with Company and its Subsidiaries, Affiliates, consultants and service providers. Unless otherwise determined by the Administrator, any dividend equivalent rights on any restricted stock units forfeited under this Section 2.7(e) that have not theretofore been directly remitted to the grantee shall also be forfeited, whether by termination of any escrow arrangement under which such dividends are held or otherwise. The Administrator may, in writing, waive or modify the application of the foregoing provisions of this Section 2.7(e), subject to Section 3.1(c).

## **2.8 Grant of Cash Awards**

The Administrator may grant Awards that are payable solely in cash to such Key Persons and in such amounts and subject to such terms, conditions, restrictions and forfeiture provisions as the Administrator shall determine. Cash awards may be thus granted in respect of past services or other valid consideration.

## **2.9 Grant of Unrestricted Stock**

The Administrator may grant (or sell at a purchase price at least equal to par value) shares of Common Stock free of restrictions under the Plan to such Key Persons and in such amounts and subject to such forfeiture provisions as the Administrator shall determine. Shares may be thus granted or sold in respect of past services or other valid consideration.

## **2.10 Other Stock-Based Awards**

Subject to the provisions of the Plan (including, without limitation, Section 3.16), the Administrator shall have the sole and complete authority to grant to Key Persons other equity-based or equity-related Awards in such amounts and subject to such terms and conditions as the Administrator shall determine; provided that any such Awards must comply with applicable law and, to the extent deemed desirable by the Administrator, Rule 16b-3.

## **2.11 Dividend Equivalents**

Subject to the provisions of the Plan (including, without limitation, Section 3.16), in the discretion of the Administrator, an Award, other than an option or stock appreciation right, may provide the Award recipient with dividends or dividend equivalents, payable in cash, shares, other securities, other Awards or other property, on a current or deferred basis, on such terms and conditions as may be determined by the Administrator, including, without limitation, payment directly to the Award recipient, withholding of such amounts by the Company subject to vesting of the Award, or reinvestment in additional shares, restricted shares or other Awards.

# **ARTICLE III.**

## **Miscellaneous**

### **3.1 Amendment of the Plan; Modification of Awards**

(a) Amendment of the Plan. The Board may from time to time suspend, discontinue, revise or amend the Plan in any respect whatsoever, except that no such amendment shall materially impair any rights or materially increase any obligations under any Award theretofore made under the Plan without the consent of the grantee (or, upon the grantee's death, the Person having the rights to the Award). For purposes of this Section 3.1, any action of the Board or the Administrator that in any way alters or affects the tax treatment of any Award shall not be considered to materially impair any rights of any grantee.

(b) Stockholder Approval Requirement. If required by applicable rules or regulations of a national securities exchange or the SEC, the Company shall obtain stockholder approval with respect to any amendment to the Plan that (i) expands the types of Awards available under the Plan, (ii) materially increases the aggregate number of shares which may be issued under the Plan, except as permitted pursuant to Section 1.5(c), (iii) materially increases the benefits to participants under the Plan, including any material change to (A) permit, or that has the effect of, a Repricing of any outstanding Award, (B) reduce the price at which shares or options to purchase shares may be offered or (C) extend the duration of the Plan, or (iv) materially expands the class of Persons eligible to receive Awards under the Plan.

(c) **Modification of Awards.** The Administrator may cancel any Award under the Plan. The Administrator also may amend any outstanding Award Agreement, including, without limitation, by amendment which would: (i) accelerate the time or times at which the Award becomes unrestricted, vested or may be exercised; (ii) waive or amend any goals, restrictions or conditions set forth in the Award Agreement; or (iii) waive or amend the operation of Section 2.4, Section 2.6(e) or Section 2.7(e) with respect to the termination of the Award upon termination of employment or consultancy/service relationship or dismissal from the Board; provided, however, that no such amendment shall be made without shareholder approval if such approval is necessary to comply with any tax or regulatory requirement applicable to the Award. However, any such cancellation or amendment (other than an amendment pursuant to Section 1.5, Section 3.5 or Section 3.16) that materially impairs the rights or materially increases the obligations of a grantee under an outstanding Award shall be made only with the consent of the grantee (or, upon the grantee's death, the Person having the rights to the Award). In making any modification to an Award (e.g., an amendment resulting in a direct or indirect reduction in the Exercise Price or a waiver or modification under Section 2.4(f), Section 2.6(e) or Section 2.7(e)), the Administrator may consider the implications, if any, of such modification under the Code with respect to Sections 409A and 457A of the Code in respect of Awards granted under the Plan to individuals subject to such provisions of the Code.

### 3.2 Consent Requirement

(a) **No Plan Action Without Required Consent.** If the Administrator shall at any time determine that any Consent (as defined below) is necessary or desirable as a condition of, or in connection with, the granting of any Award under the Plan, the issuance or purchase of shares or other rights thereunder, or the taking of any other action thereunder (each such action being hereinafter referred to as a "Plan Action"), then such Plan Action shall not be taken, in whole or in part, unless and until such Consent shall have been effected or obtained to the full satisfaction of the Administrator.

(b) **Consent Defined.** The term "Consent" as used herein with respect to any Plan Action means (i) any and all listings, registrations or qualifications in respect thereof upon any securities exchange or under any federal, state or local law, rule or regulation, (ii) any and all written agreements and representations by the grantee with respect to the disposition of shares, or with respect to any other matter, which the Administrator shall deem necessary or desirable to comply with the terms of any such listing, registration or qualification or to obtain an exemption from the requirement that any such listing, qualification or registration be made and (iii) any and all consents, clearances and approvals in respect of a Plan Action by any governmental or other regulatory bodies or any other Person.

### 3.3 Nonassignability

Except as provided in Section 2.4(e), Section 2.5, Section 2.6(d) or Section 2.7(e), (a) no Award or right granted to any Person under the Plan or under any Award Agreement shall be assignable or transferable other than by will or by the laws of descent and distribution and (b) all rights granted under the Plan or any Award Agreement shall be exercisable during the life of the grantee only by the grantee or the grantee's legal representative or the grantee's permissible successors or assigns (as authorized and determined by the Administrator). All terms and conditions of the Plan and the applicable Award Agreements will be binding upon any permitted successors or assigns.

### 3.4 Taxes

(a) Withholding. A grantee or other Award holder under the Plan shall be required to pay, in cash, to the Company, and the Company and its Subsidiaries and Affiliates shall have the right and are hereby authorized to withhold from any Award, from any cash or other payment due or transfer made under any Award or under the Plan or from any compensation or other amount owing to such grantee or other Award holder, the amount of any applicable withholding taxes in respect of an Award, its grant, its exercise, its vesting, or any payment or transfer under an Award or under the Plan up to the maximum statutory rates in the applicable jurisdiction with respect to the Award, as determined by the Company, and to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for payment of such taxes. Whenever shares of Common Stock are to be delivered pursuant to an Award under the Plan, with the approval of the Administrator, which the Administrator shall have sole discretion whether or not to give, the grantee may satisfy the foregoing condition by electing to have the Company withhold from delivery shares having a value equal to the amount of the applicable withholding taxes as determined in accordance with this Section 3.4(a). Such shares shall be valued at their Fair Market Value as of the date on which the amount of tax to be withheld is determined. Fractional share amounts shall be settled in cash. Such a withholding election may be made with respect to all or any portion of the shares to be delivered pursuant to an Award as may be approved by the Administrator in its sole discretion.

(b) Liability for Taxes. Grantees and holders of Awards are solely responsible and liable for the satisfaction of all taxes and penalties that may arise in connection with Awards (including, without limitation, any taxes arising under Sections 409A and 457A of the Code) and the Company shall not have any obligation to indemnify or otherwise hold any such Person harmless from any or all of such taxes. The Administrator shall have the discretion to organize any deferral program, to require deferral election forms, and to grant or, notwithstanding anything to the contrary in the Plan or any Award Agreement, to unilaterally modify any Award in a manner that (i) conforms with the requirements of Sections 409A and 457A of the Code (to the extent applicable), (ii) voids any participant election to the extent it would violate Section 409A or Section 457A of the Code (to the extent applicable) and (iii) for any distribution event or election that could be expected to violate Section 409A of the Code, make the distribution only upon the earliest of the first to occur of a “permissible distribution event” within the meaning of Section 409A of the Code or a distribution event that the participant elects in accordance with Section 409A of the Code. The Administrator shall have the sole discretion to interpret the requirements of the Code, including, without limitation, Sections 409A and 457A, for purposes of the Plan and all Awards.

### 3.5 Change in Control

(a) Change in Control Defined. Unless otherwise specifically set forth in the applicable Award Agreement, for purposes of the Plan, “Change in Control” shall mean the occurrence of any of the following (provided that if there is an employment, severance, consulting, service or other agreement governing the relationship between the grantee, on the one hand, and the Company or any Subsidiary or Affiliate, on the other hand, that contains a definition of “change in control” (or similar phrase), for purposes of the Plan, the term “Change in Control” shall have the meaning ascribed to “change in control” (or such similar phrase) under such agreement):

- (i) any “person” (as defined in Section 13(d)(3) of the 1934 Act), company or other entity acquires “beneficial ownership” (as defined in Rule 13d-3 under the 1934 Act),

directly or indirectly, of more than 40% of the aggregate voting power of the capital stock ordinarily entitled to elect directors of the Company; provided, however, that no Change in Control shall have occurred in the event of such an acquisition by (A) the Company, (B) any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary or Affiliate, or (C) any company or other entity owned, directly or indirectly, by the holders of the voting stock ordinarily entitled to elect directors of the Company in substantially the same proportions as their ownership of the aggregate voting power of the capital stock ordinarily entitled to elect directors of the Company immediately prior to such acquisition;

(ii) the sale of all or substantially all the Company's assets in one or more related transactions to any "person" (as defined in Section 13(d)(3) of the 1934 Act), company or other entity; provided, however, that no Change in Control shall have occurred in the event of such a sale (A) to a Subsidiary which does not involve a material change in the equity holdings of the Company, or (B) to an entity (the "Acquiring Entity") which has acquired all or substantially all the Company's assets if, immediately following such sale, 60% or more of the aggregate voting power of the capital stock ordinarily entitled to elect directors of the Acquiring Entity (or, if applicable, the ultimate parent entity that directly or indirectly has beneficial ownership of more than 60% of the aggregate voting power of the capital stock ordinarily entitled to elect directors of the Acquiring Entity) is beneficially owned by the holders of the voting stock ordinarily entitled to elect directors of the Company immediately prior to such sale in substantially the same proportions as the aggregate voting power of the capital stock ordinarily entitled to elect directors of the Company immediately prior to such sale;

(iii) any merger, consolidation, reorganization or similar event of the Company or any Subsidiary; provided, however, that no Change in Control shall have occurred in the event 60% or more of the aggregate voting power of the capital stock ordinarily entitled to elect directors of the surviving entity (or, if applicable, the ultimate parent entity that directly or indirectly has beneficial ownership of more than 60% of the aggregate voting power of the capital stock ordinarily entitled to elect directors of the surviving entity) is beneficially owned by the holders of the voting stock ordinarily entitled to elect directors of the Company immediately prior to such event in substantially the same proportions as the aggregate voting power of the capital stock ordinarily entitled to elect directors of the Company immediately prior to such event;

(iv) the approval by the Company's stockholders of a plan of complete liquidation or dissolution of the Company; or

(v) during any period of 24 consecutive calendar months, individuals:

(A) who were directors of the Company on the first day of such period, or

(B) whose election or nomination for election to the Board was recommended or approved by at least a majority of the directors then still in office who were directors of the Company on the first day of such period, or whose election or nomination for election were so approved,

shall cease to constitute a majority of the Board.

Notwithstanding the foregoing, unless otherwise specifically set forth in the applicable Award Agreement, for each Award subject to Section 409A of the Code, to the extent necessary to prevent the imposition of taxes or penalties under Section 409A of the Code, a Change in Control shall be deemed to have occurred under this Plan with respect to such Award only if a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company shall also be deemed to have occurred under Section 409A of the Code.

(b) Effect of a Change in Control. Unless otherwise specifically provided in an Award Agreement or any applicable employment, severance or consulting agreement entered into between the grantee and the Company or any Subsidiary or Affiliate, upon the occurrence of a Change in Control:

(i) notwithstanding any other provision of this Plan, any Award then outstanding shall become fully vested and any forfeiture provisions thereon imposed pursuant to the Plan and the applicable Award Agreement shall lapse and any Award in the form of an option or stock appreciation right shall be immediately exercisable;

(ii) to the extent permitted by law and not otherwise limited by the terms of the Plan, the Administrator may amend any Award Agreement in such manner as it deems appropriate;

(iii) a grantee who incurs a termination of employment or consultancy/service relationship for any reason, other than a termination or dismissal "for Cause", concurrent with or within one year following the Change in Control may exercise any outstanding option or stock appreciation right, but only to the extent that the grantee was entitled to exercise the Award on the date of his or her termination of employment or consultancy/service relationship, until the earlier of (A) the original expiration date of the Award and (B) the later of (x) the date provided for under the terms of Section 2.4 without reference to this Section 3.5(b)(iii) and (y) the first anniversary of the grantee's termination of employment or consultancy/service relationship.

(c) Miscellaneous. Whenever deemed appropriate by the Administrator, any action referred to in paragraph (b)(ii) of this Section 3.5 may be made conditional upon the consummation of the applicable Change in Control transaction.

### **3.6 Operation and Conduct of Business**

Nothing in the Plan or any Award Agreement shall be construed as limiting or preventing the Company or any Subsidiary or Affiliate from taking any action with respect to the operation and conduct of its business that it deems appropriate or in its best interests, including any or all adjustments, recapitalizations, reorganizations, exchanges or other changes in the capital structure of the Company or any Subsidiary or Affiliate, any merger or consolidation of the Company or any Subsidiary or Affiliate, any issuance of Company shares or other securities or subscription rights, any issuance of bonds, debentures, preferred or prior preference stock ahead of or affecting the Common Stock or other securities or rights thereof, any dissolution or liquidation of the Company

or any Subsidiary or Affiliate, any sale or transfer of all or any part of the assets or business of the Company or any Subsidiary or Affiliate, or any other corporate act or proceeding, whether of a similar character or otherwise.

### **3.7 No Rights to Awards**

No Key Person or other Person shall have any claim to be granted any Award under the Plan.

### **3.8 Right of Discharge Reserved**

Nothing in the Plan or in any Award Agreement shall confer upon any grantee the right to continue his or her employment with the Company or any Subsidiary or Affiliate, his or her consultancy/service relationship with the Company or any Subsidiary or Affiliate, or his or her position as a director of the Company or any Subsidiary or Affiliate, or affect any right that the Company or any Subsidiary or Affiliate may have to terminate such employment or consultancy/service relationship or service as a director.

### **3.9 Non-Uniform Determinations**

The Administrator's determinations and the treatment of Key Persons and grantees and their beneficiaries under the Plan need not be uniform and may be made and determined by the Administrator selectively among Persons who receive, or who are eligible to receive, Awards under the Plan (whether or not such Persons are similarly situated). Without limiting the generality of the foregoing, the Administrator shall be entitled, among other things, to make non-uniform and selective determinations, and to enter into non-uniform and selective Award Agreements, as to (a) the Persons to receive Awards under the Plan, (b) the types of Awards granted under the Plan, (c) the number of shares to be covered by, or with respect to which payments, rights or other matters are to be calculated with respect to, Awards and (d) the terms and conditions of Awards.

### **3.10 Other Payments or Awards**

Nothing contained in the Plan shall be deemed in any way to limit or restrict the Company from making any award or payment to any Person under any other plan, arrangement or understanding, whether now existing or hereafter in effect.

### **3.11 Headings**

Any section, subsection, paragraph or other subdivision headings contained herein are for the purpose of convenience only and are not intended to expand, limit or otherwise define the contents of such section, subsection, paragraph or subdivision.

### **3.12 Effective Date and Term of Plan**

(a) Adoption. The Plan was initially adopted by the Board on February 4, 2019 (the "Original Plan") and was amended and restated on September 29, 2021.

(b) Termination of Plan. The Board may terminate the Plan at any time. All Awards made under the Plan prior to its termination shall remain in effect until such Awards have been

satisfied or terminated in accordance with the terms and provisions of the Plan and the applicable Award Agreements. No Awards may be granted under the Plan following the tenth anniversary of the date on which the Plan was adopted by the Board.

### **3.13 Restriction on Issuance of Stock Pursuant to Awards**

The Company shall not permit any shares of Common Stock to be issued pursuant to Awards granted under the Plan unless such shares of Common Stock are fully paid and non-assessable under applicable law. Notwithstanding anything to the contrary in the Plan or any Award Agreement, at the time of the exercise of any Award, at the time of vesting of any Award, at the time of payment of shares of Common Stock in exchange for, or in cancellation of, any Award, or at the time of grant of any unrestricted shares under the Plan, the Company and the Administrator may, if either shall deem it necessary or advisable for any reason, require the holder of an Award (a) to represent in writing to the Company that it is the Award holder's then-intention to acquire the shares with respect to which the Award is granted for investment and not with a view to the distribution thereof or (b) to postpone the date of exercise until such time as the Company has available for delivery to the Award holder a prospectus meeting the requirements of all applicable securities laws; and no shares shall be issued or transferred in connection with any Award unless and until all legal requirements applicable to the issuance or transfer of such shares have been complied with to the satisfaction of the Company and the Administrator. The Company and the Administrator shall have the right to condition any issuance of shares to any Award holder hereunder on such Person's undertaking in writing to comply with such restrictions on the subsequent transfer of such shares as the Company or the Administrator shall deem necessary or advisable as a result of any applicable law, regulation or official interpretation thereof, and all share certificates delivered under the Plan shall be subject to such stop transfer orders and other restrictions as the Company or the Administrator may deem advisable under the Plan, the applicable Award Agreement or the rules, regulations and other requirements of the SEC, any stock exchange upon which such shares are listed, and any applicable securities or other laws, and certificates representing such shares may contain a legend to reflect any such restrictions. The Administrator may refuse to issue or transfer any shares or other consideration under an Award if it determines that the issuance or transfer of such shares or other consideration might violate any applicable law or regulation or entitle the Company to recover the same under Section 16(b) of the 1934 Act, and any payment tendered to the Company by a grantee or other Award holder in connection with the exercise of such Award shall be promptly refunded to the relevant grantee or other Award holder. Without limiting the generality of the foregoing, no Award granted under the Plan shall be construed as an offer to sell securities of the Company, and no such offer shall be outstanding, unless and until the Administrator has determined that any such offer, if made, would be in compliance with all applicable requirements of any applicable securities laws.

### **3.14 Requirement of Notification of Election Under Section 83(b) of the Code**

If an Award recipient, in connection with the acquisition of Company shares under the Plan, makes an election under Section 83(b) of the Code (to include in gross income in the year of transfer the amounts specified in Section 83(b) of the Code), the grantee shall notify the Administrator of such election within ten days of filing notice of the election with the U.S. Internal Revenue Service, in addition to any filing and notification required pursuant to regulations issued under Section 83(b) of the Code.

### **3.15 Severability**

If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Administrator, such provision shall be construed or deemed amended to conform to the applicable laws or, if it cannot be construed or deemed amended without, in the determination of the Administrator, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

### **3.16 Sections 409A and 457A**

To the extent applicable, the Plan and Award Agreements shall be interpreted in accordance with Sections 409A and 457A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder. Notwithstanding any provision of the Plan or any applicable Award Agreement to the contrary, in the event that the Administrator determines that any Award may be subject to Section 409A or Section 457A of the Code, the Administrator may adopt such amendments to the Plan and the applicable Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to (i) exempt the Plan and Award from Sections 409A and 457A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (ii) comply with the requirements of Sections 409A and 457A of the Code and related Department of Treasury guidance and thereby avoid the application of penalty taxes under Sections 409A and 457A of the Code.

### **3.17 Forfeiture; Clawback**

The Administrator may, in its sole discretion, specify in the applicable Award Agreement that any realized gain with respect to options or stock appreciation rights and any realized value with respect to other Awards shall be subject to forfeiture or clawback, in the event of (a) a grantee's breach of any non-competition, non-solicitation, confidentiality or other restrictive covenants with respect to the Company or any Subsidiary or Affiliate, (b) a grantee's breach of any employment or consulting agreement with the Company or any Subsidiary or Affiliate, (c) a grantee's termination for Cause or (d) a financial restatement that reduces the amount of compensation under the Plan previously awarded to a grantee that would have been earned had results been properly reported.

### **3.18 No Trust or Fund Created**

Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Subsidiary or Affiliate and an Award recipient or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any Subsidiary or Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or its Subsidiary or Affiliate.

### **3.19 No Fractional Shares**

No fractional shares shall be issued or delivered pursuant to the Plan or any Award, and the Administrator shall determine whether cash, other securities, or other property shall be paid or

transferred in lieu of any fractional shares or whether such fractional shares or any rights thereto shall be canceled, terminated, or otherwise eliminated.

### **3.20 Governing Law**

The Plan will be construed and administered in accordance with the laws of the State of New York, without giving effect to principles of conflict of laws.

GSL ENTERPRISES LTD.

and

Georgios Giouroukos

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**AMENDED AND RESTATED EMPLOYMENT AGREEMENT BETWEEN  
GSL ENTERPRISES LTD. AND GEORGIOS GIOUROUKOS**

This Amended and Restated Employment Agreement (this "**Agreement**") is effective as of the 12<sup>th</sup> of March 2020 (the "**Effective Date**") and is made between:

- (1) GSL ENTERPRISES LTD., whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH 969600 and has established a branch office in Greece pursuant to the provisions of art. 25 of Law 27/1975 (former law 89/67) at 3-5, Menandrou Street, Kifisia, Athens, 14561, Greece and 9, Irodou Attikou Street, Kifisia, Athens, 14561 Greece (the "**Company**"); and
  - (2) GEORGIOS GIOUROUKOS, an individual residing at 3-5, Menandrou Street, Kifisia, Athens, 14561, Greece, with Greek tax identification number 026811437, issued by the Greek tax office of Kifisia, Athens (the "**Executive**").
- (the "**Parties**", each the "**Party**")

**WHEREAS**, the Executive has agreed, as an employee of the Company in a senior management position, to oversee and participate in the provision of services to the Company on the terms of the Prior Employment Agreement particularly given his appointment as Executive Chairman of the parent company Global Ship Lease, Inc., whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH 969600 and the address of principal executive offices is at 25 Wilton Road , London SW1V 1LW, United Kingdom and whose common stock has been registered pursuant to Section 12(b) of the United States Securities Exchange Act of 1934, as amended, and is listed on the New York Stock Exchange under the trading symbol "GSL", (the "**Listed Company**").

**WHEREAS**, the Parties agree to amend and restate the Prior Employment Agreement by entering into this Agreement, which reflects the terms of the Prior Employment Agreement, subject to the terms and provisions herein contained.

**OPERATIVE PROVISIONS**

**1. INTERPRETATION**

1.1 In this Agreement the following words and expressions shall have the following meanings:

"**the Board**" means the board of directors of the Company or the Listed Company, as the context may require; references to the "**Board of the Listed Company**" shall mean the Board of Directors of Global Ship Lease, Inc. or if appropriate the compensation committee thereof;

"**Change in Control Transaction**" means the consummation, following the date of the Merger (as defined below), of any of the following transactions:

a. the acquisition, directly or indirectly, by any individual, partnership, firm, company, association, trust, unincorporated organization or other entity (a "Person"), or any Persons acting as a "group" within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) (other than the Listed Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Listed Company) of securities of the Listed Company representing more than 50% of the total combined voting power of the Listed Company's then outstanding securities entitled to vote in the election of the directors of the Listed Company (the "Voting Shares");

b. the Listed Company disposing of all or substantially all of its assets;

c. 10% or more of the value of the assets of the Listed Company, or the Voting Shares of the Listed Company are about to be transferred, or have been transferred, because of any taking, seizure, or defeasance as a result of, or in connection with (i) nationalization, expropriation, confiscation, coercion, force or duress, or other similar action under the laws of the Republic of the Marshall Islands, or  
(ii) the imposition by the Republic of the Marshall Islands of a confiscatory tax, assessment, or other governmental charge or levy;

d. the merger of the Listed Company with or into another corporation or any other transaction in which securities possessing more than 50% of the total combined voting power of the Listed Company are transferred to a person or persons different from the persons holding those securities immediately prior to such transaction; or

e. the Board by resolution duly adopted by the affirmative vote of a simple majority of the votes cast by the Board determines that for the purposes of this Agreement, a Change in Control Transaction has occurred; or

f. there is a change in boardroom control of the Listed Company. A change in boardroom control for the purpose of this clause shall mean a change in the directors of the board of the Listed Company such that the majority of directors on the Board following such change are directors who were not directors immediately following the closing of the Mergers.

A transaction shall not constitute a Change in Control Transaction if its sole purpose is to change the state of the Listed Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Listed Company's securities immediately before such transactions.

"**Good Reason**" means (a) the assignment to the Executive by the Company or the Listed Company of any duties or responsibilities inconsistent with the Executive's position, including but not limited to, any change in title the effect of which results in the Executive having a lesser status than Executive Chairman in the Listed Company, (b) a reduction in the Executive's base salary, (c) any change in location of the Company's principal administrative office or the Executive's normal place of work to be outside of Greece, (d) a Change in Control Transaction, (e) a Material Transaction or (f) any unilateral adverse/unfavourable variation of the employment terms of the Executive by the Company as defined by Greek labour law;

**"Group Company"** means the Company, the Listed Company, any company of which the Listed Company is a subsidiary (its holding company) and any other subsidiaries of the Listed Company or such holding company;

**"Material Transaction"** means any merger or acquisition (which is not a Change in Control Transaction) which is determined by the Board acting reasonably and in good faith to be a material merger or acquisition having a material impact on the ownership structure of the Group Companies;

**"Merger Agreement"** means the Agreement and Plan of Merger, dated as of 29 October, 2018, by and among the Listed Company, Poseidon Containers Holdings, LLC, K&T Marine, LLC and the other parties named therein.

**"Merger"** means the consummation of the mergers contemplated under the Merger Agreement;

**"Prior Employment Agreement"** means the employment agreement between the Parties dated 1 August 2019;

**"Relevant Stock Exchange"** means the New York Stock Exchange and/or any other stock exchange, recognized investment exchange or automated quotation system on which any Group Company or any of their securities, as applicable, is listed, dealt in or admitted for trading;

**"Stock Incentive Plan"** means any outstanding equity incentive plan maintained by a Group Company;

**"Subsidiary Company"** means any Group Company other than the Company and the Listed Company;

**"Termination Date"** means the date of the termination of the employment of the Executive hereunder, howsoever caused; 1.2 In this Agreement (unless the context otherwise requires):

- (A) any reference to any statute or statutory provision shall be construed as including a reference to any modification, re-enactment or extension of such statute or statutory provisions of Greek labour law or the law of any other state as may be applicable in the context of the Executive's employment, for the time being in force or to any subordinate legislation made under the same;
- (B) any reference to a clause is to a clause of this Agreement;
- (C) the expression "directly or indirectly" means (without prejudice to the generality of the expression) either alone or jointly with or on behalf of any other person, firm or body corporate and whether on his own account or in partnership with another or others or as the holder of any interest in or as officer, employee or agent of or consultant to any other person, firm or body corporate.

1.3 headings contained in this Agreement are for convenience only and do not form part of and shall not affect the construction of this Agreement or any part of it. The

2. **APPOINTMENT**

- 2.1 The Company has appointed the Executive and the Executive agrees to serve the Company as director and President of the Company and shall report to the Board of the Listed Company. The Executive has also been appointed as of 15 November 2018 as a director and as of 20 November 2018 as Executive Chairman of the Listed Company. The Executive shall be the highest ranking officer of the Company and the Listed Company.
- 2.2 The Executive warrants that by virtue of entering into this Agreement he will not be in breach of any express or implied terms of any contract with or of any other obligation to any third party which are binding upon him.

3. **TERM AND NOTICE**

- 3.1 The terms of this Amended and Restated Employment Agreement shall be deemed effective as of the Effective Date but the employment relationship between the Parties has commenced as of the date of the Prior Employment Agreement. Subject to the provisions of clause 17, this Agreement shall continue to be effective for an indefinite term unless and until terminated by:
- (A) the Company giving to the Executive not less than 12 months' written notice; or
  - (B) the Executive giving to the Company not less than 6 months' written notice, unless Executive's resignation is for Good Reason in which case the Executive shall have given to the Company not less than 14 days' written notice.
- 3.2 Under no circumstance may the Executive's employment be terminated by the Company under clauses 3.1(A) and 17 or otherwise, or placed on paid leave under clause 19.3, without the affirmative vote of 2/3rds of the members of the Board of the Listed Company.
- 3.3 The Company reserves the right at any time, in its absolute discretion but always subject to clause 3.2, to terminate the Executive's employment by paying to the Executive a sum equal to his salary and contractual benefits for the relevant period of notice specified in clause 3.1, simultaneously with the Severance Payment provided in clause 16.1(A) and the payment of any other amount as provided in clause 16.2.
- 3.4 It is expressly agreed that the terms of this Agreement relating to the termination of the employment (including without limitation under clauses 3.1(A), 3.2, 3.3 and 17) shall apply in addition to any rights or benefits provided by the applicable provisions of Greek labour law as in force from time to time (including Law 2112/1920 in conjunction with Law 3198/1955 as may be amended or replaced)..

#### 4. DUTIES

4.1 The Executive shall during the continuance of his employment:

- (A) exercise such powers and perform such duties in relation to the ship-brokerage business of the Company and mainly exercise such powers and perform such duties pertaining to the provision of ship-brokerage services by the Company's branch office in Greece, always in accordance with its establishment license under Law 27/1975;
- (B) exercise such powers and perform such duties in relation to the business of the Company, of the Listed Company or of any Subsidiary Company as may from time to time be vested in or assigned to him by the Board, provided always that such new assignments do not constitute a unilateral adverse/unfavourable variation of the employment terms;
- (C) well and faithfully serve the Company, the Listed Company and any relevant Subsidiary Companies to the best of his ability and carry out his duties with all due care, skill and ability, and use his best endeavors to promote and maintain their interests and reputation;
- (D) be a director of the Company and act as President thereof, and remain in such capacities without any additional remuneration (other than the amounts specified in this Agreement);
- (E) be a director of the Listed Company and act as Executive Chairman thereof, and remain in such capacities without any additional remuneration (other than the amounts specified in this Agreement);
- (F) become a director of Global Ship Lease Services Limited and the sole member of the chartering committee of its board of directors, and remain in such capacity without any additional remuneration (other than the amounts specified in this Agreement); and
- (G) have responsibility for the duties set forth on Exhibit A hereto.

4.2 The Executive will serve the Company, the Listed Company and any Subsidiary Company in such capacity as the Board shall determine from time to time. In performance of his duties the Executive shall:

- (A) normally perform his duties in 3-5 Menandrou Street, Kifissia, Athens, 14561 Greece or in 9, Irodou Attikou Street, Kifisia, Athens, 14561 where the Company has an established ship-brokerage office pursuant to the provisions of art. 25 of Law 27/1975 (former law 89/67). However, due to the nature of the business of the Company and the Listed Company and the Executive's managerial position, the Executive agrees that he shall be required to travel and he may be required from time to time to work at other locations possibly in other countries for temporary periods as the position of the Executive may from time to time reasonably require, without such requirement constituting a unilateral adverse variation of the employment terms. The Company shall give reasonable notice of such temporary changes of place of work to the Executive;

- (B) devote approximately fifty percent (50%) of his working time, skill, ability and attention to the business of the Company and the Listed Company, such that he can pursue those permitted activities set forth in section 2.2 of that certain Non-Compete Agreement with the Listed Company and ConChart Commercial Inc. effective as of 15 November 2018, as the same may be amended from time to time, (the "Non-Compete Agreement");
  - (C) in all respects conform to and comply with lawful directions and regulations given and made by the Board; and
  - (D) in all respects conform to and comply with all relevant rules and/or codes issued by or on behalf of any Relevant Stock Exchange.
- 4.3 The Executive shall immediately upon the Company's request supply any and all information which the Listed Company or any other Group Company may reasonably require in order to be able to comply with any statutory or regulatory provision or stock exchange rule or requirement of any Relevant Stock Exchange.
- 4.4 The Executive shall comply with the Company's, the Listed Company's or any other Group Company's health and safety procedure from time to time in force.

5. **SALARY**

- 5.1 The Company shall pay to the Executive by way of remuneration for his services under this Agreement a basic net salary per annum of US Dollars Eighty Thousand (\$80,000) or the equivalent amount in Euros, at the option of the Executive (the "**Basic Net Annual Salary**") inclusive of any director's fees payable to him by the Company, the Listed Company or any other Group Company. If the Company is required to deduct or withhold Employment Taxes (as defined below) with respect to the Basic Net Annual Salary, then the Company shall pay to the Executive, in addition to the Basic Net Annual Salary payment, such additional amount as is necessary to ensure that the net amount actually received by the Executive (after the deduction or withholding of Employment Taxes) equals the Basic Net Annual Salary. As used herein, "**Employment Taxes**" means any applicable withholdings or deductions for, or on account of, any present or future income taxes, employee national insurance or social security contributions or other statutory payments of any nature due in respect of his Basic Net Annual Salary and any other benefits provided to him by the Company, the Listed Company or any other Group Company provided such withholdings or deductions are required by applicable law. The Basic Net Annual Salary shall accrue from day to day and shall be payable in arrears on a 14-month basis in accordance with the applicable provisions of Greek employment law (and shall be paid pro rata where the Executive is only employed during part of a month). The Basic Net Annual Salary shall be reviewed by (with the outcome of such review being at the absolute discretion of) the Board of the Listed Company on or about 1 January in each calendar year without commitment to increase. The Executive's Basic Net Annual Salary shall not be decreased.

5.2 Company shall be entitled to deduct from any sums payable to the Executive (including salary) such sums as the Executive notifies the Company in writing to pay directly into any personal pension scheme of the Executive which is additional to the State's pension scheme through national insurance contributions.

5.3 The Executive due to his senior managerial position, is not subject to the provisions of Greek labour law which are incompatible with the special position of supervision, management and trust he possesses. More specifically, he is not subject to the provisions relating to and will not be entitled to any additional remuneration or payment (unless as and to the extent otherwise provided in this Agreement including in particular without limitation clauses 5, 6, 7 and 11) in respect of working hours, overtime (yperergasia), overtime exceeding maximum working hours (yperoria), work at night, work on any banking or public holiday, work on the sixth day of the week or on Sundays, Christmas or Easter bonuses, annual leave allowance etc. In any event, if any claim in respect of the above exists or arises, or if there is any additional right, amount or benefit provided by any collective bargaining agreement, such right or claim shall be set off with the amounts that the Executive receives under this Agreement to the fullest extent permitted by the law.

#### 6. EXPENSES

The Company shall reimburse the Executive all reasonable traveling, hotel, entertainment and other out of pocket expenses incurred by him in or about the performance of his duties under this Agreement subject to his compliance with the Company's and the Listed Company's then current guidelines, if any, relating to expenses and to the production, if required, of receipts, vouchers or other supporting documents.

#### 7. BONUS SCHEME

The Executive will be entitled to participate in any contractual bonus scheme or schemes established from time to time by the Company, the Listed Company or any other Group Company for executives of equivalent status to the Executive, subject always to the rules of those schemes. Any agreement which shall contractually determine the terms pursuant to which the Executive shall be entitled to bonus payments out of the profits of the Company in accordance with the provisions of Law 4111/2013, art. 43 para.5 shall be hereafter referred to as the "**Bonus Scheme Agreement**".

#### 8. SHARE SCHEMES

The Executive will be entitled to participate in such share schemes as the Company or the Listed Company or any other Group Company may operate upon such terms as the Board may from time to time determine and subject always to the rules and eligibility requirements of the scheme or schemes from time to time in force.

## 9. HEALTH, LIFE AND MEDICAL INSURANCE

9.1 The Executive shall during his employment be entitled to participate in any Group Company's:

- (A) permanent health insurance scheme; and
- (B) arrangements for private medical treatment or medical health insurance including spouse or partner or anyone living as such and dependent children under the age of 21 years; and
- (C) life assurance (together the "**Insurance Schemes**")

operated from time to time by or for the Listed Company for the benefit of employees of the Listed Company or any other Group Company of equivalent status to the Executive, subject to any applicable rules and conditions of the Insurance Schemes. To the extent that there is any disparity between the rules and conditions of the relevant Insurance Scheme and the terms of this Agreement the relevant scheme rules and conditions shall prevail. The Listed Company shall not have any liability to pay any benefit to the Executive (or any family member) under any Insurance Scheme unless it receives payment of the benefit from the insurer under the scheme and shall not be responsible for providing the Executive (or any family member) with any benefit under an Insurance Scheme in the event that the relevant insurer refuses for whatever reason to pay or provide or to continue to pay or provide that benefit to the Executive (or family member).

9.2 Any Insurance Scheme which is provided for the Executive is also subject to the Listed Company's right to alter the cover provided or any term of that scheme or to cease to provide (without replacement) the scheme at any time if in the opinion of the Board (after the Executive has been examined by a medical practitioner nominated by the insurers or by the Listed Company) the state of the Executive's health is or becomes such that the Listed Company is unable to insure the benefits under the scheme at the normal premiums applicable to a person of the Executive's age.

9.3 No contracting out certificate is in force in relation to this employment.

## 10. ILLNESS

10.1 In the event of illness or other incapacity beyond his control as a result of which he is unable to perform his duties, the Executive shall remain entitled to receive his salary in full for any continuous period of 3 months or an aggregate period of 90 days' absence in any consecutive 12 month period subject to:

- (A) compliance with the Company's procedures relating to sickness notification, statutory sick pay and self-certification to cover absence from work due to sickness or other incapacity and to the provision of medical certificates and/or (at the Company's discretion) undergoing a medical examination by a doctor appointed by the Company. The Executive shall co-operate in ensuring the prompt delivery of such report to the Company and authorize his own medical practitioner to supply all such information as may be required by that doctor and, if so requested by the Company, authorize his medical practitioner to disclose to the Company his opinion of the Executive's state of health;

- (B) a deduction (at the Company's discretion) from his salary of an amount or amounts equal to any statutory sick pay or social security benefits to which the Executive is entitled; and
- (C) a deduction (at the Company's discretion) from his salary of an amount or amounts equal to any payment made to the Executive under any health insurance arrangements effected from time to time by the Company and/or any Group Company on his behalf.

**11. VACATION DAYS**

- 11.1 The Executive, despite his senior management position, shall be entitled to 25 working days of vacation (in addition to the official public holidays in Greece) in each calendar year commencing on 1 January in each year (which shall accrue on a monthly basis). Holidays shall be taken at such times as are reasonable and convenient having regard to the requirements of the Company's business.
- 11.2 If at the end of the calendar year the Executive has accrued vacation entitlement which he has not used he shall be entitled to carry forward an absolute maximum of up to 10 days into the following calendar year.
- 11.3 The Company reserves the right, at its absolute discretion, to require the Executive to take any outstanding vacation days during any notice period.
- 11.4 On termination of the Executive's employment (howsoever occasioned), if the Executive has taken more or less than his annual vacation entitlement an appropriate adjustment shall be made to any payment of salary or benefits from the Company to the Executive. In this event the calculation shall be made on the basis that each day of vacation is worth 1/260 of his basic salary as set out in clause 5.1.

**12. NON-COMPETITION AGREEMENT**

- 12.1 The Executive shall be bound by the Non-Compete Agreement.

**13. CONFIDENTIAL AND BUSINESS INFORMATION**

- 13.1 In addition to and without prejudice to the Executive's obligations to keep information secret under applicable law, the Executive shall not (except for the purpose of performing his duties hereunder or unless ordered to do so by a court of competent jurisdiction) either during his employment or after its termination directly or indirectly use, disclose or communicate Confidential and Business Information and he shall use his best endeavors to prevent the improper use, disclosure or communication of Confidential and Business Information:

- (A) concerning the business of the Company, the Listed Company or any other Group Company and which comes to the Executive's attention during the course of or in connection with his employment or provision of services to the Company, the Listed Company or any other Group Company from any source within the Company, the Listed Company or any other Group Company; or
- (B) concerning the business of any person having dealings with the Company, the Listed Company or any other Group Company and which is obtained in circumstances in which the Company, the Listed Company or any other Group Company is subject to a duty of confidentiality in relation to that information.

13.2 For the purposes of clause 13.1, Confidential and Business Information means:

- (A) any information of a confidential nature (whether trade secrets, other private or secret information including secrets and information relating to corporate strategy, business development plans, product designs, intellectual property, business contacts, terms of business with customers and potential customers and/or suppliers, annual budgets, management accounts and other financial information); and/or
- (B) any confidential report or research undertaken by or for the Company, the Listed Company or any other Group Company before or during the course of the Executive's employment; and/or
- (C) lists or compilations of the names and contact details of the individuals or clients and counterparts with whom the Company, the Listed Company or any other Group Company transacts business; and/or
- (D) the previous 18 months' financial results of any individual part of the business of the Company, the Listed Company or any other Group Company; and/or
- (E) details of all computer systems and/or data processing or analysis software developed by the Company, the Listed Company or any other Group Company; and/or
- (F) details of the requirements, financial standing, terms of business and dealings with any Company, the Listed Company or any other Group Company of any client of the Company, the Listed Company or any other Group Company; and/or
- (G) contact details of all employees and directors of the Company, the Listed Company or any other Group Company together with details of their remuneration and benefits; and/or
- (H) information so designated by the Company, the Listed Company or any other Group Company or which to the Executive's knowledge has been supplied to the Company, the Listed Company or any other Group Company subject to any obligation of confidentiality.

13.3 restrictions contained in this clause 13 shall cease to apply with respect to any information which would otherwise have been Confidential and Business Information but which comes into the public domain or is otherwise in the possession of Executive's affiliates other than through an unauthorized disclosure by the Executive or a third party.

13.4 The obligations of the Executive under this clause 13 shall continue to apply after the termination of the Executive's employment (howsoever terminated).

**14. DATA PROTECTION**

14.1 The Parties hereby confirm and agree that they are committed to complying with the principles and requirements of the EU General Data Protection Regulation (GDPR).

14.2 The Executive hereby acknowledges that:

- (A) the Company will collect and process information about the Executive, such as the Executive's name and contact details as well as more sensitive information, for various purposes in connection with the Executive's employment, including to manage benefits and payments, to manage expenses, to manage recruitment and on-boarding, to manage absences, for security purposes, to handle claims and disciplinary actions, to monitor performance and use of the IT systems, to conduct certain background checks and to comply with the Company's legal obligations;
- (B) the Company will collect from the Executive and store personal data about the Executive's next of kin, such as their name and contact details, for use in emergency situations, and the Executive agrees that he has informed such individuals that their details have been provided to the Company;
- (C) the Company may pass the Executive's information to third parties such as the Executive's previous employers, companies for which the Executive provided services, public authorities, law enforcement agencies, fraud prevention agencies and regulators who use it in connection with the purposes set out above. The Company may also pass the Executive's information to third party agents who handle it on behalf of the Company; and/or
- (D) depending on the circumstances, the Company's use of personal data may involve a transfer of data outside the EU (and the European Economic Area).

14.3 The Listed Company's privacy notice, which shall also be applicable to the employment of the Executive by the Company gives more details of the personal information about the Executive and the Executive's next of kin that the Company collects and processes. The Executive confirms that he has read the notice. The privacy notice does not form part of the terms and conditions of the Employment, and the Company reserves the right to amend it from time to time and to update the uses of personal data listed above and in the privacy notice.

14.4 Executive shall comply with Company, the Listed Company and other Group Company policies relating to data privacy when handling personal data in the course of the employment, including personal data relating to any employee, customer, client, supplier or agent of the Company. The Executive will also comply with the Company, the Listed Company and other Group Company policies from time to time in place relating to IT and communications systems, use of social media and other policies as included from time to time.

14.5 Failure to comply with Company, the Listed Company and other Group Company policies relating to data privacy or any of the policies listed above in clause 14.3 may be dealt with under the Company's disciplinary procedure and, in serious cases, may be treated as gross misconduct leading to summary dismissal.

15. [INTENTIONALLY OMITTED]

16. TERMINATION

16.1 If the Executive resigns for Good Reason, or the Company terminates Executive's employment for any reason whatsoever other than for Cause (as defined below in clause 17.1):

(A) the Executive will (subject to clause 16.3), be entitled to receive within 7 days of the Termination Date a net severance payment (the "**Severance Payment**") of an amount equal to:

(i) his latest Basic Net Annual Salary; and

(ii) the "Performance Bonus" (as defined in the applicable Bonus Scheme Agreement); and

(iii) any "Additional Bonus" (as defined in the applicable Bonus Scheme Agreement) that the Executive had been awarded for the year preceding the termination of the Executive's employment under this clause 16.1, prorated daily on the basis of the days for which the Executive was employed during the year of his termination; and

(iv) the cost to the Company of the provision of contractual benefits to the Executive for 12 months following the Termination Date.

To the extent that the above amounts exceed and cover the statutory severance payment provided by Greek labour law (pursuant to Law 2112/1920 in conjunction with Law 3198/1955), it is clarified that the Executive shall not be entitled to receive such statutory severance payment. In any event, it is expressly agreed and accepted by the Executive that any statutory severance entitlement under Greek labour law shall be set-off against the Severance Payment agreed in this clause 16.1.

- (B) In addition, the Company shall use reasonable endeavors to procure that (i) the Executive receives the full benefit of any awards under the Stock Incentive Plan and/or any Cash Award Agreement (including, without limitation, any acceleration of vesting or extension of the post-termination exercise term of the Executive's awards as provided for in the applicable award agreement) and (ii) he is treated as being a "Good Leaver" (as defined in the relevant scheme(s) and subject always to the rules and provisions of such scheme(s)) for the purposes of any other applicable bonus or incentive scheme (besides the Stock Incentive Plan) which is operated by the Company, the Listed Company or any other Group Company from time to time and in which the Executive is participating as at the Termination Date.
- 16.2 For the avoidance of doubt, any Severance Payment payable under clause 16.1 shall be in addition to any payments, rights or benefits accrued in respect of services already provided, including, without limitation, (a) any Basic Net Annual Salary paid, and provision of contractual benefits, to the Executive up to the Termination Date, including any Basic Net Annual Salary paid, and provision of contractual benefits, to the Executive during any part of his contractual notice period which he is required to work or during which he is placed on garden leave; and (b) the payment of a pro-rated portion of the Executive's "Performance Bonus" (as defined in the applicable Bonus Scheme Agreement) on the basis of the days of the calendar year during which the Executive was employed up to the Termination Date; and (c) any other unpaid bonus in accordance with the terms of the Bonus Scheme Agreement or otherwise; and (d) any payment in lieu of notice made to the Executive pursuant to clause 3.3. If the Company is required to deduct or withhold Employment Taxes with respect to amounts paid under clauses 16.1 and 16.2, then the Company shall pay to the Executive, in addition to the Severance Payment and the amounts under this clause 16.2, such additional amount as is necessary to ensure that the net amount actually received by the Executive (after the deduction or withholding of Employment Taxes) equals the Severance Payment and the amounts in this clause 16.2.
- 16.3 The Company's obligations under clause 16.1 are subject to and conditional on:
- (A) the Executive entering into, and complying with the terms of, a settlement agreement with the Company in a form reasonably satisfactory to the Company and the Executive pursuant to which the Executive will waive all claims that he may have against the Company, the Listed Company or any other Group Company arising from his employment or its termination and any directorships or other offices and their termination; and
  - (B) the Executive's compliance with his material obligations under this Agreement (including, but not limited to, his obligations under clause 13). In the event that the Executive commits any breach of such material obligations, the Company shall be released from its obligations under clause 16.1, and in the event that the Executive commits any such breach following receipt of any payment pursuant to clause 16.1, or the Company becomes aware of any such breach following the Executive having received a payment under clause 16.1, an amount equal to the payment made under clause 16.1 shall be immediately repayable by the Executive to the Company as a debt.

16.4 In the event of a dispute between the Parties as to whether there was Cause to terminate Executive's employment or there was Good Reason for Executive to resign, the full amount of termination payments under clause 16.1 shall be placed into escrow until such time that there is a judgment by a court of competent jurisdiction that Cause or Good Reason existed, or the Parties otherwise agree in writing that the amount may be released.

16.5 In the event of death of the Executive, the Company's obligations hereunder shall automatically cease and terminate; provided, however, that within fifteen (15) days the Company shall pay to the Executive's heirs or personal representatives the Executive's basic salary and any unpaid bonuses (in accordance with the terms of the applicable Bonus Scheme Agreement) accrued to the date of death including, for the avoidance of doubt, the Severance Payment and any other amounts payable to the Executive under this Agreement as if the Executive had resigned for Good Reason; until the final determination of the identity of the heirs, the Company shall have the right to deposit any such amount with a third party escrow agent appointed by the Company or with the Greek Deposits and Loans Fund.

#### 17. SUMMARY TERMINATION

17.1 The employment of the Executive may be terminated by the Company without notice or payment (to the fullest extent permitted under the law, in which case, for the avoidance of doubt, the provision of art. 5(1) second sentence of Law 3198/1955 shall be applicable) for "**Cause**", which shall mean:

- (A) the Executive is guilty of misconduct or commits any serious breach or non-observance of any of the provisions of this Agreement or of his obligations to the Company, the Listed Company or any other Group Company (whether under this Agreement or otherwise) or of any lawful acts or directions of the Board or relevant rules and/or codes issued by or on behalf of any Relevant Stock Exchange or is guilty of any continued or successive breaches or non-observance of any of such provisions, obligations, acts or directions, rules and/or codes, in spite of written warning to the contrary by the Board;
- (B) the Executive is in the reasonable opinion of the Board of the Listed Company negligent or incompetent in the performance of his duties;
- (C) the Executive is adjudged bankrupt;
- (D) the Executive is guilty of any fraud or dishonesty or acts in any manner which in the reasonable opinion of the Board of the Listed Company brings or is likely to bring the Company, the Listed Company or any other Group Company into disrepute or is materially adverse to the interests of the Company, the Listed Company or any other Group Company;

- (E) the Executive performs any act or omission which in the reasonable opinion of the Board of the Listed Company may seriously damage the interests of the Company, the Listed Company or any other Group Company or willfully or negligently breaches any legislation or any regulation to which the Company, the Listed Company or other Group Company may be subject, which may result in any penalties being imposed on him or any Directors of the Company, the Listed Company or other Group Company.
  - (F) the Executive becomes prohibited by law or is disqualified from being a director or officer of a company;
  - (G) the Executive is convicted of any criminal offense by a court of competent jurisdiction (other than a minor offense for which a fine or other noncustodial penalty is imposed);
  - (H) the Executive commits any act of deliberate discrimination or harassment on grounds of race, sex, disability, sexual orientation, religion or belief or age;
  - (I) the Executive is adjudged of unsound mind or a patient for the purpose of any statute relating to mental health; or
  - (J) the Executive commits any other act warranting summary termination under applicable law including (but not limited to) any act justifying dismissal without notice in the terms of the Company's generally-applicable Disciplinary Rules in place from time to time.
- 17.2 The Company shall not terminate Executive's employment for Cause unless Executive is provided written notice of the alleged grounds for Cause under sub-clauses (A), (B), (C), (E), or (J) and a thirty (30) day period to cure.
- 17.3 The termination of the Executive's employment hereunder for whatsoever reason shall not affect those terms of this Agreement which are expressed to have effect after such termination and shall be without prejudice to any accrued rights or remedies of the Parties.
- 17.4 On the termination of the Executive's employment either summarily or otherwise, or at any other time in accordance with instructions given to him by the Board of the Listed Company, the Executive will immediately return to the Company all equipment, correspondence, records, specifications, software, models, notes, reports and other documents and any copies thereof and any other property belonging to the Company, the Listed Company or any other Group Company (including but not limited to credit cards, keys and passes) which are in the Executive's possession or under his control.
- 17.5 On the termination of the Executive's employment either summarily or otherwise, or at any other time in accordance with instructions given to him by the Board of the Listed Company, the Executive will immediately irretrievably delete any information relating to the business of the Company, the Listed Company or any other Group Company stored on any magnetic or optical disk or memory and all matter derived from such sources which is in his possession or under his control outside the premises of the Company, the Listed Company or any other Group Company.

17.6 the request of the Board of the Listed Company, the Executive will provide a signed written statement that he has fully complied with his obligations under clauses Upon 17.4 and/or 17.5 and the Company may withhold any sums owing to the Executive on the Termination Date until the obligations in clause 17.4 and/or 17.5 have been complied with.

## 18. INVENTIONS AND IMPROVEMENTS

18.1 For the purposes of this clause 18 the following words and expressions shall have the following meanings:

**"Intellectual Property Rights"** means (i) copyright, patents, know-how, confidential information, database rights, and rights in trademarks and designs (whether registered or unregistered), (ii) applications for registration, and the right to apply for registration, for any of the same, and (iii) all other intellectual property rights and equivalent or similar forms of protection existing anywhere in the world;

**"Invention"** means any method, idea, concept, experimental work, theme, invention, discovery, process, model, formula, prototype, sketch, drawing, plan, composition, design, configuration, improvement or modification of any kind conceived, developed, discovered, devised or produced by the Executive alone or with one or more other employees of the Company (or the Listed Company or any other Group Company) during his employment and which pertains to or is actually or potentially useful to the activities from time to time of the Company (or the Listed Company or any other Group Company) or any product or service of the Company (or the Listed Company or any other Group Company).

18.2 The Executive shall promptly disclose and deliver to the Company in confidence full details of each Invention (whether or not it was made, devised or discovered during normal working hours or using the facilities of the Company or the Listed Company), to enable the Company to determine whether rights to such Invention vest in the Company, upon the making, devising or discovering of the same and shall at the expense of the Company give all such explanations, demonstrations and instructions as the Company may deem appropriate to enable the full and effectual working, production and use of the same.

18.3 The Executive hereby assigns (in so far as title has not automatically vested in the Company through the Executive's employment) to the Company with full title guarantee by way of future assignment all copyright, database right, design right and other similar rights for the full terms (including any extension or renewals thereof) thereof throughout the world in respect of all works, designs or materials (including, without limitation, source code and object code for software) originated, conceived, written or made by the Executive during the period of his employment (except only those works or designs originated, conceived, written or made by the Executive wholly outside his normal working hours which are wholly unconnected with any business activity undertaken or planned to be undertaken by the Company, the Listed Company or any other Group Company) to hold unto the Company absolutely. The aforementioned assignment shall include the right to sue for damages and/or other remedies in respect of any infringement (including prior to the date hereof).

- 18.4 Executive hereby irrevocably and unconditionally waives in favor of the Company for any work in which copyright or design right is vested in the Company whether by this The clause 18 or otherwise.
- 18.5 The Executive shall, without additional payment to him (except to the extent provided by applicable law) at the request and expense of the Company and whether or not during the continuance of his employment, promptly execute all documents and do all acts, matters and things as may be necessary or desirable to enable the Company or its nominee to obtain, maintain, protect and enforce any Intellectual Property Right vested in the Company in any or all countries relating to the Intellectual Property Right and to enable the Company to exploit any Intellectual Property Right vested in the Company.
- 18.6 The Executive shall not do anything (whether by omission or commission) during his employment or at any time thereafter to affect or imperil the validity of any Intellectual Property Right obtained, applied for or to be applied for by the Company, the Listed Company or their nominees, and in particular the Executive shall not disclose or make use of any Invention which is the property of the Company or the Listed Company without the prior written consent of the Company. The Executive shall during or after the termination of his employment with the Company, at the request and expense of the Company, provide all reasonable assistance in obtaining, maintaining and enforcing such Intellectual Property Right or in relation to any proceeding relating to the Company's or the Listed Company's right, title or interest in any such Intellectual Property Right.
- 18.7 Without prejudice to the generality of the above clauses, the Executive hereby irrevocably authorizes the Company to appoint a person to be his attorney in his name and on his behalf to execute any documents and do any acts, matters or things as may be necessary for or incidental to grant the Company the full benefit of the provisions of this clause 18.
- 18.8 The obligations of the Executive under this clause 18 shall continue to apply after the termination of his employment (howsoever terminated).
- 18.9 For the avoidance of doubt, nothing in this Agreement shall oblige the Company (or the Listed Company or any other Group Company) to seek protection for or exploit any Intellectual Property Right.
- 18.10 Nothing in this Agreement shall limit in any way the permitted activities under the Non-Compete Agreement. In the event of a conflict, the Non-Compete Agreement shall prevail.

**19. GRIEVANCE AND DISCIPLINARY PROCEDURES**

- 19.1 In the event of the Executive wishing to seek redress of any grievance relating to his employment he should lay his grievance before the Board or the board of directors of the parent company of any group of which the Company or the Listed Company is a member from time to time (in this clause 19, "Ultimate Board") in writing, who will afford the Executive the opportunity of a full hearing before the board or a committee of the board or the Ultimate Board (as appropriate) whose decision on such grievance shall be final and binding.
- 19.2 The Company's and the Listed Company's usual disciplinary procedures do not apply to the Executive. In the event that any disciplinary action is to be taken against the Executive, any hearing in respect thereof will be conducted by such director of the Company, the Listed Company or the parent company of any group of which the Company or the Listed Company is a member from time to time as the Board or the Ultimate Board may in its reasonable discretion nominate. If the Executive seeks to appeal against any disciplinary action taken against him he should do so to the Ultimate Board submitting full written grounds for his appeal to the Chairman of the Ultimate Board within 7 days of the action appealed against. The decision of the Ultimate Board or a delegated committee thereof shall be final and binding. For the avoidance of doubt, the Executive has no contractual right to either a disciplinary hearing or appeal.
- 19.3 The Company may in its absolute discretion suspend the Executive from some or all of his duties (and if applicable, from the Board) and/or require him to remain away from work during any investigation conducted into an allegation relating to the Executive's conduct or performance. During such period, the Executive's salary will continue to be paid and he will continue to be entitled to all benefits provided to him, including participating in any relevant bonus or share option schemes subject always to the rules of those schemes.

**20. GENERAL**

- 20.1 No failure or delay by either party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof nor shall any single or partial exercise by either party of any right, power or privilege hereunder preclude any further exercise thereof or the exercise of any other right, power or privilege.
- 20.2 The Executive shall have no claim against the Company, the Listed Company or any other Group Company in respect of the termination of his employment hereunder in relation to any provision in any Stock Incentive Plan which has the effect of requiring the Executive to sell, transfer or give up any shares, securities, options or rights issued to him thereunder at any price or which causes any options or other rights granted to him thereunder to become prematurely exercisable or to lapse by reason of his termination or because he has given or received notice of termination.
- 20.3 Any term of any collective agreements which may affect adversely (against the Executive) the terms and conditions of the employment of the Executive hereunder shall not be applicable.
- 20.4 For the avoidance of doubt any payments made to or other benefits provided to the Executive or his family which are not expressly referred to in this Agreement shall be regarded as payments or benefits provided in the ordinary course of business of the Company and, unless express notice of revocation of such payments or benefits is given to the Executive, they shall be deemed to form part of the Executive's contract of employment.

- 20.5 If any clause or provision in this Agreement is found by a court of competent jurisdiction or other competent authority to be invalid, unlawful or unenforceable then such clause or provision shall be severed from the remainder of the Agreement or clause and that remainder shall continue to be valid and enforceable to the fullest extent permitted by law. In that case, the Parties shall negotiate in good faith to replace any invalid, unlawful or unenforceable clause or provision with a suitable substitute clause or provision which maintains as far as possible the purpose and effect of this Agreement.
- 20.6 This Agreement may be executed in any number of counterparts, each of which when executed, shall be an original, and all the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page of a counterpart by facsimile transmission or by electronic mail in Adobe™ Portable Document Format (PDF), shall take effect as delivery of an executed counterpart of this Agreement.
- 20.7 No term of this Agreement is enforceable by a third party who is not a party to this Agreement.
- 20.8 No amendment, modification or waiver of this Agreement or any of its provisions shall be binding upon the Parties hereto unless made in writing and duly signed by the Parties.
- 20.9 Any amendment or change on the applicable law including without limitation tax and social security laws occurring after the date of this Agreement which may adversely affect any amount payable to the Executive by the Company under this Agreement, shall be for the Company's account in its capacity as employer which shall be obliged to gross up any such amount payable to the Executive accordingly so that the net amount received by the Executive from time to time remains the same.

**21. NOTICES**

- 21.1 Without prejudice to any other mode of service provided under the law, any notice or communication given or required under this Agreement may be served by personal delivery or by leaving the same at or by sending the same through the recognized international overnight delivery service in the case of the Company to its registered office from time to time and in the case of the Executive to his aforesaid address or to the address provided from time to time by the Executive to the Company for the purposes of its employment records.
- 21.2 Any notice sent by recognized international overnight delivery service shall be deemed to have been served 3 business days after the time of depositing such notice with the recognized international overnight delivery service for next day delivery.

21.3 **agent (antiklitos).** The Company irrevocably appoints Ms. Lida Papadi, presently at 3-5, Menandrou Street, Kifisia, Athens, 14561 Greece, to act as its agent to **Process** receive and accept on its behalf any process or other document relating to any proceedings in the Greek courts which are connected with this Agreement.

22. **EXTENT AND SUBSISTENCE OF AGREEMENT**

22.1 The Parties hereby agree that, as of the Effective Date, the terms and provisions of the Prior Employment Agreement be and are hereby amended and restated in their entirety by the terms, conditions and provisions of this Agreement, and the terms and provisions of the Prior Employment Agreement are superseded by this Agreement.

22.2 This Agreement supersedes all other agreements other than those expressly referred to in this Agreement whether written or oral between the Company and the Executive relating to the employment of the Executive. The Executive acknowledges and warrants to the Company that he is not entering into this Agreement in reliance upon any representation not expressly set out herein.

23. **GOVERNING LAW AND JURISDICTION**

23.1 This Agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with Greek law. In case of conflict between the terms of this Agreement and the provisions of Greek law, this Agreement shall prevail to the extent that its terms are more favorable for the Executive.

23.2 The Parties agree to submit to the exclusive jurisdiction of the Courts of Piraeus, Greece as regards any dispute or claim arising out of or in connection with this Agreement or its subject matter or formation (including non-contractual disputes or claims).

**IN WITNESS** whereof a duly authorized representative of the Company and the Executive have executed this Agreement on the 8<sup>th</sup> day of May 2020 and hereby confirm that this Agreement is effective as of the Effective Date.

**EXECUTED** by the Company  
acting by Anastasios Psaropoulos, a Director

) /s/ Anastasios Psaropoulos

the said **Georgios Giouroukos**

)  
) /s/ Georgios Giouroukos

)

**COUNTERSIGNED, AGREED** and  
**ACCEPTED** by the Listed Company  
acting by Ian Webber and Thomas Lister

) /s/ Ian Webber

) /s/ Thomas Lister

## **Exhibit A**

### **Leadership and strategic direction**

- To lead the Board of the Company and the Listed Company.
- To provide direct line management for the Listed Company Group CEO, CFO and CCO.
- To lead and manage the executive management team of the Company and the Listed Company.
- Develop a strategy and to monitor implementation of the strategy in discussion with the Listed Company Group CEO, CFO and CCO.
- To take the chair at general meetings, board meetings, nomination committee meetings and strategy meetings of the Company and the Listed Company.
- To represent the Company and the Listed Company at the highest level including to the government, regulatory authorities, the media, prospective investors, company stakeholders and the general public.
- To, from time to time at Executive's discretion and subject to the nominating and governance committee's charter, propose to the nominating and governance committee suitable candidates for senior executive appointments, and to consult with the board and the compensation committee on senior executive compensation.

### **Operations and controls**

- To work with the Listed Company Group CEO, CFO and CCO to:
  - Search for possible fixtures for the Group Companies' vessels and negotiate-conclude the relevant charterparties to achieve maximum income and handle any matter relating to the vessels' charterparties always in accordance with the relevant instructions.
  - Search for investments for the company to assist growth and mainly to search for possible acquisitions/selling of vessels and fleets, negotiate the terms of such ship sale and purchase agreements and conclude such and handle any matter relating to the ship and sale agreements always in accordance with relevant instructions.
  - Negotiate the terms of shipbuilding, retrofitting and repair contracts for the Group Companies' vessels and conclude such contracts, as well as handle any matter relating thereto.
  - Search for possible M&As.
  - Search for finance of new acquisitions or refinance of existing indebtedness.

- Initiate equity or debt raising.
- Perform meetings with investors in respect of equity/debt raisings.
- Perform non-deal roadshows with respect to investor relations.
- Participate in Company and Listed Company quarterly result conference calls and investor calls.
- Present the Company and Listed Company in industry events.
- Communicate with shareholders.
- Monitor budget and performance of the Company and the Listed Company.
- Monitor the efficient operation of the Company and the Listed Company.

**Reporting**

- To supervise with the Listed Company Group CEO, CFO and CCO to:
  - Report to the Board regularly on the operation of the Company's and Listed Company's businesses both at board meetings and at other times.
  - Provide such information to the Board as they may require in order for the board to assess the performance of the business and the achievement of the agreed strategy and budget.

**Board meetings**

- To plan a schedule, set agendas and conduct board meetings of the Company and the Listed Company.

**Delegation**

- To coordinate with the Board to focus on the key issues facing the Company and the Listed Company.
- To coordinate with the Board to delegate appropriately to its key committees.
- To coordinate with the Board to set appropriate levels of authority for senior executives.

**Board composition**

- To coordinate with the Board and nominating and governance committee, subject to the Company's and the Listed Company's articles of incorporation and the nominating and governance committee's charter, in establishing processes for the appointment, re-election, retirement, succession and, if necessary, removal of directors.
- To coordinate with the Board in establishing a succession plan for all directors and key executives.

**Board performance**

- To coordinate with the Board to oversee and evaluate the implementation of the Company's and the Listed Company's strategy, policies and business plans.

GSL ENTERPRISES LTD.

and

Anastasios Psaropoulos

**AMENDED AND RESTATED EMPLOYMENT AGREEMENT**

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**AMENDED AND RESTATED EMPLOYMENT AGREEMENT BETWEEN  
GSL ENTERPRISES LTD. AND ANASTASIOS PSAROPOULOS**

This Amended and Restated Employment Agreement (this "**Agreement**") is effective as of the 12th of March 2020 (the "**Effective Date**") and is made between:

- (1) GSL ENTERPRISES LTD., whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH 969600 and has established a branch office in Greece pursuant to the provisions of art. 25 of Law 27/1975 (former law 89/67) at 3-5, Menandrou Street, Kifisia, Athens, 14561, Greece and 9, Irodou Attikou Street, Kifisia, Athens, 14561 Greece (the "**Company**"); and
  - (2) ANASTASIOS PSAROPOULOS, an individual residing at 56, Asklipiou Street, Glyfada, Athens 16675, Greece, with Greek tax identification number 118731373, issued by the Greek tax office of Glyfada, Athens (the "**Executive**").
- (the "**Parties**", each the "**Party**")

**WHEREAS**, the Executive has agreed, as an employee of the Company in a senior management position, to oversee and participate in the provision of services to the Company on the terms of the Prior Employment Agreement particularly given his appointment as Chief Financial Officer and Treasurer of the parent company Global Ship Lease, Inc., whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH 969600 and the address of principal executive offices is at 25 Wilton Road, London SW1V 1LW, United Kingdom and whose common stock has been registered pursuant to Section 12(b) of the United States Securities Exchange Act of 1934, as amended, and is listed on the New York Stock Exchange under the trading symbol "GSL", (the "**Listed Company**").

**WHEREAS**, the Parties agree to amend and restate the Prior Employment Agreement by entering into this Agreement, which reflects the terms of the Prior Employment Agreement, subject to the terms and provisions herein contained.

**OPERATIVE PROVISIONS**

**1. INTERPRETATION**

1.1 In this Agreement the following words and expressions shall have the following meanings:

"**the Board**" means the board of directors of the Company or the Listed Company, as the context may require; references to the "**Board of the Listed Company**" shall mean the Board of Directors of Global Ship Lease, Inc. or if appropriate the compensation committee thereof;

**"Change in Control Transaction"** means the consummation, following the date of the Merger (as defined below), of any of the following transactions:

a. the acquisition, directly or indirectly, by any individual, partnership, firm, company, association, trust, unincorporated organization or other entity (a "Person"), or any Persons acting as a "group" within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) (other than the Listed Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Listed Company) of securities of the Listed Company representing more than 50% of the total combined voting power of the Listed Company's then outstanding securities entitled to vote in the election of the directors of the Listed Company (the "Voting Shares");

b. the Listed Company disposing of all or substantially all of its assets;

c. 10% or more of the value of the assets of the Listed Company, or the Voting Shares of the Listed Company are about to be transferred, or have been transferred, because of any taking, seizure, or defeasance as a result of, or in connection with (i) nationalization, expropriation, confiscation, coercion, force or duress, or other similar action under the laws of the Republic of the Marshall Islands, or

(ii) the imposition by the Republic of the Marshall Islands of a confiscatory tax, assessment, or other governmental charge or levy;

d. the merger of the Listed Company with or into another corporation or any other transaction in which securities possessing more than 50% of the total combined voting power of the Listed Company are transferred to a person or persons different from the persons holding those securities immediately prior to such transaction; or

e. the Board by resolution duly adopted by the affirmative vote of a simple majority of the votes cast by the Board determines that for the purposes of this Agreement, a Change in Control Transaction has occurred; or

f. there is a change in boardroom control of the Listed Company. A change in boardroom control for the purpose of this clause shall mean a change in the directors of the board of the Listed Company such that the majority of directors on the Board following such change are directors who were not directors immediately following the closing of the Mergers.

A transaction shall not constitute a Change in Control Transaction if its sole purpose is to change the state of the Listed Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Listed Company's securities immediately before such transactions.

**"Good Reason"** means (a) the assignment to the Executive by the Company or the Listed Company of any duties or responsibilities inconsistent with the Executive's position, including but not limited to, any change in title the effect of which results in the Executive having a lesser status than Chief Financial Officer in the Listed Company, (b) a reduction in the Executive's base salary, (c) any change in location of the Company's principal administrative office or the Executive's normal place of work to be outside of Greece, (d) a Change in Control Transaction, (e) a Material Transaction or (f) any unilateral adverse/unfavourable variation of the employment terms of the Executive by the Company as defined by Greek labour law;

**"Group Company"** means the Company, the Listed Company, any company of which the Listed Company is a subsidiary (its holding company) and any other subsidiaries of the Listed Company or such holding company;

**"Material Transaction"** means any merger or acquisition (which is not a Change in Control Transaction) which is determined by the Board acting reasonably and in good faith to be a material merger or acquisition having a material impact on the ownership structure of the Group Companies;

**"Merger Agreement"** means the Agreement and Plan of Merger, dated as of 29 October, 2018, by and among the Listed Company, Poseidon Containers Holdings, LLC, K&T Marine, LLC and the other parties named therein.

**"Merger"** means the consummation of the mergers contemplated under the Merger Agreement;

**"Prior Employment Agreement"** means the employment agreements between the Parties dated 1 August 2019;

**"Relevant Stock Exchange"** means the New York Stock Exchange and/or any other stock exchange, recognized investment exchange or automated quotation system on which any Group Company or any of their securities, as applicable, is listed, dealt in or admitted for trading;

**"Stock Incentive Plan"** means any outstanding equity incentive plan maintained by a Group Company;

**"Subsidiary Company"** means any Group Company other than the Company and the Listed Company;

**"Termination Date"** means the date of the termination of the employment of the Executive hereunder, howsoever caused; 1.2 In this Agreement (unless the context otherwise requires):

- (A) any reference to any statute or statutory provision shall be construed as including a reference to any modification, re-enactment or extension of such statute or statutory provisions of Greek labour law or the law of any other state as may be applicable in the context of the Executive's employment, for the time being in force or to any subordinate legislation made under the same;
- (B) any reference to a clause is to a clause of this Agreement;
- (C) the expression "directly or indirectly" means (without prejudice to the generality of the expression) either alone or jointly with or on behalf of any other person, firm or body corporate and whether on his own account or in partnership with another or others or as the holder of any interest in or as officer, employee or agent of or consultant to any other person, firm or body corporate.

1.3 headings contained in this Agreement are for convenience only and do not form part of and shall not affect the construction of this Agreement or any part of it.  
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## 2. APPOINTMENT

2.1 The Company has appointed the Executive and the Executive agrees to serve the Company as director and Vice-President of the Company and shall report to the Board of the Listed Company. The Executive has also been appointed as the Chief Financial Officer and Treasurer of the Listed Company as of 20 November 2018.

2.2 The Executive warrants that by virtue of entering into this Agreement he will not be in breach of any express or implied terms of any contract with or of any other obligation to any third party which are binding upon him.

## 3. TERM AND NOTICE

3.1 The terms of this Amended and Restated Employment Agreement shall be deemed effective as of the Effective Date but the employment relationship between the Parties has commenced as of the date of the Prior Employment Agreement. Subject to the provisions of clause 17, this Agreement shall continue to be effective for an indefinite term unless and until terminated by:

(A) the Company giving to the Executive not less than 12 months' written notice; or

(B) the Executive giving to the Company not less than 6 months' written notice, unless Executive's resignation is for Good Reason in which case the Executive shall have given to the Company not less than 14 days' written notice.

3.2 The Executive's employment may only be terminated by the Company under clauses 3.1(A) and 17 or otherwise, or placed on paid leave under clause 19.3, with (a) the affirmative vote of the majority of the members of the Board of the Listed Company; or (b) a decision of the Executive Chairman of the Listed Company.

3.3 The Company reserves the right at any time, in its absolute discretion but always subject to clause 3.2, to terminate the Executive's employment by paying to the Executive a sum equal to his salary and contractual benefits for the relevant period of notice specified in clause 3.1, simultaneously with the Severance Payment provided in clause 16.1(A) and the payment of any other amount as provided in clause 16.2.

3.4 It is expressly agreed that the terms of this Agreement relating to the termination of the employment (including without limitation under clauses 3.1(A), 3.2, 3.3 and 17) shall apply in addition to any rights or benefits provided by the applicable provisions of Greek labour law as in force from time to time (including Law 2112/1920 in conjunction with Law 3198/1955 as may be amended or replaced).

#### 4. DUTIES

4.1 The Executive shall during the continuance of his employment:

- (A) exercise such powers and perform such duties in relation to the ship-brokerage business of the Company and mainly exercise such powers and perform such duties pertaining to the provision of ship-brokerage services by the Company's branch office in Greece, always in accordance with its establishment license under Law 27/1975;
- (B) exercise such powers and perform such duties in relation to the business of the Company, of the Listed Company or of any Subsidiary Company as may from time to time be vested in or assigned to him by the Board, provided always that such new assignments do not constitute a unilateral adverse/unfavourable variation of the employment terms;
- (C) well and faithfully serve the Company, the Listed Company and any relevant Subsidiary Companies to the best of his ability and carry out his duties with all due care, skill and ability, and use his best endeavors to promote and maintain their interests and reputation;
- (D) be a director of the Company and act as Vice-President thereof, and remain in such capacities without any additional remuneration, (other than the amounts specified in this Agreement);
- (E) act as Chief Financial Officer and Treasurer of the Listed Company, and remain in such capacities without any additional remuneration, (other than the amounts specified in this Agreement);
- (F) become a director of Global Ship Lease Services Limited and remain in such capacity without any additional remuneration, (other than the amounts specified in this Agreement); and
- (G) have responsibility for the duties set forth on Exhibit A hereto.

4.2 The Executive will serve the Company, the Listed Company and any Subsidiary Company in such capacity as the Board shall determine from time to time. In performance of his duties the Executive shall:

- (A) normally perform his duties in 3-5 Menandrou Street, Kifissia, Athens, 14561 Greece or in 9, Irodou Attikou Street, Kifisia, Athens, 14561 Greece where the Company has an established ship-brokerage office pursuant to the provisions of art. 25 of Law 27/1975 (former law 89/67). However, due to the nature of the business of the Company and the Listed Company and the Executive's managerial position, the Executive agrees that he shall be required to travel and he may be required from time to time to work at other locations possibly in other countries for temporary periods as the position of the Executive may from time to time reasonably require, without such requirement constituting a unilateral adverse variation of the employment terms. The Company shall give reasonable notice of such temporary changes of place of work to the Executive;

(B) in all respects conform to and comply with lawful directions and regulations given and made by the Board; and

(C) in all respects conform to and comply with all relevant rules and/or codes issued by or on behalf of any Relevant Stock Exchange.

4.3 The Executive shall immediately upon the Company's request supply any and all information which the Listed Company or any other Group Company may reasonably require in order to be able to comply with any statutory or regulatory provision or stock exchange rule or requirement of any Relevant Stock Exchange.

4.4 The Executive shall comply with the Company's, the Listed Company's or any other Group Company's health and safety procedure from time to time in force.

5. **SALARY**

5.1 The Company shall pay to the Executive by way of remuneration for his services under this Agreement a basic net salary per annum of US Dollars Eighty Thousand (\$80,000) or the equivalent amount in Euros, at the option of the Executive (the "**Basic Net Annual Salary**") inclusive of any director's fees payable to him by the Company or any other Group Company. If the Company is required to deduct or withhold Employment Taxes (as defined below) with respect to the Basic Net Annual Salary, then the Company shall pay to the Executive, in addition to the Basic Net Annual Salary payment, such additional amount as is necessary to ensure that the net amount actually received by the Executive (after the deduction or withholding of Employment Taxes) equals the Basic Net Annual Salary. As used herein, "**Employment Taxes**" means any applicable withholdings or deductions for, or on account of, any present or future income taxes, employee national insurance or social security contributions or other statutory payments of any nature due in respect of his Basic Net Annual Salary and any other benefits provided to him by the Company, the Listed Company or any other Group Company provided such withholdings or deductions are required by applicable law. The Basic Net Annual Salary shall accrue from day to day and shall be payable in arrears on a 14-month basis in accordance with the applicable provisions of Greek employment law (and shall be paid pro rata where the Executive is only employed during part of a month). The Basic Net Annual Salary shall be reviewed by (with the outcome of such review being at the absolute discretion of) the Board of the Listed Company on or about 1 January in each calendar year without commitment to increase. The Executive's Basic Net Annual Salary shall not be decreased.

5.2 The Company shall be entitled to deduct from any sums payable to the Executive (including salary) such sums as the Executive notifies the Company in writing to pay directly into any personal pension scheme of the Executive which is additional to the State's pension scheme through national insurance contributions.

5.3 Executive due to his senior managerial position, is not subject to the provisions of Greek labour law which are incompatible with the special position of supervision, management and trust he possesses. More specifically, he is not subject to the provisions relating to and will not be entitled to any additional remuneration or payment (unless as and to the extent otherwise provided in this Agreement including in particular without limitation clauses 5, 6, 7 and 11) in respect of working hours, overtime (yperergasia), overtime exceeding maximum working hours (yperoria), work at night, work on any banking or public holiday, work on the sixth day of the week or on Sundays, Christmas or Easter bonuses, annual leave allowance etc. In any event, if any claim in respect of the above exists or arises, or if there is any additional right, amount or benefit provided by any collective bargaining agreement, such right or claim shall be set off with the amounts that the Executive receives under this Agreement to the fullest extent permitted by the law.

#### 6. EXPENSES

The Company shall reimburse the Executive all reasonable traveling, hotel, entertainment and other out of pocket expenses incurred by him in or about the performance of his duties under this Agreement subject to his compliance with the Company's and the Listed Company's then current guidelines, if any, relating to expenses and to the production, if required, of receipts, vouchers or other supporting documents.

#### 7. BONUS SCHEME

The Executive will be entitled to participate in any contractual bonus scheme or schemes established from time to time by the Company, the Listed Company or any other Group Company for executives of equivalent status to the Executive, subject always to the rules of those schemes. Any agreement which shall contractually determine the terms pursuant to which the Executive shall be entitled to bonus payments out of the profits of the Company in accordance with the provisions of Law 4111/2013, art. 43 para.5 shall be hereafter referred to as the "**Bonus Scheme Agreement**".

#### 8. SHARE SCHEMES

The Executive will be entitled to participate in such share schemes as the Company or the Listed Company or any other Group Company may operate upon such terms as the Board may from time to time determine and subject always to the rules and eligibility requirements of the scheme or schemes from time to time in force.

#### 9. HEALTH, LIFE AND MEDICAL INSURANCE

9.1 The Executive shall during his employment be entitled to participate in any Group Company's:

- (A) permanent health insurance scheme; and

(B) arrangements for private medical treatment or medical health insurance including spouse or partner or anyone living as such and dependent children under the age of 21 years; and

(C) life assurance (together the "**Insurance Schemes**")

operated from time to time by or for the Listed Company for the benefit of employees of the Listed Company or any other Group Company of equivalent status to the Executive, subject to any applicable rules and conditions of the Insurance Schemes. To the extent that there is any disparity between the rules and conditions of the relevant Insurance Scheme and the terms of this Agreement the relevant scheme rules and conditions shall prevail. The Listed Company shall not have any liability to pay any benefit to the Executive (or any family member) under any Insurance Scheme unless it receives payment of the benefit from the insurer under the scheme and shall not be responsible for providing the Executive (or any family member) with any benefit under an Insurance Scheme in the event that the relevant insurer refuses for whatever reason to pay or provide or to continue to pay or provide that benefit to the Executive (or family member).

9.2 Any Insurance Scheme which is provided for the Executive is also subject to the Listed Company's right to alter the cover provided or any term of that scheme or to cease to provide (without replacement) the scheme at any time if in the opinion of the Board (after the Executive has been examined by a medical practitioner nominated by the insurers or by the Listed Company) the state of the Executive's health is or becomes such that the Listed Company is unable to insure the benefits under the scheme at the normal premiums applicable to a person of the Executive's age.

9.3 No contracting out certificate is in force in relation to this employment.

## 10. ILLNESS

10.1 In the event of illness or other incapacity beyond his control as a result of which he is unable to perform his duties, the Executive shall remain entitled to receive his salary in full for any continuous period of 3 months or an aggregate period of 90 days' absence in any consecutive 12 month period subject to:

(A) compliance with the Company's procedures relating to sickness notification, statutory sick pay and self-certification to cover absence from work due to sickness or other incapacity and to the provision of medical certificates and/or (at the Company's discretion) undergoing a medical examination by a doctor appointed by the Company. The Executive shall co-operate in ensuring the prompt delivery of such report to the Company and authorize his own medical practitioner to supply all such information as may be required by that doctor and, if so requested by the Company, authorize his medical practitioner to disclose to the Company his opinion of the Executive's state of health;

- (B) a deduction (at the Company's discretion) from his salary of an amount or amounts equal to any statutory sick pay or social security benefits to which the Executive is entitled; and
- (C) a deduction (at the Company's discretion) from his salary of an amount or amounts equal to any payment made to the Executive under any health insurance arrangements effected from time to time by the Company and/or any Group Company on his behalf.

**11. VACATION DAYS**

- 11.1 The Executive, despite his senior management position, shall be entitled to 25 working days of vacation (in addition to the official public holidays in Greece) in each calendar year commencing on 1 January in each year (which shall accrue on a monthly basis). Holidays shall be taken at such times as are reasonable and convenient having regard to the requirements of the Company's business.
- 11.2 If at the end of the calendar year the Executive has accrued vacation entitlement which he has not used he shall be entitled to carry forward an absolute maximum of up to 10 days into the following calendar year.
- 11.3 The Company reserves the right, at its absolute discretion, to require the Executive to take any outstanding vacation days during any notice period.
- 11.4 On termination of the Executive's employment (howsoever occasioned), if the Executive has taken more or less than his annual vacation entitlement an appropriate adjustment shall be made to any payment of salary or benefits from the Company to the Executive. In this event the calculation shall be made on the basis that each day of vacation is worth 1/260 of his basic salary as set out in clause 5.1.

**12. [INTENTIONALLY OMITTED]**

**13. CONFIDENTIAL AND BUSINESS INFORMATION**

- 13.1 In addition to and without prejudice to the Executive's obligations to keep information secret under applicable law, the Executive shall not (except for the purpose of performing his duties hereunder or unless ordered to do so by a court of competent jurisdiction) either during his employment or after its termination directly or indirectly use, disclose or communicate Confidential and Business Information and he shall use his best endeavors to prevent the improper use, disclosure or communication of Confidential and Business Information:
  - (A) concerning the business of the Company, the Listed Company or any other Group Company and which comes to the Executive's attention during the course of or in connection with his employment or provision of services to the Company, the Listed Company or any other Group Company from any source within the Company, the Listed Company or any other Group Company; or

(B) concerning the business of any person having dealings with the Company, the Listed Company or any other Group Company and which is obtained in circumstances in which the Company, the Listed Company or any other Group Company is subject to a duty of confidentiality in relation to that information.

13.2 For the purposes of clause 13.1, Confidential and Business Information means:

- (A) any information of a confidential nature (whether trade secrets, other private or secret information including secrets and information relating to corporate strategy, business development plans, product designs, intellectual property, business contacts, terms of business with customers and potential customers and/or suppliers, annual budgets, management accounts and other financial information); and/or
- (B) any confidential report or research undertaken by or for the Company, the Listed Company or any other Group Company before or during the course of the Executive's employment; and/or
- (C) lists or compilations of the names and contact details of the individuals or clients and counterparts with whom the Company, the Listed Company or any other Group Company transacts business; and/or
- (D) the previous 18 months' financial results of any individual part of the business of the Company, the Listed Company or any other Group Company; and/or
- (E) details of all computer systems and/or data processing or analysis software developed by the Company, the Listed Company or any other Group Company; and/or
- (F) details of the requirements, financial standing, terms of business and dealings with any Company, the Listed Company or any other Group Company of any client of the Company, the Listed Company or any other Group Company; and/or
- (G) contact details of all employees and directors of the Company, the Listed Company or any other Group Company together with details of their remuneration and benefits; and/or
- (H) information so designated by the Company, the Listed Company or any other Group Company or which to the Executive's knowledge has been supplied to the Company, the Listed Company or any other Group Company subject to any obligation of confidentiality.

13.3 The restrictions contained in this clause 13 shall cease to apply with respect to any information which would otherwise have been Confidential and Business Information but which comes into the public domain or is otherwise in the possession of Executive's affiliates other than through an unauthorized disclosure by the Executive or a third party.

13.4 obligations of the Executive under this clause 13 shall continue to apply after the termination of the Executive's employment (howsoever terminated).  
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14. **DATA PROTECTION**

14.1 The Parties hereby confirm and agree that they are committed to complying with the principles and requirements of the EU General Data Protection Regulation (GDPR).

14.2 The Executive hereby acknowledges that:

- (A) the Company will collect and process information about the Executive, such as the Executive's name and contact details as well as more sensitive information, for various purposes in connection with the Executive's employment, including to manage benefits and payments, to manage expenses, to manage recruitment and on-boarding, to manage absences, for security purposes, to handle claims and disciplinary actions, to monitor performance and use of the IT systems, to conduct certain background checks and to comply with the Company's legal obligations;
- (B) the Company will collect from the Executive and store personal data about the Executive's next of kin, such as their name and contact details, for use in emergency situations, and the Executive agrees that he has informed such individuals that their details have been provided to the Company;
- (C) the Company may pass the Executive's information to third parties such as the Executive's previous employers, companies for which the Executive provided services, public authorities, law enforcement agencies, fraud prevention agencies and regulators who use it in connection with the purposes set out above. The Company may also pass the Executive's information to third party agents who handle it on behalf of the Company; and/or
- (D) depending on the circumstances, the Company's use of personal data may involve a transfer of data outside the EU (and the European Economic Area).

14.3 The Listed Company's privacy notice, which shall also be applicable to the employment of the Executive by the Company gives more details of the personal information about the Executive and the Executive's next of kin that the Company collects and processes. The Executive confirms that he has read the notice. The privacy notice does not form part of the terms and conditions of the Employment, and the Company reserves the right to amend it from time to time and to update the uses of personal data listed above and in the privacy notice.

- 14.4 Executive shall comply with Company, the Listed Company and other Group Company policies relating to data privacy when handling personal data in the course of the employment, including personal data relating to any employee, customer, client, supplier or agent of the Company. The Executive will also comply with the Company, the Listed Company and other Group Company policies from time to time in place relating to IT and communications systems, use of social media and other policies as included from time to time.
- 14.5 Failure to comply with Company, the Listed Company and other Group Company policies relating to data privacy or any of the policies listed above in clause 14.3 may be dealt with under the Company's disciplinary procedure and, in serious cases, may be treated as gross misconduct leading to summary dismissal.

15. [INTENTIONALLY OMITTED]

16. TERMINATION

16.1 If the Executive resigns for Good Reason, or the Company terminates Executive's employment for any reason whatsoever other than for Cause (as defined below in clause 17.1):

- (A) the Executive will (subject to clause 16.3), be entitled to receive within 7 days of the Termination Date a net severance payment (the "**Severance Payment**") of an amount equal to:
- (i) his latest Basic Net Annual Salary; and
  - (ii) the "Performance Bonus" (as defined in the applicable Bonus Scheme Agreement); and
  - (iii) any "Additional Bonus" (as defined in the applicable Bonus Scheme Agreement) that the Executive had been awarded for the year preceding the termination of the Executive's employment under this clause 16.1, prorated daily on the basis of the days for which the Executive was employed during the year of his termination; and
  - (iv) the cost of the Company of the provision of contractual benefits to the Executive for 12 months following the Termination Date.
- To the extent that the above amounts exceed and cover the statutory severance payment provided by Greek labour law (pursuant to Law 2112/1920 in conjunction with Law 3198/1955), it is clarified that the Executive shall not be entitled to receive such statutory severance payment. In any event, it is expressly agreed and accepted by the Executive that any statutory severance entitlement under Greek labour law shall be set-off against the Severance Payment agreed in this clause 16.1.
- (B) In addition, the Company shall use reasonable endeavors to procure that (i) the Executive receives the full benefit of any awards under the Stock Incentive Plan and/or any Cash Award Agreement (including, without limitation, any acceleration of vesting or extension of the post-termination

exercise term of the Executive's awards as provided for in the applicable award agreement) and (ii) he is treated as being a "Good Leaver" (as defined in the relevant scheme(s) and subject always to the rules and provisions of such scheme(s)) for the purposes of any other applicable bonus or incentive scheme (besides the Stock Incentive Plan) which is operated by the Company, the Listed Company or any other Group Company from time to time and in which the Executive is participating as at the Termination Date.

16.2 For the avoidance of doubt, any Severance Payment payable under clause 16.1 shall be in addition to any payments, rights or benefits accrued in respect of services already provided, including, without limitation, (a) any Basic Net Annual Salary paid, and provision of contractual benefits, to the Executive up to the Termination Date, including any Basic Net Annual Salary paid, and provision of contractual benefits, to the Executive during any part of his contractual notice period which he is required to work or during which he is placed on garden leave; and (b) the payment of a pro-rated portion of the Executive's "Performance Bonus" (as defined in the applicable Bonus Scheme Agreement) on the basis of the days of the calendar year during which the Executive was employed up to the Termination Date; and (c) any other unpaid bonus in accordance with the terms of the Bonus Scheme Agreement or otherwise; and (d) any payment in lieu of notice made to the Executive pursuant to clause 3.3. If the Company is required to deduct or withhold Employment Taxes with respect to amounts paid under clauses 16.1 and 16.2, then the Company shall pay to the Executive, in addition to the Severance Payment and the amounts under this clause 16.2, such additional amount as is necessary to ensure that the net amount actually received by the Executive (after the deduction or withholding of Employment Taxes) equals the Severance Payment and the amounts in this clause 16.2.

16.3 The Company's obligations under clause 16.1 are subject to and conditional on:

- (A) the Executive entering into, and complying with the terms of, a settlement agreement with the Company in a form reasonably satisfactory to the Company and the Executive pursuant to which the Executive will waive all claims that he may have against the Company, the Listed Company or any other Group Company arising from his employment or its termination and any directorships or other offices and their termination; and
- (B) the Executive's compliance with his material obligations under this Agreement (including, but not limited to, his obligations under clause 13). In the event that the Executive commits any breach of such material obligations, the Company shall be released from its obligations under clause 16.1, and in the event that the Executive commits any such breach following receipt of any payment pursuant to clause 16.1, or the Company becomes aware of any such breach following the Executive having received a payment under clause 16.1, an amount equal to the payment made under clause 16.1 shall be immediately repayable by the Executive to the Company as a debt.

16.4 In the event of a dispute between the Parties as to whether there was Cause to terminate Executive's employment or there was Good Reason for Executive to resign, the full amount of termination payments under clause 16.1 shall be placed into escrow until such time that there is a judgment by a court of competent jurisdiction that Cause or Good Reason existed, or the Parties otherwise agree in writing that the amount may be released.

16.5 In the event of death of the Executive, the Company's obligations hereunder shall automatically cease and terminate; provided, however, that within fifteen (15) days the Company shall pay to the Executive's heirs or personal representatives the Executive's basic salary and any unpaid bonuses (in accordance with the terms of the applicable Bonus Scheme Agreement) accrued to the date of death including, for the avoidance of doubt, the Severance Payment and any other amounts payable to the Executive under this Agreement as if the Executive had resigned for Good Reason; until the final determination of the identity of the heirs, the Company shall have the right to deposit any such amount with a third party escrow agent appointed by the Company or with the Greek Deposits and Loans Fund.

## 17. SUMMARY TERMINATION

17.1 The employment of the Executive may be terminated by the Company without notice or payment (to the fullest extent permitted under the law, in which case, for the avoidance of doubt, the provision of art. 5(1) second sentence of Law 3198/1955 shall be applicable) for "**Cause**", which shall mean:

- (A) the Executive is guilty of misconduct or commits any serious breach or non-observance of any of the provisions of this Agreement or of his obligations to the Company, the Listed Company or any other Group Company (whether under this Agreement or otherwise) or of any lawful acts or directions of the Board or relevant rules and/or codes issued by or on behalf of any Relevant Stock Exchange or is guilty of any continued or successive breaches or non-observance of any of such provisions, obligations, acts or directions, rules and/or codes, in spite of written warning to the contrary by the Board;
- (B) the Executive is in the reasonable opinion of the Board of the Listed Company or the Executive Chairman negligent or incompetent in the performance of his duties;
- (C) the Executive is adjudged bankrupt;
- (D) the Executive is guilty of any fraud or dishonesty or acts in any manner which in the reasonable opinion of the Board of the Listed Company or the Executive Chairman brings or is likely to bring the Company, the Listed Company or any other Group Company into disrepute or is materially adverse to the interests of the Company, the Listed Company or any other Group Company;

- (E) the Executive performs any act or omission which in the reasonable opinion of the Board of the Listed Company or the Executive Chairman may seriously damage the interests of the Company, the Listed Company or any other Group Company or willfully or negligently breaches any legislation or any regulation to which the Company, the Listed Company or other Group Company may be subject, which may result in any penalties being imposed on him or any Directors of the Company, the Listed Company or other Group Company.
  - (F) the Executive becomes prohibited by law or is disqualified from being a director or officer of a company;
  - (G) the Executive is convicted of any criminal offense by a court of competent jurisdiction (other than a minor offense for which a fine or other noncustodial penalty is imposed);
  - (H) the Executive commits any act of deliberate discrimination or harassment on grounds of race, sex, disability, sexual orientation, religion or belief or age;
  - (I) the Executive is adjudged of unsound mind or a patient for the purpose of any statute relating to mental health; or
  - (J) the Executive commits any other act warranting summary termination under applicable including (but not limited to) any act justifying dismissal without notice in the terms of the Company's generally-applicable Disciplinary Rules in place from time to time.
- 17.2 The Company shall not terminate Executive's employment for Cause unless Executive is provided written notice of the alleged grounds for Cause under sub-clauses (A), (B), (C), (E), or (J) and a thirty (30) day period to cure.
- 17.3 The termination of the Executive's employment hereunder for whatsoever reason shall not affect those terms of this Agreement which are expressed to have effect after such termination and shall be without prejudice to any accrued rights or remedies of the Parties.
- 17.4 On the termination of the Executive's employment either summarily or otherwise, or at any other time in accordance with instructions given to him by the Board of the Listed Company or the Executive Chairman, the Executive will immediately return to the Company all equipment, correspondence, records, specifications, software, models, notes, reports and other documents and any copies thereof and any other property belonging to the Company, the Listed Company or any other Group Company (including but not limited to credit cards, keys and passes) which are in the Executive's possession or under his control.

- 17.5 the termination of the Executive's employment either summarily or otherwise, or at any other time in accordance with instructions given to him by the Board of the  
On Listed Company or the Executive Chairman, the Executive will immediately irretrievably delete any information relating to the business of the Company, the Listed Company or any other Group Company stored on any magnetic or optical disk or memory and all matter derived from such sources which is in his possession or under his control outside the premises of the Company, the Listed Company or any other Group Company.
- 17.6 Upon the request of the Board of the Listed Company, the Executive will provide a signed written statement that he has fully complied with his obligations under clauses 17.4 and/or 17.5 and the Company may withhold any sums owing to the Executive on the Termination Date until the obligations in clause 17.4 and/or 17.5 have been complied with.

## 18. INVENTIONS AND IMPROVEMENTS

18.1 For the purposes of this clause 18 the following words and expressions shall have the following meanings:

**"Intellectual Property Rights"** means (i) copyright, patents, know-how, confidential information, database rights, and rights in trademarks and designs (whether registered or unregistered), (ii) applications for registration, and the right to apply for registration, for any of the same, and (iii) all other intellectual property rights and equivalent or similar forms of protection existing anywhere in the world;

**"Invention"** means any method, idea, concept, experimental work, theme, invention, discovery, process, model, formula, prototype, sketch, drawing, plan, composition, design, configuration, improvement or modification of any kind conceived, developed, discovered, devised or produced by the Executive alone or with one or more other employees of the Company (or the Listed Company or any other Group Company) during his employment and which pertains to or is actually or potentially useful to the activities from time to time of the Company (or the Listed Company or any other Group Company) or any product or service of the Company (or the Listed Company or any other Group Company).

18.2 The Executive shall promptly disclose and deliver to the Company in confidence full details of each Invention (whether or not it was made, devised or discovered during normal working hours or using the facilities of the Company or the Listed Company), to enable the Company to determine whether rights to such Invention vest in the Company, upon the making, devising or discovering of the same and shall at the expense of the Company give all such explanations, demonstrations and instructions as the Company may deem appropriate to enable the full and effectual working, production and use of the same.

18.3 The Executive hereby assigns (in so far as title has not automatically vested in the Company through the Executive's employment) to the Company with full title guarantee by way of future assignment all copyright, database right, design right and other similar rights for the full terms (including any extension or renewals thereof) thereof throughout the world in respect of all works, designs or materials (including, without limitation, source code and object code for software) originated, conceived, written or made by the Executive during the period of his employment (except only

those works or designs originated, conceived, written or made by the Executive wholly outside his normal working hours which are wholly unconnected with any business activity undertaken or planned to be undertaken by the Company, the Listed Company or any other Group Company) to hold unto the Company absolutely. The aforementioned assignment shall include the right to sue for damages and/or other remedies in respect of any infringement (including prior to the date hereof).

- 18.4 The Executive hereby irrevocably and unconditionally waives in favor of the Company for any work in which copyright or design right is vested in the Company whether by this clause 18 or otherwise.
- 18.5 The Executive shall, without additional payment to him (except to the extent provided by applicable law) at the request and expense of the Company and whether or not during the continuance of his employment, promptly execute all documents and do all acts, matters and things as may be necessary or desirable to enable the Company or its nominee to obtain, maintain, protect and enforce any Intellectual Property Right vested in the Company in any or all countries relating to the Intellectual Property Right and to enable the Company to exploit any Intellectual Property Right vested in the Company.
- 18.6 The Executive shall not do anything (whether by omission or commission) during his employment or at any time thereafter to affect or imperil the validity of any Intellectual Property Right obtained, applied for or to be applied for by the Company, the Listed Company or their nominees, and in particular the Executive shall not disclose or make use of any Invention which is the property of the Company or the Listed Company without the prior written consent of the Company. The Executive shall during or after the termination of his employment with the Company, at the request and expense of the Company, provide all reasonable assistance in obtaining, maintaining and enforcing such Intellectual Property Right or in relation to any proceeding relating to the Company's or the Listed Company's right, title or interest in any such Intellectual Property Right.
- 18.7 Without prejudice to the generality of the above clauses, the Executive hereby irrevocably authorizes the Company to appoint a person to be his attorney in his name and on his behalf to execute any documents and do any acts, matters or things as may be necessary for or incidental to grant the Company the full benefit of the provisions of this clause 18.
- 18.8 The obligations of the Executive under this clause 18 shall continue to apply after the termination of his employment (howsoever terminated).
- 18.9 For the avoidance of doubt, nothing in this Agreement shall oblige the Company (or the Listed Company or any other Group Company) to seek protection for or exploit any Intellectual Property Right.

**19. GRIEVANCE AND DISCIPLINARY PROCEDURES**

- 19.1 In the event of the Executive wishing to seek redress of any grievance relating to his employment he should lay his grievance before the Board or the board of directors of the parent company of any group of which the Company or the Listed Company is a member from time to time (in this clause 19, "Ultimate Board") in writing, who will afford the Executive the opportunity of a full hearing before the board or a committee of the board or the Ultimate Board (as appropriate) whose decision on such grievance shall be final and binding.
- 19.2 The Company's and the Listed Company's usual disciplinary procedures do not apply to the Executive. In the event that any disciplinary action is to be taken against the Executive, any hearing in respect thereof will be conducted by such director of the Company, the Listed Company or the parent company of any group of which the Company or the Listed Company is a member from time to time as the Board or the Ultimate Board may in its reasonable discretion nominate. If the Executive seeks to appeal against any disciplinary action taken against him he should do so to the Ultimate Board submitting full written grounds for his appeal to the Chairman of the Ultimate Board within 7 days of the action appealed against. The decision of the Ultimate Board or a delegated committee thereof shall be final and binding. For the avoidance of doubt, the Executive has no contractual right to either a disciplinary hearing or appeal.
- 19.3 The Company may in its absolute discretion suspend the Executive from some or all of his duties (and if applicable, from the Board) and/or require him to remain away from work during any investigation conducted into an allegation relating to the Executive's conduct or performance. During such period, the Executive's salary will continue to be paid and he will continue to be entitled to all benefits provided to him, including participating in any relevant bonus or share option schemes subject always to the rules of those schemes.

**20. GENERAL**

- 20.1 No failure or delay by either party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof nor shall any single or partial exercise by either party of any right, power or privilege hereunder preclude any further exercise thereof or the exercise of any other right, power or privilege.
- 20.2 The Executive shall have no claim against the Company, the Listed Company or any other Group Company in respect of the termination of his employment hereunder in relation to any provision in any Stock Incentive Plan which has the effect of requiring the Executive to sell, transfer or give up any shares, securities, options or rights issued to him thereunder at any price or which causes any options or other rights granted to him thereunder to become prematurely exercisable or to lapse by reason of his termination or because he has given or received notice of termination.
- 20.3 Any term of any collective agreements which may affect adversely (against the Executive) the terms and conditions of the employment of the Executive hereunder shall not be applicable.
- 20.4 For the avoidance of doubt any payments made to or other benefits provided to the Executive or his family which are not expressly referred to in this Agreement shall be regarded as payments or benefits provided in the ordinary course of business of the Company and, unless express notice of revocation of such payments or benefits is given to the Executive, they shall be deemed to form part of the Executive's contract of employment.

- 20.5 If any clause or provision in this Agreement is found by a court of competent jurisdiction or other competent authority to be invalid, unlawful or unenforceable then such clause or provision shall be severed from the remainder of the Agreement or clause and that remainder shall continue to be valid and enforceable to the fullest extent permitted by law. In that case, the Parties shall negotiate in good faith to replace any invalid, unlawful or unenforceable clause or provision with a suitable substitute clause or provision which maintains as far as possible the purpose and effect of this Agreement.
- 20.6 This Agreement may be executed in any number of counterparts, each of which when executed, shall be an original, and all the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page of a counterpart by facsimile transmission or by electronic mail in Adobe <sup>TM</sup> Portable Document Format (PDF), shall take effect as delivery of an executed counterpart of this Agreement.
- 20.7 No term of this Agreement is enforceable by a third party who is not a party to this Agreement.
- 20.8 No amendment, modification or waiver of this Agreement or any of its provisions shall be binding upon the Parties hereto unless made in writing and duly signed by the Parties.
- 20.9 Any amendment or change on the applicable law including without limitation tax and social security laws occurring after the date of this Agreement which may adversely affect any amount payable to the Executive by the Company under this Agreement, shall be for the Company's account in its capacity as employer which shall be obliged to gross up any such amount payable to the Executive accordingly so that the net amount received by the Executive from time to time remains the same.

**21. NOTICES**

- 21.1 Without prejudice to any other mode of service provided under the law, any notice or communication given or required under this Agreement may be served by personal delivery or by leaving the same at or by sending the same through the recognized international overnight delivery service in the case of the Company to its registered office from time to time and in the case of the Executive to his aforesaid address or to the address provided from time to time by the Executive to the Company for the purposes of its employment records.
- 21.2 Any notice sent by recognized international overnight delivery service shall be deemed to have been served 3 business days after the time of depositing such notice with the recognized international overnight delivery service for next day delivery.

21.3 **agent (antiklitos).** The Company irrevocably appoints Ms. Lida Papadi, presently at 3-5, Menandrou Street, Kifisia, Athens, 14561 Greece, to act as its agent to **Process** receive and accept on its behalf any process or other document relating to any proceedings in the Greek courts which are connected with this Agreement.

**22. EXTENT AND SUBSISTENCE OF AGREEMENT**

22.1 The Parties hereby agree that, as of the Effective Date, the terms and provisions of the Prior Employment Agreement be and are hereby amended and restated in their entirety by the terms, conditions and provisions of this Agreement, and the terms and provisions of the Prior Employment Agreement are superseded by this Agreement.

22.2 This Agreement supersedes all other agreements other than those expressly referred to in this Agreement whether written or oral between the Company and the Executive relating to the employment of the Executive. The Executive acknowledges and warrants to the Company that he is not entering into this Agreement in reliance upon any representation not expressly set out herein.

**23. GOVERNING LAW AND JURISDICTION**

23.1 This Agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with Greek law. In case of conflict between the terms of this Agreement and the provisions of Greek law, this Agreement shall prevail to the extent that its terms are more favorable for the Executive.

23.2 The Parties agree to submit to the exclusive jurisdiction of the Courts of Piraeus, Greece as regards any dispute or claim arising out of or in connection with this Agreement or its subject matter or formation (including non-contractual disputes or claims).

**IN WITNESS** whereof a duly authorized representative of the Company and the Executive have executed this Agreement on the 8<sup>th</sup> day of May 2020 and hereby confirm that this Agreement is effective as of the Effective Date.

**EXECUTED** by the Company

acting by Georgios Giouroukos, a Director

) /s/ Georgios Giouroukos

)

the said **Anastasios Psaropoulos**

) /s/ Anastasios Psaropoulos

)

**COUNTERSIGNED, AGREED** and

**ACCEPTED** by the Listed Company

acting by Ian Webber and Thomas Lister

) /s/ Ian Webber

) /s/ Thomas Lister

## **Exhibit A**

### **Leadership and strategic direction**

- To develop a financial strategy and to monitor implementation of such strategy in discussion with the Listed Company Group Executive Chairman, CEO and CCO.
- To prepare strategic recommendations to the Board of the Company and the Listed Company.
- To supervise and control the Company's and the Listed Company's financials, accounting and treasury.
- To establish and develop relations with the Listed Company's senior management, stakeholders (shareholders, analysts, creditors) and external parties (future investors, lawyers, advisors).
- To provide leadership, direction and management of the Listed Company's finance and accounting team.
- To manage the processes for financial forecasting, controls and budgets, and oversee the preparation of all financial reporting.
- To undertake long-term planning and establish business objectives, including strategic business plans, financial and other business objectives.
- To represent the Company and the Listed Company at the highest level including to the government, regulatory authorities, the media, prospective investors, company stakeholders and the general public.

### **Operations and controls**

- To work with the Listed Company Group Executive Chairman, CEO and CCO to:
  - Search for possible fixtures for the Group Companies' vessels and negotiate-conclude the relevant charterparties to achieve maximum income and handle any matter relating to the vessels' charterparties always in accordance with the relevant instructions.
  - Search for investments for the company to assist growth and mainly to search for possible acquisitions/selling of vessels and fleets, negotiate the terms of such ship sale and purchase agreements and conclude such and handle any matter relating to the ship sale and purchase agreements always in accordance with the relevant instructions.
  - Negotiate the terms of shipbuilding, retrofitting and repair contracts for the Group Companies' vessels and conclude such contracts, as well as handle any matter relating thereto.

- Monitor the collection of charter-hires payable in accordance with the Group Companies' vessels charterparties and the payment of any amount due under the Group Companies' vessels shipbuilding, retrofitting and repair contracts.
- Search for possible M&As.
- Search for finance of new acquisitions or refinance of existing indebtedness.
- Initiate equity or debt raising.
- Perform meetings with investors in respect of equity/debt raisings.
- Perform non-deal roadshows with respect to investor relations.
- Participate in Company and Listed Company quarterly result conference calls and investor calls.
- Present the Company and Listed Company in industry events.
- Communicate with shareholders.
- Monitor budget and performance of the Company and the Listed Company.
- Monitor cash balances and cash forecasts of the Company and the Listed Company.
- Monitor the efficient operation of the Company and the Listed Company.
- Review the Listed Company's public filings.
- Prepare the financial statements for the Company and the Listed Company in accordance with all regulatory requirements.
- Perform risk management by analyzing the Company's and the Listed Company's liabilities and investments.
- Ensure compliance with tax law and coordinate and produce all tax documentation as required.

#### **Reporting**

- To supervise with the Listed Company Group Executive Chairman, CEO, and CCO to:
  - Report to the board regularly on the operation of the Company's and Listed Company's businesses both at board meetings and at other times.
  - Provide such information to the board as they may require in order for the board to assess the performance of the business and the achievement of the agreed strategy and budget.



Global Ship Lease Services Limited

55 Bakers Street

Marylebone

London

W1U 7EU

Ian Webber  
Orchard House  
Bakers Lane  
Westleton  
Saxmundham  
Suffolk IP17 3AZ

29<sup>th</sup> September 2021

Dear Ian

**Amendment to your Service Agreement with the Company dated 1 June 2018 as Amended on 16 October 2018 (the Amended Service Agreement).**

Further to our recent discussions, the purpose of this letter is to record certain agreed amendments to the Amended Service Agreement.

Those amendments are detailed below:

Clause 17.2 of the Service Agreement is deleted and is replaced by the following new clause 17.2:

*"17.2 Save as otherwise may be agreed in writing by the Executive and the Company, this Agreement shall automatically terminate with immediate effect on 30 September 2025."*

Save as detailed in the letter, the Amended Service Agreement remains in full force and effect.

Please countersign this letter below to confirm your agreement to its terms. The amendment to the Amended Service Agreement detailed in this letter will come into force with effect from the date that you countersign this letter.

Yours sincerely

/s/ George Giouroukos

.....  
For and on behalf of  
Global Ship Lease Services Limited

I confirm my agreement to the terms of this letter.

/s/ Ian Webber  
Ian Webber

29 September 2021  
Dated



GSL ENTERPRISES LTD.

and

Thomas Lister

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**EMPLOYMENT AGREEMENT BETWEEN  
GSL ENTERPRISES LTD. AND THOMAS LISTER**

This Employment Agreement (this "**Agreement**") is effective as of the 3<sup>rd</sup> January 2022 (the "**Effective Date**") and is made between:

- (1) GSL ENTERPRISES LTD., whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH 969600 and has established a branch office in Greece pursuant to the provisions of art. 25 of Law 27/1975 (former law 89/67) at 3-5, Menandrou Street, Kifisia, Athens, 14561, Greece and 9, Irodou Attikou Street, Kifisia, Athens, 14561 Greece (the "**Company**"); and
- (2) THOMAS LISTER, an individual with British passport number 124845520 of Ekalis 20A, Kifissia 14561, Athens, Greece [*This agreement to be signed and dated only when Mr. Lister can be lawfully employed in Greece*] (the "**Executive**").

(the "**Parties**", each the "**Party**")

**WHEREAS**, the Executive has agreed, as an employee of the Company in a senior management position, to oversee and participate in the provision of services to the Company on the terms of this Employment Agreement particularly given his appointment as Chief Commercial Officer of the parent company Global Ship Lease, Inc., whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH 969600 and the address of principal executive offices is at 25 Wilton Road, London SW1V 1LW, United Kingdom and whose common stock has been registered pursuant to Section 12(b) of the United States Securities Exchange Act of 1934, as amended, and is listed on the New York Stock Exchange under the trading symbol "GSL", (the "**Listed Company**").

**OPERATIVE PROVISIONS**

**1. INTERPRETATION**

1.1 In this Agreement the following words and expressions shall have the following meanings:

"**the Board**" means the board of directors of the Company or the Listed Company, as the context may require; references to the "**Board of the Listed Company**" shall mean the Board of Directors of Global Ship Lease, Inc. or if appropriate the compensation committee thereof;

"**Change in Control Transaction**" means the consummation, following the date of the Merger (as defined below), of any of the following transactions:

- a. the acquisition, directly or indirectly, by any individual, partnership, firm, company, association, trust, unincorporated organization or other entity (a "Person"), or any Persons acting as a "group" within the meaning of Section I 3(d)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) (other than the

Listed Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Listed Company) of securities of the Listed Company representing more than 50% of the total combined voting power of the Listed Company's then outstanding securities entitled to vote in the election of the directors of the Listed Company (the "Voting Shares");

- b. the Listed Company disposing of all or substantially all of its assets;
- c. 10% or more of the value of the assets of the Listed Company, or the Voting Shares of the Listed Company are about to be transferred, or have been transferred, because of any taking, seizure, or defeasance as a result of, or in connection with (i) nationalization, expropriation, confiscation, coercion, force or duress, or other similar action under the laws of the Republic of the Marshall Islands, or (ii) the imposition by the Republic of the Marshall Islands of a confiscatory tax, assessment, or other governmental charge or levy;
- d. the merger of the Listed Company with or into another corporation or any other transaction in which securities possessing more than 50% of the total combined voting power of the Listed Company are transferred to a person or persons different from the persons holding those securities immediately prior to such transaction; or
- c. the Board by resolution duly adopted by the affirmative vote of a simple majority of the votes cast by the Board determines that for the purposes of this Agreement, a Change in Control Transaction has occurred; or
- f. there is a change in boardroom control of the Listed Company. A change in boardroom control for the purpose of this clause shall mean a change in the directors of the board of the Listed Company such that the majority of directors on the Board following such change are directors who were not directors immediately following the closing of the Mergers.

A transaction shall not constitute a Change in Control Transaction if its sole purpose is to change the state of the Listed Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Listed Company's securities immediately before such transactions.

"**Good Reason**" means (a) the assignment to the Executive by the Company or the Listed Company of any duties or responsibilities inconsistent with the Executive's position, including but not limited to, any change in title the effect of which results in the Executive having a lesser status than Chief Commercial Officer in the Listed Company, (b) a reduction in the Executive's base salary, (c) any change in location of the Company's principal administrative office or the Executive's normal place of work to be outside of Athens, (d) a Change in Control Transaction, (e) a Material Transaction or (f) any unilateral adverse/unfavourable variation of the employment terms of the Executive by the Company as defined by Greek labour law;

"**Group Company**" means the Company, the Listed Company, any company of which the Listed Company is a subsidiary (its holding company) and any other subsidiaries of the Listed Company or such holding company;

"**Material Transaction**" means any merger or acquisition (which is not a Change in Control Transaction) which is determined by the Board acting reasonably and in good faith to be a material merger or acquisition having a material impact on the ownership structure of the Group Companies;

"**Merger Agreement**" means the Agreement and Plan of Merger, dated as of 29 October, 2018, by and among the Listed Company, Poseidon Containers Holdings, LLC, K&T Marine, LLC and the other parties named therein.

"**Merger**" means the consummation of the mergers contemplated under the Merger Agreement;

"**Relevant Stock Exchange**" means the New York Stock Exchange and/or any other stock exchange, recognized investment exchange or automated quotation system on which any Group Company or any of their securities, as applicable, is listed, dealt in or admitted for trading;

"**Stock Incentive Plan**" means any outstanding equity incentive plan maintained by a Group Company;

"**Subsidiary Company**" means any Group Company other than the Company and the Listed Company;

"**Termination Date**" means the date of the termination of the employment of the Executive hereunder, howsoever caused;

1.2 In this Agreement (unless the context otherwise requires):

- (A) any reference to any statute or statutory provision shall be construed as including a reference to any modification, re-enactment or extension of such statute or statutory provisions of Greek labour law or the law of any other state as may be applicable in the context of the Executive's employment, for the time being in force or to any subordinate legislation made under the same;
- (B) any reference to a clause is to a clause of this Agreement;
- (C) the expression "directly or indirectly" means (without prejudice to the generality of the expression) either alone or jointly with or on behalf of any other person, firm or body corporate and whether on his own account or in partnership with another or others or as the holder of any interest in or as officer, employee or agent of or consultant to any other person, firm or body corporate.

1.3 The headings contained in this Agreement are for convenience only and do not form part of and shall not affect the construction of this Agreement or any part of it.

**2. APPOINTMENT**

- 2.1 The Company has appointed the Executive and the Executive agrees to serve the Company as Chartering Officer of the Company and shall report to the Board of the Listed Company. The Executive has also been appointed as the Chief Commercial Officer of the Listed Company.
- 2.2 The Executive warrants that by virtue of entering into this Agreement he will not be in breach of any express or implied terms of any contract with or of any other obligation to any third party which are binding upon him.

**3. TERM AND NOTICE**

- 3.1 The terms of this Employment Agreement shall be deemed effective as of the Effective Date and subject to the provisions of clause 17, this Agreement shall continue to be effective for an indefinite term unless and until terminated by:
- (A) the Company giving to the Executive not less than 12 months' written notice; or
  - (B) the Executive giving to the Company not less than 6 months' written notice, unless Executive's resignation is for Good Reason in which case the Executive shall have given to the Company not less than 14 days' written notice.
- 3.2 The Executive's employment may only be terminated by the Company under clauses 3.1(A) and 17 or otherwise, or placed on paid leave under clause 19.3, with (a) the affirmative vote of the majority of the members of the Board of the Listed Company; or (b) a decision of the Executive Chairman of the Listed Company.
- 3.3 The Company reserves the right at any time, in its absolute discretion but always subject to clause 3.2, to terminate the Executive's employment by paying to the Executive a sum equal to his salary and contractual benefits for the relevant period of notice specified in clause 3.1, simultaneously with the Severance Payment provided in clause 16.1(A) and the payment of any other amount as provided in clause 16.2.
- 3.4 It is expressly agreed that the terms of this Agreement relating to the termination of the employment (including without limitation under clauses 3.1(A), 3.2, 3.3 and 17) shall apply in addition to any rights or benefits provided by the applicable provisions of Greek labour law as in force from time to time (including Law 2112/1920 in conjunction with Law 3198/1955 as may be amended or replaced).

**4. DUTIES**

- 4.1 The Executive shall during the continuance of his employment:
- (A) exercise such powers and perform such duties in relation to the ship-brokerage business of the Company and mainly exercise such powers and perform such duties pertaining to the provision of ship-brokerage services

by the Company's branch office in Greece, always in accordance with its establishment license under Law 27/1975;

- (B) exercise such powers and perform such duties in relation to the business of the Company, of the Listed Company or of any Subsidiary Company as may from time to time be vested in or assigned to him by the Board, provided always that such new assignments do not constitute a unilateral adverse/unfavourable variation of the employment terms;
- (C) well and faithfully serve the Company, the Listed Company and any relevant Subsidiary Companies to the best of his ability and carry out his duties with all due care, skill and ability, and use his best endeavors to promote and maintain their interests and reputation;
- (D) be a Chartering Officer of the Company, and remain in such capacity without any additional remuneration (other than the amounts specified in this Agreement), being responsible among other matters for the day-to-day matters pertaining to the chartering of the Group Companies' vessels and the negotiation of the relevant charterparties and handling any matter relating to the vessels' charterparties;
- (E) act as Chief Commercial Officer of the Listed Company, and remain in such capacities without any additional remuneration, (other than the amounts specified in this Agreement);

4.2 The Executive will serve the Company, the Listed Company and any Subsidiary Company in such capacity as the Board shall determine from time to time. In performance of his duties the Executive shall:

- (A) normally perform his duties in 3-5 Menandrou Street, Kifissia, Athens, 14561 Greece or in 9, Irodou Attikou Street, Kifisia, Athens, 14561 Greece where the Company has an established ship-brokerage office pursuant to the provisions of art. 25 of Law 27/1975 (former law 89/67). However, due to the nature of the business of the Company and the Listed Company and the Executive's managerial position, the Executive agrees that he shall be required to travel and he may be required from time to time to work at other locations possibly in other countries for temporary periods as the position of the Executive may from time to time reasonably require, without such requirement constituting a unilateral adverse variation of the employment terms. The Company shall give reasonable notice of such temporary changes of place of work to the Executive;
- (B) in all respects conform to and comply with lawful directions and regulations given and made by the Board; and
- (C) in all respects conform to and comply with all relevant rules and/or codes issued by or on behalf of any Relevant Stock Exchange.

- 4.3 The Executive shall immediately upon the Company's request supply any and all information which the Listed Company or any other Group Company may reasonably require in order to be able to comply with any statutory or regulatory provision or stock exchange rule or requirement of any Relevant Stock Exchange.
- 4.4 The Executive shall comply with the Company's, the Listed Company's or any other Group Company's health and safety procedure from time to time in force.

## 5. SALARY

- 5.1 The Company shall pay to the Executive by way of remuneration for his services under this Agreement a basic net salary per annum of Sixty-Seven Thousand Two Hundred and Twenty-Seven Euros (€67,227) (the "**Basic Net Annual Salary**") inclusive of any director's fees payable to him by the Company or any other Group Company, if any. If the Company is required to deduct or withhold Employment Taxes (as defined below) with respect to the Basic Net Annual Salary, then the Company shall pay to the Executive, in addition to the Basic Net Annual Salary payment, such additional amount as is necessary to ensure that the net amount actually received by the Executive (after the deduction or withholding of Employment Taxes) equals the Basic Net Annual Salary. As used herein, "**Employment Taxes**" means any applicable withholdings or deductions for, or on account of, any present or future income taxes, employee national insurance or social security contributions or other statutory payments of any nature due in respect of his Basic Net Annual Salary and any other benefits provided to him by the Company, the Listed Company or any other Group Company provided such withholdings or deductions are required by applicable law. The Basic Net Annual Salary shall accrue from day to day and shall be payable in arrears on a 14-month basis in accordance with the applicable provisions of Greek employment law (and shall be paid pro rata where the Executive is only employed during part of a month). The Basic Net Annual Salary shall be reviewed by (with the outcome of such review being at the absolute discretion of) the Board of the Listed Company on or about 1 January in each calendar year without commitment to increase. The Executive's Basic Net Annual Salary shall not be decreased.
- 5.2 The Company shall be entitled to deduct from any sums payable to the Executive (including salary) such sums as the Executive notifies the Company in writing to pay directly into any personal pension scheme of the Executive which is additional to the State's pension scheme through national insurance contributions.
- 5.3 The Executive due to his senior managerial position, is not subject to the provisions of Greek labour law which are incompatible with the special position of supervision, management and trust he possesses. More specifically, he is not subject to the provisions relating to and will not be entitled to any additional remuneration or payment (unless as and to the extent otherwise provided in this Agreement including in particular without limitation clauses 5, 6, 7 and 11) in respect of working hours, overtime (yperergasia), overtime exceeding maximum working hours (yperoria), work at night, work on any banking or public holiday, work on the sixth day of the week or on Sundays, Christmas or Easter bonuses, annual leave allowance etc. In any event, if any claim in respect of the above exists or arises, or if there is any additional right, amount

or benefit provided by any collective bargaining agreement, such right or claim shall be set off with the amounts that the Executive receives under this Agreement to the fullest extent permitted by the law.

**6. EXPENSES**

The Company shall reimburse the Executive all reasonable traveling, hotel, entertainment and other out of pocket expenses incurred by him in or about the performance of his duties under this Agreement subject to his compliance with the Company's and the Listed Company's then current guidelines, if any, relating to expenses and to the production, if required, of receipts, vouchers or other supporting documents. Furthermore, the Company shall reimburse the Executive for all reasonable expenses incurred in connection with relocating both him and his family from the United Kingdom to Greece ("Out") in order for him to perform his duties under this Employment Agreement, and for all reasonable expenses incurred in relocating from Greece to the United Kingdom ("Back") upon termination of this Employment Agreement. Such reimbursements to the Executive shall include, without being limited to: two lump sum allowance payments of Fifteen Thousand Euros (€15,000) each to cover the movement of household effects Out and Back, fees and expenses arising from the receipt of Greek tax and legal advice on an ongoing basis, and fees and expenses incurred in finding and setting up accommodation in Greece.

**7. BONUS SCHEME**

The Executive will be entitled to participate in any contractual bonus scheme or schemes established from time to time by the Company, the Listed Company or any other Group Company for executives of equivalent status to the Executive, subject always to the rules of those schemes. Any agreement which shall contractually determine the terms pursuant to which the Executive shall be entitled to bonus payments out of the profits of the Company in accordance with the provisions of Law 4111/2013, art. 43 para.5 shall be hereafter referred to as the "Bonus Scheme Agreement".

**8. SHARE SCHEMES**

The Executive will be entitled to participate in such share schemes as the Company or the Listed Company or any other Group Company may operate upon such terms as the Board may from time to time determine and subject always to the rules and eligibility requirements of the scheme or schemes from time to time in force.

**9. HEALTH, LIFE AND MEDICAL INSURANCE**

9.1 The Executive shall during his employment be entitled to participate in, or procure (with the associated costs to be re-imbursed to the Executive by the Company) comparable cover to, any Group Company's:

- (A) permanent health insurance scheme; and
- (B) arrangements for private medical treatment or medical health insurance including spouse or partner or anyone living as such and dependent children under the age of 21 years; and

- (C) life assurance and income protection (together the "**Insurance Schemes**") operated from time to time by or for the Listed Company for the benefit of employees of the Listed Company or any other Group Company of equivalent status to the Executive, subject to any applicable rules and conditions of the Insurance Schemes. To the extent that there is any disparity between the rules and conditions of the relevant Insurance Scheme and the terms of this Agreement the relevant scheme rules and conditions shall prevail. The Listed Company shall not have any liability to pay any benefit to the Executive (or any family member) under any Insurance Scheme unless it receives payment of the benefit from the insurer under the scheme and shall not be responsible for providing the Executive (or any family member) with any benefit under an Insurance Scheme in the event that the relevant insurer refuses for whatever reason to pay or provide or to continue to pay or provide that benefit to the Executive (or family member).

9.2 Any Insurance Scheme which is provided for the Executive is also subject to the Listed Company's right to alter the cover provided or any term of that scheme or to cease to provide (without replacement) the scheme at any time if in the opinion of the Board (after the Executive has been examined by a medical practitioner nominated by the insurers or by the Listed Company) the state of the Executive's health is or becomes such that the Listed Company is unable to insure the benefits under the scheme at the normal premiums applicable to a person of the Executive's age.

## **10. ILLNESS**

10.1 In the event of illness or other incapacity beyond his control as a result of which he is unable to perform his duties, the Executive shall remain entitled to receive his salary in full for any continuous period of 3 months or an aggregate period of 90 days' absence in any consecutive 12 month period subject to:

- (A) compliance with the Company's procedures relating to sickness notification, statutory sick pay and self-certification to cover absence from work due to sickness or other incapacity and to the provision of medical certificates and/or (at the Company's discretion) undergoing a medical examination by a doctor appointed by the Company. The Executive shall co-operate in ensuring the prompt delivery of such report to the Company and authorize his own medical practitioner to supply all such information as may be required by that doctor and, if so requested by the Company, authorize his medical practitioner to disclose to the Company his opinion of the Executive's state of health;
- (B) a deduction (at the Company's discretion) from his salary of an amount or amounts equal to any statutory sick pay or social security benefits to which the Executive is entitled; and
- (C) a deduction (at the Company's discretion) from his salary of an amount or amounts equal to any payment made to the Executive under any health

insurance arrangements effected from time to time by the Company and/or any Group Company on his behalf.

**11. VACATION DAYS**

The Executive, despite his senior management position, shall be entitled to 25 working days of vacation (in addition to the official public holidays in Greece) in each calendar year commencing on 1 January in each year (which shall accrue on a monthly basis). Holidays shall be taken at such times as are reasonable and convenient having regard to the requirements of the Company's business.

- 11.2 If at the end of the calendar year the Executive has accrued vacation entitlement which he has not used he shall be entitled to carry forward an absolute maximum of up to 10 days into the following calendar year.
- 11.3 The Company reserves the right, at its absolute discretion, to require the Executive to take any outstanding vacation days during any notice period.
- 11.4 On termination of the Executive's employment (howsoever occasioned), if the Executive has taken more or less than his annual vacation entitlement an appropriate adjustment shall be made to any payment of salary or benefits from the Company to the Executive. In this event the calculation shall be made on the basis that each day of vacation is worth 1/260 of his basic salary as set out in clause 5.1.

**12. [INTENTIONALLY OMITTED]**

**13. CONFIDENTIAL AND BUSINESS INFORMATION**

- 13.1 In addition to and without prejudice to the Executive's obligations to keep information secret under applicable law, the Executive shall not (except for the purpose of performing his duties hereunder or unless ordered to do so by a court of competent jurisdiction) either during his employment or after its termination directly or indirectly use, disclose or communicate Confidential and Business Information and he shall use his best endeavors to prevent the improper use, disclosure or communication of Confidential and Business Information:
  - (A) concerning the business of the Company, the Listed Company or any other Group Company and which comes to the Executive's attention during the course of or in connection with his employment or provision of services to the Company, the Listed Company or any other Group Company from any source within the Company, the Listed Company or any other Group Company; or
  - (B) concerning the business of any person having dealings with the Company, the Listed Company or any other Group Company and which is obtained in circumstances in which the Company, the Listed Company or any other Group Company is subject to a duty of confidentiality in relation to that information.

- 13.2 For the purposes of clause 13.1, Confidential and Business Information means:
- (A) any information of a confidential nature (whether trade secrets, other private or secret information including secrets and information relating to corporate strategy, business development plans, product designs, intellectual property, business contacts, terms of business with customers and potential customers and/or suppliers, annual budgets, management accounts and other financial information); and/or
  - (B) any confidential report or research undertaken by or for the Company, the Listed Company or any other Group Company before or during the course of the Executive's employment; and/or
  - (C) lists or compilations of the names and contact details of the individuals or clients and counterparts with whom the Company, the Listed Company or any other Group Company transacts business; and/or
  - (D) the previous 18 months' financial results of any individual part of the business of the Company, the Listed Company or any other Group Company; and/or
  - (E) details of all computer systems and/or data processing or analysis software developed by the Company, the Listed Company or any other Group Company; and/or
  - (F) details of the requirements, financial standing, terms of business and dealings with any Company, the Listed Company or any other Group Company of any client of the Company, the Listed Company or any other Group Company; and/or
  - (G) contact details of all employees and directors of the Company, the Listed Company or any other Group Company together with details of their remuneration and benefits; and/or
  - (H) information so designated by the Company, the Listed Company or any other Group Company or which to the Executive's knowledge has been supplied to the Company, the Listed Company or any other Group Company subject to any obligation of confidentiality.
- 13.3 The restrictions contained in this clause 13 shall cease to apply with respect to any information which would otherwise have been Confidential and Business Information but which comes into the public domain or is otherwise in the possession of Executive's affiliates other than through an unauthorized disclosure by the Executive or a third party.
- 13.4 The obligations of the Executive under this clause 13 shall continue to apply after the termination of the Executive's employment (howsoever terminated).

**DATA PROTECTION**

- 14.1 The Parties hereby confirm and agree that they are committed to complying with the principles and requirements of the EU General Data Protection Regulation (GDPR).
- 14.2 The Executive hereby acknowledges that:
- (A) the Company will collect and process information about the Executive, such as the Executive's name and contact details as well as more sensitive information, for various purposes in connection with the Executive's employment, including to manage benefits and payments, to manage expenses, to manage recruitment and on-boarding, to manage absences, for security purposes, to handle claims and disciplinary actions, to monitor performance and use of the IT systems, to conduct certain background checks and to comply with the Company's legal obligations;
  - (B) the Company will collect from the Executive and store personal data about the Executive's next of kin, such as their name and contact details, for use in emergency situations, and the Executive agrees that he has informed such individuals that their details have been provided to the Company;
  - (C) the Company may pass the Executive's information to third parties such as the Executive's previous employers, companies for which the Executive provided services, public authorities, law enforcement agencies, fraud prevention agencies and regulators who use it in connection with the purposes set out above. The Company may also pass the Executive's information to third party agents who handle it on behalf of the Company; and/or
  - (D) depending on the circumstances, the Company's use of personal data may involve a transfer of data outside the EU (and the European Economic Area).
- 14.3 The Listed Company's privacy notice, which shall also be applicable to the employment of the Executive by the Company gives more details of the personal information about the Executive and the Executive's next of kin that the Company collects and processes. The Executive confirms that he has read the notice. The privacy notice does not form part of the terms and conditions of the Employment, and the Company reserves the right to amend it from time to time and to update the uses of personal data listed above and in the privacy notice.
- 14.4 The Executive shall comply with Company, the Listed Company and other Group Company policies relating to data privacy when handling personal data in the course of the employment, including personal data relating to any employee, customer, client, supplier or agent of the Company. The Executive will also comply with the Company, the Listed Company and other Group Company policies from time to time in place relating to IT and communications systems, use of social media and other policies as included from time to time.

14.5 Failure to comply with Company, the Listed Company and other Group Company policies relating to data privacy or any of the policies listed above in clause 14.3 may be dealt with under the Company's disciplinary procedure and, in serious cases, may be treated as gross misconduct leading to summary dismissal.

15. [INTENTIONALLY OMITTED]

16. **TERMINATION**

16.1 If the Executive resigns for Good Reason, or the Company terminates Executive's employment for any reason whatsoever other than for Cause (as defined below in clause 17.1):

(A) the Executive will (subject to clause 16.3), be entitled to receive within 7 days of the Termination Date a net severance payment (the "**Severance Payment**") of an amount equal to:

(i) his latest Basic Net Annual Salary; and

(ii) the "Performance Bonus" (as defined in the applicable Bonus Scheme Agreement); and

(iii) any "Additional Bonus" (as defined in the applicable Bonus Scheme Agreement) that the Executive had been awarded for the year preceding the termination of the Executive's employment under this clause 16.1, prorated daily on the basis of the days for which the Executive was employed during the year of his termination; and

(iv) the cost of the Company of the provision of contractual benefits to the Executive for 12 months following the Termination Date.

To the extent that the above amounts exceed and cover the statutory severance payment provided by Greek labour law (pursuant to Law 2112/1920 in conjunction with Law 3198/1955), it is clarified that the Executive shall not be entitled to receive such statutory severance payment. In any event, it is expressly agreed and accepted by the Executive that any statutory severance entitlement under Greek labour law shall be set-off against the Severance Payment agreed in this clause 16.1.

(B) In addition, the Company shall use reasonable endeavors to procure that (i) the Executive receives the full benefit of any awards under the Stock Incentive Plan and/or any Cash Award Agreement (including, without limitation, any acceleration of vesting or extension of the post-termination exercise term of the Executive's awards as provided for in the applicable award agreement) and (ii) he is treated as being a "Good Leaver" (as defined in the relevant scheme(s) and subject always to the rules and provisions of such scheme(s)) for the purposes of any other applicable bonus or incentive scheme (besides the Stock Incentive Plan) which is operated by the

Company, the Listed Company or any other Group Company from time to time and in which the Executive is participating as at the Termination Date.

- 16.2 For the avoidance of doubt, any Severance Payment payable under clause 16.1 shall be in addition to any payments, rights or benefits accrued in respect of services already provided, including, without limitation, (a) any Basic Net Annual Salary paid, and provision of contractual benefits, to the Executive up to the Termination Date, including any Basic Net Annual Salary paid, and provision of contractual benefits, to the Executive during any part of his contractual notice period which he is required to work or during which he is placed on garden leave; and (b) the payment of a pro-rated portion of the Executive's "Performance Bonus" (as defined in the applicable Bonus Scheme Agreement) on the basis of the days of the calendar year during which the Executive was employed up to the Termination Date; and (c) any other unpaid bonus in accordance with the terms of the Bonus Scheme Agreement or otherwise; and (d) any payment in lieu of notice made to the Executive pursuant to clause 3.3. If the Company is required to deduct or withhold Employment Taxes with respect to amounts paid under clauses 16.1 and 16.2, then the Company shall pay to the Executive, in addition to the Severance Payment and the amounts under this clause 16.2, such additional amount as is necessary to ensure that the net amount actually received by the Executive (after the deduction or withholding of Employment Taxes) equals the Severance Payment and the amounts in this clause 16.2.
- 16.3 The Company's obligations under clause 16.1 are subject to and conditional on:
- (A) the Executive entering into, and complying with the terms of, a settlement agreement with the Company in a form reasonably satisfactory to the Company and the Executive pursuant to which the Executive will waive all claims that he may have against the Company, the Listed Company or any other Group Company arising from his employment or its termination and any directorships or other offices and their termination; and
  - (B) the Executive's compliance with his material obligations under this Agreement (including, but not limited to, his obligations under clause 13). In the event that the Executive commits any breach of such material obligations, the Company shall be released from its obligations under clause 16.1, and in the event that the Executive commits any such breach following receipt of any payment pursuant to clause 16.1, or the Company becomes aware of any such breach following the Executive having received a payment under clause 16.1, an amount equal to the payment made under clause 16.1 shall be immediately repayable by the Executive to the Company as a debt.
- 16.4 In the event of a dispute between the Parties as to whether there was Cause to terminate Executive's employment or there was Good Reason for Executive to resign, the full amount of termination payments under clause 16.1 shall be placed into escrow until such time that there is a judgment by a court of competent jurisdiction that Cause or Good Reason existed, or the Parties otherwise agree in writing that the amount may be released.

- 16.5 In the event of death of the Executive, the Company's obligations hereunder shall automatically cease and terminate; provided, however, that within fifteen (15) days the Company shall pay to the Executive's heirs or personal representatives the Executive's basic salary and any unpaid bonuses (in accordance with the terms of the applicable Bonus Scheme Agreement) accrued to the date of death including, for the avoidance of doubt, the Severance Payment and any other amounts payable to the Executive under this Agreement as if the Executive had resigned for Good Reason; until the final determination of the identity of the heirs, the Company shall have the right to deposit any such amount with a third party escrow agent appointed by the Company or with the Greek Deposits and Loans Fund.

**17. SUMMARY TERMINATION**

- 17.1 The employment of the Executive may be terminated by the Company without notice or payment (to the fullest extent permitted under the law, in which case, for the avoidance of doubt, the provision of art. 5(1) second sentence of Law 3198/1955 shall be applicable) for "Cause", which shall mean:
- (A) the Executive is guilty of misconduct or commits any serious breach or nonobservance of any of the provisions of this Agreement or of his obligations to the Company, the Listed Company or any other Group Company (whether under this Agreement or otherwise) or of any lawful acts or directions of the Board or relevant rules and/or codes issued by or on behalf of any Relevant Stock Exchange or is guilty of any continued or successive breaches or non-observance of any of such provisions, obligations, acts or directions, rules and/or codes, in spite of written warning to the contrary by the Board;
  - (B) the Executive is in the reasonable opinion of the Board of the Listed Company or the Executive Chairman negligent or incompetent in the performance of his duties;
  - (C) the Executive is adjudged bankrupt;
  - (D) the Executive is guilty of any fraud or dishonesty or acts in any manner which in the reasonable opinion of the Board of the Listed Company or the Executive Chairman brings or is likely to bring the Company, the Listed Company or any other Group Company into disrepute or is materially adverse to the interests of the Company, the Listed Company or any other Group Company;
  - (E) the Executive performs any act or omission which in the reasonable opinion of the Board of the Listed Company or the Executive Chairman may seriously damage the interests of the Company, the Listed Company or any other Group Company or willfully or negligently breaches any legislation or any regulation to which the Company, the Listed Company or other Group Company may be subject, which may result in any penalties being

imposed on him or any Directors of the Company, the Listed Company or other Group Company.

- (F) the Executive becomes prohibited by law or is disqualified from being a director or officer of a company;
  - (G) the Executive is convicted of any criminal offense by a court of competent jurisdiction (other than a minor offense for which a fine or other noncustodial penalty is imposed);
  - (H) the Executive commits any act of deliberate discrimination or harassment on grounds of race, sex, disability, sexual orientation, religion or belief or age;
  - (I) the Executive is adjudged of unsound mind or a patient for the purpose of any statute relating to mental health; or the Executive commits any other act warranting summary termination under applicable law including (but not limited to) any act justifying dismissal without notice in the terms of the Company's generally-applicable Disciplinary Rules in place from time to time.
- 17.2 The Company shall not terminate Executive's employment for Cause unless Executive is provided written notice of the alleged grounds for Cause under sub-clauses (A), (B), (C), (E), or (J) and a thirty (30) day period to cure.
- 17.3 The termination of the Executive's employment hereunder for whatsoever reason shall not affect those terms of this Agreement which are expressed to have effect after such termination and shall be without prejudice to any accrued rights or remedies of the Parties.
- 17.4 On the termination of the Executive's employment either summarily or otherwise, or at any other time in accordance with instructions given to him by the Board of the Listed Company or the Executive Chairman, the Executive will immediately return to the Company all equipment, correspondence, records, specifications, software, models, notes, reports and other documents and any copies thereof and any other property belonging to the Company, the Listed Company or any other Group Company (including but not limited to credit cards, keys and passes) which are in the Executive's possession or under his control.
- 17.5 On the termination of the Executive's employment either summarily or otherwise, or at any other time in accordance with instructions given to him by the Board of the Listed Company or the Executive Chairman, the Executive will immediately irretrievably delete any information relating to the business of the Company, the Listed Company or any other Group Company stored on any magnetic or optical disk or memory and all matter derived from such sources which is in his possession or under his control outside the premises of the Company, the Listed Company or any other Group Company.

- 17.6 Upon the request of the Board of the Listed Company, the Executive will provide a signed written statement that he has fully complied with his obligations under clauses 17.4 and/or 17.5 and the Company may withhold any sums owing to the Executive on the Termination Date until the obligations in clause 17.4 and/or 17.5 have been complied with.

## 18. INVENTIONS AND IMPROVEMENTS

- 18.1 For the purposes of this clause 18 the following words and expressions shall have the following meanings:

**"Intellectual Property Rights"** means (i) copyright, patents, know-how, confidential information, database rights, and rights in trademarks and designs (whether registered or unregistered), (ii) applications for registration, and the right to apply for registration, for any of the same, and (iii) all other intellectual property rights and equivalent or similar forms of protection existing anywhere in the world;

**"Invention"** means any method, idea, concept, experimental work, theme, invention, discovery, process, model, formula, prototype, sketch, drawing, plan, composition, design, configuration, improvement or modification of any kind conceived, developed, discovered, devised or produced by the Executive alone or with one or more other employees of the Company (or the Listed Company or any other Group Company) during his employment and which pertains to or is actually or potentially useful to the activities from time to time of the Company (or the Listed Company or any other Group Company) or any product or service of the Company (or the Listed Company or any other Group Company).

- 18.2 The Executive shall promptly disclose and deliver to the Company in confidence full details of each Invention (whether or not it was made, devised or discovered during normal working hours or using the facilities of the Company or the Listed Company), to enable the Company to determine whether rights to such Invention vest in the Company, upon the making, devising or discovering of the same and shall at the expense of the Company give all such explanations, demonstrations and instructions as the Company may deem appropriate to enable the full and effectual working, production and use of the same.
- 18.3 The Executive hereby assigns (in so far as title has not automatically vested in the Company through the Executive's employment) to the Company with full title guarantee by way of future assignment all copyright, database right, design right and other similar rights for the full terms (including any extension or renewals thereof) thereof throughout the world in respect of all works, designs or materials (including, without limitation, source code and object code for software) originated, conceived, written or made by the Executive during the period of his employment (except only those works or designs originated, conceived, written or made by the Executive wholly outside his normal working hours which are wholly unconnected with any business activity undertaken or planned to be undertaken by the Company, the Listed Company or any other Group Company) to hold unto the Company absolutely. The aforementioned assignment shall include the right to sue for damages and/or other remedies in respect of any infringement (including prior to the date hereof).

- 18.4 The Executive hereby irrevocably and unconditionally waives in favor of the Company for any work in which copyright or design right is vested in the Company whether by this clause 18 or otherwise.
- 18.5 The Executive shall, without additional payment to him (except to the extent provided by applicable law) at the request and expense of the Company and whether or not during the continuance of his employment, promptly execute all documents and do all acts, matters and things as may be necessary or desirable to enable the Company or its nominee to obtain, maintain, protect and enforce any Intellectual Property Right vested in the Company in any or all countries relating to the Intellectual Property Right and to enable the Company to exploit any Intellectual Property Right vested in the Company.
- 18.6 The Executive shall not do anything (whether by omission or commission) during his employment or at any time thereafter to affect or imperil the validity of any Intellectual Property Right obtained, applied for or to be applied for by the Company, the Listed Company or their nominees, and in particular the Executive shall not disclose or make use of any Invention which is the property of the Company or the Listed Company without the prior written consent of the Company. The Executive shall during or after the termination of his employment with the Company, at the request and expense of the Company, provide all reasonable assistance in obtaining, maintaining and enforcing such Intellectual Property Right or in relation to any proceeding relating to the Company's or the Listed Company's right, title or interest in any such Intellectual Property Right.
- 18.7 Without prejudice to the generality of the above clauses, the Executive hereby irrevocably authorizes the Company to appoint a person to be his attorney in his name and on his behalf to execute any documents and do any acts, matters or things as may be necessary for or incidental to grant the Company the full benefit of the provisions of this clause 18.
- 18.8 The obligations of the Executive under this clause 18 shall continue to apply after the termination of his employment (howsoever terminated).
- 18.9 For the avoidance of doubt, nothing in this Agreement shall oblige the Company (or the Listed Company or any other Group Company) to seek protection for or exploit any Intellectual Property Right.

**19. GRIEVANCE AND DISCIPLINARY PROCEDURES**

- 19.1 In the event of the Executive wishing to seek redress of any grievance relating to his employment he should lay his grievance before the Board or the board of directors of the parent company of any group of which the Company or the Listed Company is a member from time to time (in this clause 19, "Ultimate Board") in writing, who will afford the Executive the opportunity of a full hearing before the board or a committee of the board or the Ultimate Board (as appropriate) whose decision on such grievance shall be final and binding.

- 19.2 The Company's and the Listed Company's usual disciplinary procedures do not apply to the Executive. In the event that any disciplinary action is to be taken against the Executive, any hearing in respect thereof will be conducted by such director of the Company, the Listed Company or the parent company of any group of which the Company or the Listed Company is a member from time to time as the Board or the Ultimate Board may in its reasonable discretion nominate. If the Executive seeks to appeal against any disciplinary action taken against him he should do so to the Ultimate Board submitting full written grounds for his appeal to the Chairman of the Ultimate Board within 7 days of the action appealed against. The decision of the Ultimate Board or a delegated committee thereof shall be final and binding. For the avoidance of doubt, the Executive has no contractual right to either a disciplinary hearing or appeal.
- 19.3 The Company may in its absolute discretion suspend the Executive from some or all of his duties (and if applicable, from the Board) and/or require him to remain away from work during any investigation conducted into an allegation relating to the Executive's conduct or performance. During such period, the Executive's salary will continue to be paid and he will continue to be entitled to all benefits provided to him, including participating in any relevant bonus or share option schemes subject always to the rules of those schemes.

**20. GENERAL**

- 20.1 No failure or delay by either party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof nor shall any single or partial exercise by either party of any right, power or privilege hereunder preclude any further exercise thereof or the exercise of any other right, power or privilege.
- 20.2 The Executive shall have no claim against the Company, the Listed Company or any other Group Company in respect of the termination of his employment hereunder in relation to any provision in any Stock Incentive Plan which has the effect of requiring the Executive to sell, transfer or give up any shares, securities, options or rights issued to him thereunder at any price or which causes any options or other rights granted to him thereunder to become prematurely exercisable or to lapse by reason of his termination or because he has given or received notice of termination.
- 20.3 Any term of any collective agreements which may affect adversely (against the Executive) the terms and conditions of the employment of the Executive hereunder shall not be applicable.
- 20.4 For the avoidance of doubt any payments made to or other benefits provided to the Executive or his family which are not expressly referred to in this Agreement shall be regarded as payments or benefits provided in the ordinary course of business of the Company and, unless express notice of revocation of such payments or benefits is given to the Executive, they shall be deemed to form part of the Executive's contract of employment.
- 20.5 If any clause or provision in this Agreement is found by a court of competent jurisdiction or other competent authority to be invalid, unlawful or unenforceable then

such clause or provision shall be severed from the remainder of the Agreement or clause and that remainder shall continue to be valid and enforceable to the fullest extent permitted by law. In that case, the Parties shall negotiate in good faith to replace any invalid, unlawful or unenforceable clause or provision with a suitable substitute clause or provision which maintains as far as possible the purpose and effect of this Agreement.

- 20.6 This Agreement may be executed in any number of counterparts, each of which when executed, shall be an original, and all the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page of a counterpart by facsimile transmission or by electronic mail in Adobe TM Portable Document Format (PDF), shall take effect as delivery of an executed counterpart of this Agreement.
- 20.7 No term of this Agreement is enforceable by a third party who is not a party to this Agreement.
- 20.8 No amendment, modification or waiver of this Agreement or any of its provisions shall be binding upon the Parties hereto unless made in writing and duly signed by the Parties.
- 20.9 Any amendment or change on the applicable law including without limitation tax and social security laws occurring after the date of this Agreement which may adversely affect any amount payable to the Executive by the Company under this Agreement, shall be for the Company's account in its capacity as employer which shall be obliged to gross up any such amount payable to the Executive accordingly so that the net amount received by the Executive from time to time remains the same.

## 21. NOTICES

- 21.1 Without prejudice to any other mode of service provided under the law, any notice or communication given or required under this Agreement may be served by personal delivery or by leaving the same at or by sending the same through the recognized international overnight delivery service in the case of the Company to its registered office from time to time and in the case of the Executive to his aforesaid address or to the address provided from time to time by the Executive to the Company for the purposes of its employment records.
- 21.2 Any notice sent by recognized international overnight delivery service shall be deemed to have been served 3 business days after the time of depositing such notice with the recognized international overnight delivery service for next day delivery.
- 21.3 **Process agent (antiklitos).** The Company irrevocably appoints Ms. Lida Papadi, presently at 3-5, Menandrou Street, Kifisia, Athens, 14561 Greece, to act as its agent to receive and accept on its behalf any process or other document relating to any proceedings in the Greek courts which are connected with this Agreement.

22. **EXTENT AND SUBSISTENCE OF AGREEMENT**

22.1 This Agreement supersedes all other agreements other than those expressly referred to in this Agreement whether written or oral between the Company and the Executive relating to the employment of the Executive. The Executive acknowledges and warrants to the Company that he is not entering into this Agreement in reliance upon any representation not expressly set out herein.

23. **GOVERNING LAW AND JURISDICTION**

23.1 This Agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with Greek law. In case of conflict between the terms of this Agreement and the provisions of Greek law, this Agreement shall prevail to the extent that its terms are more favorable for the Executive.

23.2 The Parties agree to submit to the exclusive jurisdiction of the Courts of Piraeus, Greece as regards any dispute or claim arising out of or in connection with this Agreement or its subject matter or formation (including non-contractual disputes or claims).

**IN WITNESS** whereof a duly authorized representative of the Company and the Executive have executed this Agreement on the .... 2021 and hereby confirm that this Agreement is effective as of the Effective Date.

**EXECUTED** by the Company

acting by Georgios Giouroukos, a Director

)  
)

/s/ Georgios Giouroukos

the said **Thomas Lister**

)  
)

/s/ Thomas Lister

**COUNTERSIGNED, AGREED and ACCEPTED** by the Listed Company

acting by Ian Webber, CEO

)  
)

/s/ Ian Webber



Dated as of [●]

[●]  
as Owners

- and -

**TECHNOMAR SHIPPING INC**  
as Supervision Managers

-----  
FORM OF SUPERVISION AGREEMENT  
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**THIS SUPERVISION AGREEMENT** is made as of [●].

**BETWEEN:**

- (1) [●], a limited liability company incorporated in the Republic of Liberia and having its registered office at 80 Broad Street, Monrovia, Liberia (the “**Owners**”); and
- (2) **TECHNOMAR SHIPPING INC.**, a company incorporated in the Republic of Liberia and having its registered office at 80 Broad Street, Monrovia, Liberia and an established office at 3-5 Menandrou Str. Kifissia 14561, Athens, Greece (the “**Supervision Managers**”).

**WHEREAS:**

- (A) The Owners are to be the registered owners of the vessel [●] (**to be renamed**) with IMO no. [●] (the “**Vessel**”).
- (B) The Owners wish to appoint the Supervision Managers to provide or arrange the provision of various supervision and other services, including those specified in the Schedules hereto, on the terms and subject to the conditions of this Agreement, which appointment the Supervision Managers are willing to accept on the terms and subject to the conditions of this Agreement.

**IT IS AGREED:**

**1. DEFINITIONS AND INTERPRETATION**

- (A) In this Agreement:

“**Administrative & Support Services**” means the services set out in Schedule 3.

“**Affiliate**” means, with respect to a specified Person, any Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with the specified Person.

“**Change in Majority Interests or Control**” means (i) a transaction or series of transactions involving the sale, transfer or other disposition of equity interests in the Owners or in any of its direct or indirect parent companies (including, without limitation, any transfer by the current owners of equity interests in the Parent), to one or more Persons that are not, immediately prior to such sale, Affiliates of the Parent, of more than 50% of the beneficial equity or voting interests in the Owners or in any such parent companies; (ii) a transaction or series of transactions involving the sale, transfer or other disposition of all or substantially all of the assets of the Owners or any of its direct or indirect parent companies (including, without limitation, the Parent) to one or more Persons that are not, immediately prior to such sale, transfer, or other disposition, Affiliates of the Parent; (iii) any merger, consolidation or other business combination of the Owners or any of its direct or indirect parent companies (including, without limitation, the Parent) in which the current owners of equity interests in the Parent immediately after such transaction cease to own more than 50% of the equity or voting interests in the Parent (or equity or voting interests of its successors) or the Parent ceases to directly or indirectly own more than 50% of the equity or voting interests in the Owners or its parent companies (or equity or voting interests of their successors) as a result of such transaction; or (iv) George Giouroukos's employment as Executive Chairman of the Parent is terminated by the Parent.

“**Charter**” means a charter party agreement between the Owner that relates to the Vessel (including any voyage or spot charters), and “**Charters**” means all such charter party agreements.

**“Charterer”** means any Person, other than the Owner, that has entered or is to enter into, or assumed or assume the obligations under, by novation or otherwise, a Charter.

**“Commercial Managers”** means Conchart Commercial Inc., a Marshall Islands corporation.

**“Commercial Management Agreement”** means the agreement with respect to the commercial management of the Vessel made between the Owner on the one hand and the Commercial Managers on the other hand, as may be amended or supplemented from time to time.

**“Confidential Information”** means all information (of whatever nature and however recorded or preserved) which:

- (a) was disclosed by the Owners to the Supervision Managers, whether before or after the date of this Agreement, as a result of the discussions leading up to this Agreement, entering into this Agreement or the performance of this Agreement and is designated as “confidential information” by the Owners at the time of disclosure; or
- (b) is information which relates to existing or proposed operations, business plans, market opportunities and business affairs of the Owners or their Affiliates and is clearly confidential from its nature and/or the circumstances in which it was imparted would be regarded as being confidential by a reasonable business person; or
- (c) is clearly confidential from its nature and/or the circumstances in which it was imparted, and including information which relates to the commercial affairs, business (including but not limited to any information considered to be price sensitive information by the Owners), finances, infrastructure, products, services, developments, inventions, trade secrets, know-how, personnel, or contracts of, and any other information relating to, the Owners or their Affiliates (or their respective customers); or
- (d) any information referred to in (a) to (c) above disclosed on the Owners’ behalf by their Affiliates; and
- (e) information extracted, copied or derived from information referred to in (a) to (d) above.

**“Control”** or **“Controlling”** or **“Controlled by”** means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

**“Crew”** means the master, officers, employees and other crew members of the Vessel.

**“Crew Insurances”** means insurance of liabilities in respect of crew risks which shall include but not be limited to death, permanent disability, sickness, injury, repatriation, shipwreck unemployment indemnity and loss of personal effects (see Clause 14 (b) (iii) and Schedule 2).

**“Crew Management Agreement”** means the management agreement between the Owner and the Crew Manager dated 10 June 2021, as may be amended or supplemented from time to time.

**“Crew Management Services”** has the meaning set forth in Schedule 1.

**“Crew Manager”** means the crew manager appointed by the Owner being Northern Light Crew Management Limited of Hong Kong.

**“Dollars”** and **“US\$”** means the lawful currency of the United States of America.

**“Flag State”** means the State whose flag the Vessel is flying.

**“Governmental Entity”** means and includes (whether having a distinct legal personality or not) any national or local government authority, board, commission, department, division, organ, instrumentality, court or agency and any association, organisation or institution of which any of the foregoing is a member or to whose jurisdiction any of the foregoing is subject or in whose activities any of the foregoing is a participant.

**“Group”** means the Parent and all of its Subsidiaries, or any one of them as the context might require.

**“Insurance, Freight and Claims Handling Services”** means the services set out in Schedule 2.

**“ISM Code”** means the International Management Code for the Safe Operation of Ships and for Pollution Prevention and any amendment thereto or substitution therefor.

**“ISPS Code”** means the International Code for the Security of Ships and Port Facilities and the relevant amendments to Chapter XI of SOLAS and any amendment thereto or substitution therefor.

**“Supervision Period”** means the period commencing on the date of delivery of the Vessel to the Owner by [●] as evidenced by the protocol of delivery and acceptance in respect of the Vessel and continuing until this Agreement is terminated in accordance with Clauses 13 and 14.

**“Manager Change of Control”** means (i) a transaction or series of transactions involving the sale, transfer or other disposition by George Giouroukos to one or more Persons that are not, immediately prior to such sale, Affiliates of George Giouroukos, of more than 50% of the equity interests in the Supervision Managers; or (ii) any merger, consolidation or other business combination of the Supervision Managers in which George Giouroukos immediately after such transaction ceases to own more than 50% of the equity interests in the Supervision Managers (or equity interests of their successors) as a result of such transaction.

**“Parent”** means Global Ship Lease, Inc., a Marshall Islands corporation.

**“Parties”** means the parties to this Agreement and Party means any of them.

**“Person”** means any individual, corporation, association, partnership (general or limited), joint venture, trust, estate, limited liability company, or other legal entity or organization.

**“Services”** means the services to be provided by the Supervision Manager pursuant to this Agreement, including without limitation (i) the Technical, Drydock and Supervision Services, (ii) the Insurance, Freight and Claims Handling Services and (iii) the Administrative & Support Services.

**“SMS”** means the Safety Management System (as defined by the ISM Code).

**“STCW 95”** means the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1978, as amended in 1995 and any amendment thereto or substitution therefor.

**“Subsidiary(ies)”** means, with respect to any Person, (a) a corporation of which more than 50% of the voting power of shares entitled (without regard to the occurrence of any contingency) to vote in the election of directors or other governing body of such corporation is owned, directly or indirectly, at the date of determination, by such Person, by one or more Persons Controlled by such Person or a combination thereof, (b) a partnership (whether general or limited) in which such Person or a Person Controlled by such Person is, at the date of determination, a general or limited partner of such

partnership, but only if more than 50% of the partnership interests of such partnership (considering all of the partnership interests of the partnership as a single class) is owned, directly or indirectly, at the date of determination, by such Person, one or more Persons Controlled by such Person, or a combination thereof, or (c) any other Person (other than a corporation or a partnership) in which such Person, one or more Persons Controlled by such Person, or a combination thereof, directly or indirectly, at the date of determination, has (i) at least a majority ownership interest or (ii) the power to elect or direct the election of a majority of the directors or other governing body of such Person.

**“Technical, Drydock and Supervision Services”** means the services set out in Schedule 1.

**“Technical Management Agreement”** means the management agreement between the Owner and the Technical Manager dated 10 June 2021 as may be amended or supplemented from time to time.

**“Technical Manager”** means the technical manager appointed by the Owner, being Boden Denizcilik A.Ş. of Turkey.

**“Technical Management Services”** has the meaning set forth in Schedule 1.

(B) In this Agreement:

- (i) words denoting the plural numbers include the singular and vice versa;
- (ii) words denoting persons include corporations, partnerships, associations of persons (whether incorporated or not) or governmental or quasi-governmental bodies or authorities and vice versa;
- (iii) the index and heading to the clauses and appendices to this Agreement are for convenience only and shall not affect its construction or interpretation;
- (iv) references to Clauses and the schedules and the appendix are to clauses of, and the Schedules and Appendix to, this Agreement, the Schedules and the Appendix form part of this Agreement;
- (v) references to this Agreement include its recitals, Schedules and Appendix;
- (vi) references to days are references to calendar days unless expressly stated to the contrary; and
- (vii) references to the Owners and the Supervision Managers include their successors, transferees and assignees.

## 2. APPOINTMENT

- (a) The Owners hereby appoint the Supervision Managers to provide the Services for the duration of the Supervision Period and the Supervision Managers agree to provide the Services to the Owners in accordance with the terms of this Agreement.
- (b) The Supervision Managers shall undertake the Services solely as agents for and on behalf of the Owners.

- (c) The Supervision Managers shall have the authority to take such actions as it may from time to time in their reasonable discretion consider to be necessary to enable it to perform the Services in accordance with this Agreement, including but not limited to compliance with all relevant rules and regulations.

### **3. SUPERVISION MANAGERS' OBLIGATIONS**

- (a) The Supervision Managers undertake to use their best endeavours to provide the Services as agents for and on behalf of the Owners in accordance with sound ship management practice and to protect and promote the interests of the Owners in all matters relating to the provision of services hereunder. In performing and discharging its obligations, duties and liabilities under this Agreement, the Supervision Managers shall act in accordance with all instructions communicated to it by the Owners and the Supervision Managers shall at all times serve the Owners faithfully and diligently.

The Supervision Manager shall employ commercial endeavours to procure that the Technical Manager undertakes the technical management services (including the Technical Management Services) pursuant to the Technical Management Agreement and that the Crew Manager undertakes the crew management services (including the Crew Management Services) pursuant to the Crew Management Agreement for the Vessel in accordance with sound ship management practice and this Agreement and to protect and promote the interests of the Owner in all matters relating to the provision of the such services.

Notwithstanding anything herein to the contrary and for the avoidance of doubt, the parties acknowledge that the Supervision Managers shall continue to act as a technical manager and or supervision manager with respect to vessels owned or operated by either the Owners, the Parent, or their respective Subsidiaries or by third persons. In addition, and notwithstanding the first paragraph under 3 (a) above, in the performance of their responsibilities under this Agreement, the Supervision Managers shall be entitled to have regard to their overall responsibility in relation to all other vessels as may from time to time be entrusted to their management and/or supervision and in particular, but without prejudice to the generality of the foregoing, the Supervision Managers shall be entitled to allocate available supplies, manpower and services in such manner as in the prevailing circumstances they consider in their discretion (reasonably exercised) to be fair and reasonable, but in no circumstances shall the Vessel be treated in a manner which is less favourable to the interests of the Owners.

In the performance and discharge of their obligations, duties and liabilities under this Agreement, the Supervision Managers shall take care not to exceed the authority given by the Owners under the terms of this Agreement and shall act at all times in accordance with the Owners' instructions.

In the performance and discharge of their obligations, duties and liabilities under this Agreement, the Supervision Managers shall act with reasonable care and skill in accordance with good industry practices and in compliance with all laws and regulations and shall provide the Services hereunder and maintain the Vessel at a standard at least equivalent to the standards followed by it with respect to the other vessel(s) for which the Supervision Managers provide management or

supervision services.

Notwithstanding anything contained herein to the contrary, the Supervision Managers shall at all times devote a sufficient amount of their time, resources and personnel to provide the Services contemplated by this Agreement.

- (b) In providing the Services, the Supervision Managers will at all times comply with, without limitation, the U.S. Foreign Corrupt Practices Act, any applicable country legislation implementing the OECD Convention on combating Bribery of Foreign Public Officials in International Business Transactions, and the UK Bribery Act 2010, and any other laws or regulations relating to anti-bribery, anti-terrorism, economic sanctions and anti-money laundering, to the extent applicable. The Supervision Managers shall not engage in any activity, practice or conduct which constitutes a breach of any of the foregoing; in addition, the Supervision Managers shall not employ any Person, nor subcontract with any person or entity, to perform or discharge any of their obligations under this Agreement if that person or entity is designated or identified as a Specially Designated National, a Person subject to sanctions that prohibit all dealings or restrict dealings with such Person, a foreign terrorist organization or an organization that provides support to a foreign terrorist organization by the United States Government or any branch or department thereof (including, but not limited to, the Office of Foreign Asset Control).

#### **4. OWNERS' OBLIGATIONS**

- (a) The Owners shall pay all sums due to the Supervision Managers punctually in accordance with the terms of this Agreement.
- (b) The Owners agree to:
- (i) provide the Supervision Managers with all information which the Supervision Managers reasonably request or which the Owners receive and which the Owners reasonably believe is relevant to the Supervision Managers' performance of the Services as contemplated by the terms of this Agreement;
  - (ii) grant access to the Supervision Managers to all reasonable documents and information relating to the Owners and the Vessel in its possession, in each case which are relevant to the Services;
  - (iii) ensure that all information given by them to the Supervision Managers is true and accurate to the best of the Owners' knowledge;
  - (iv) cooperate with the Supervision Manager (and where appropriate also with the Technical Managers and Crew Managers) in a reasonable manner which allows the Supervision Managers to perform their responsibilities as required by the terms of this Agreement; and
  - (v) consider and take into account any recommendations and advice provided by the Supervision Managers.
- (c) The Owners, in appointing the Supervision Managers under this Agreement, do in doing so ratify and confirm all that the Supervision Managers shall do or cause to be done in the performance of the obligations of the Supervision Managers.

## 5. INCOME COLLECTED AND EXPENSES PAID ON BEHALF OF OWNERS

- (a) All monies collected by the Supervision Managers under this Agreement (other than monies payable by the Owners to the Supervision Managers) and any interest thereon shall be held to the credit of the Owners in the Supervision Manager's bank account.
- (b) All expenses incurred by the Managers under the terms of this Agreement on behalf of the Owners (including expenses as provided in Clause 6(c)) may be debited against the Owners in the account referred to under Sub-paragraph (a) above but shall in any event remain payable by the Owners to the Managers on demand.
- (c) The Supervision Managers shall provide the Owners with (i) monthly cash flow statements with respect to the Vessel and the Owners, and (ii) quarterly un-audited accounts and detailed analysis showing all movements and use of Owners' funds held in the Supervision Managers', the Technical Managers' and the Crew Managers' bank accounts, as applicable.
- (d) The Supervision Managers shall pay, on behalf of the Owners, (i) all expenses of the Commercial Managers under the Commercial Management Agreement (ii) all fees and expenses of the Technical Managers under the Technical Management Agreement and (iii) all fees and expenses of the Crew Management Agreements under the Crew Management Agreement.

## 6. SUPERVISION FEE AND EXPENSES

- (a) The Owners shall pay to the Supervision Managers a daily fee of USD one hundred and fifty (150) (the "**Supervision Fee**") for their services as Supervision Managers under this Agreement, which shall be due and payable in monthly instalments in advance, the first instalment (pro rata if appropriate) being due and payable on the date of delivery of the Vessel to the Owners and subsequent instalments being due and payable every first New York banking day of every calendar month. The Supervision Fee shall be payable to the Supervision Managers' nominated account.
- (b) The Supervision Fee shall be subject to an annual review (at the end of each calendar year) in order to reflect any increases in the salaries of the Supervision Managers' employees and other expenses (inflation). The proposed fee shall be presented in the annual budget in accordance with sub-paragraph (a) above. Subject always to the prior written approval of the Owners, the Supervision Fee may increase annually on January 1 of each year by not more than two and one-half percent (2.5%).
- (c) The Supervision Managers shall, at no extra cost to the Owners, provide their own office accommodation, office staff, facilities and stationery. Without limiting the generality of this Clause 6 (Supervision Fee and Expenses) the Owners shall reimburse the Supervision Managers for reasonable postage, communication, travelling and accommodation expenses, and other reasonable out of pocket expenses properly incurred by the Supervision Managers in pursuance of the Services including but not limited to the Vessel apportioned cost of the Supervision Managers' "flying squad" and the "on board the Vessel" allowances as well as any other sundry administrative expenses, it being understood that the Supervision Managers shall not make any expenditure with respect to the items described in this sub-paragraph (c)

in the aggregate in excess of US\$5,000 in any given calendar month, without the prior written consent of the Owners. Notwithstanding the foregoing, any of the above items that may be included in the annual budget will not be part of this reimbursement.

(d) Save as otherwise provided in this Agreement, all discounts and commissions obtained by the Supervision Managers in the course of the performance of the Services shall be credited to the Owners.

## **7. BUDGETS AND MANAGEMENT OF FUNDS**

(a) The Supervision Managers shall prepare a budget. The budget shall incorporate the budget(s) prepared by the Technical and Crew Managers in relation to the vessel in accordance with the terms of the Technical Management Agreement and Crew Management Agreement respectively. The budget shall also provide aggregate forecast expenditure by the Managers for those cost items to be reimbursed by Owners as detailed in Clause 6(c). The Supervision Managers' initial budget is set out In Annex "A" hereto. Subsequent budgets shall be for twelve month periods and shall be prepared by the Supervision Managers and presented to the Owners not less than one month before the end of the budget year.

(b) The Owners shall state to the Supervision Managers in a timely manner, but in any event within one month of presentation, whether or not they agree to each proposed annual budget. In the absence of any such indication by the Owners, within such one month period, the Supervision Managers shall be entitled to assume that the Owners have accepted the proposed budget.

(c) Following the agreement of the budget, the Supervision Managers shall prepare and present to the Owners their estimate of the working capital requirement for the Vessel (incorporating any working capital requirements of the Technical Managers and Crew Managers under the terms of the Technical Management Agreement and the Crew Management Agreement respectively) and shall each month request the Owners in writing to pay the funds required to run the Vessel for the ensuing month, including the payment of any occasional or extraordinary item of expenditure, such as emergency repair costs, additional insurance premiums, bunkers or provisions. Such funds shall be received by the Supervision Managers within ten running days after the receipt by the Owners of the Supervision Managers' written request and shall be held to the credit of the Owners either in the Supervision Managers' bank account or in the Technical Managers' or Crew Managers' bank accounts in accordance with the terms of the Technical Management Agreement and Crew Management Agreement.

(d) The Supervision Managers shall (i) establish and maintain an accounting system which meets the requirements of the Owners and provide regular accounting services, supply regular reports and records, (ii) maintain the records of all costs and expenditures incurred as well as data necessary or proper for settlement of accounts, (iii) prepare yearly operating budgets for the Vessel including any drydocking and special surveys, (iv) provide back-office administration and accounting services for the Vessel and the Owners, and (v) at all times maintain and keep true and correct accounts in respect of the Services in accordance with the relevant International Financial Reporting Standards or U.S GAAP as required, including records of all costs and expenditure incurred, and produce a comparison between budgeted and actual

income and expenditure of the Vessel in such form and at such intervals as shall be mutually agreed. The Supervision Managers shall make such accounts available for inspection and auditing by the Owners and/or their representatives in the Supervision Managers' offices or by electronic means, provided reasonable notice is given by the Owners.

(e) The Supervision Managers shall assist the Owners and its Parent in complying with the requirements of Section 404 of the U.S. Sarbanes Oxley Act 2002, as it may be amended from time to time ("SOX"), governing the effectiveness of internal controls of service organizations retained by publicly held companies by taking or causing to be taken, all actions and doing, or causing to be done, all things and executing any and all documents and instruments which may reasonably be required, proper or advisable to conducting an evaluation on the internal controls of the Supervision Managers in compliance with SOX. The Supervision Managers agree to take or cause to be taken, all actions and to do, or cause to be done, all things and to execute any and all documents and instruments of any kind on an ongoing basis which might be reasonably necessary, proper or advisable to permit the Owners and its Parent to remain in compliance with SOX throughout the term of this Agreement, and, with the exception of the costs incurred by the Supervision Managers to obtain SAS 70 reports or any equivalents thereof, if require by the Owners or the Parent, which shall be payable by either the Owners or the Parent, each of the parties to this Agreement shall bear their own costs associated with such compliance.

(f) Notwithstanding anything contained herein, the Supervision Managers shall in no circumstances be required to use or commit their own funds to finance the provision of the Services except where the terms of this engagement provide that such Services are to be provided at no extra or additional cost to the Owners.

## **8. MANAGERS' RIGHT TO SUB-CONTRACT**

Other than to their Affiliates or as otherwise set forth in this Agreement, the Supervision Managers shall not subcontract any of their obligations hereunder without the prior written consent of the Owners. In the event of such a sub-contract the Supervision Managers shall remain fully liable for the due performance of their obligations under this Agreement

## **9. RESPONSIBILITIES**

(a) *Force Majeure* - Neither party shall be liable for any loss, damage or delay due to any of the following force majeure events and/or conditions to the extent that the party invoking force majeure is prevented or hindered from performing any or all of their obligations under this Agreement, provided they have made all reasonable efforts to avoid, minimise or prevent the effect of such events and/or conditions:

- (i) acts of God;
- (ii) any requisition, control, intervention, requirement or interference by a Governmental Entity;

- (iii) any circumstances arising out of war, threatened act of war or warlike operations, acts of terrorism, sabotage or piracy, or the consequences thereof;
- (iv) riots, civil commotion, blockades or embargoes;
- (v) epidemics;
- (vi) earthquakes, landslides, floods or other extraordinary weather conditions;
- (vii) strikes, lockouts or other industrial action, unless limited to the employees (which shall not include the Crew) of the party seeking to invoke force majeure;
- (viii) fire, accident, explosion except where caused by negligence of the party seeking to invoke force majeure; and
- (ix) any other similar cause beyond the reasonable control of either party.

*(b) Liability to Owners*

Without prejudice to Sub-Clause 9(a), the Supervision Managers shall be under no liability whatsoever to the Owners for any loss, damage, delay or expense of whatsoever nature, whether direct or indirect (including but not limited to loss of profit arising out of or in connection with detention of or delay to the Vessel), and howsoever arising in the course of performance of the Services **UNLESS** the same is proved to have resulted solely from:

- (i) the persistent and/or continuing negligence of the Supervision Managers which causes material losses and/or material additional expense to the Owners for a period of 3 (three) calendar months or more following a written notice from the Owners that it is dissatisfied with the performance of the Supervision Managers due to such negligence and stating the deficiencies to be remedied, provided however, that the Supervision Managers shall not be deemed to have acted negligently if the deficiencies arise or are continuing due to circumstances beyond the control of the Supervision Managers and the Commercial Managers or if the Supervision Managers are taking reasonable steps to remedy such deficiencies; or
- (ii) the gross negligence or wilful default of the Supervision Managers or their employees or agents, or sub-contractors employed by them in connection with the Vessel,
- (iii) in which case (save where loss, damage, delay or expense has resulted from the Supervision Managers' personal act or omission committed with the intent to cause the same or recklessly and with knowledge that such loss, damage, delay or expense would probably result) the Supervision Managers' liability for each incident or series of incidents giving rise to a claim or claims shall never exceed a total of **(A)** three (3) times the annual Supervision Fee payable hereunder with respect to such liability arising under the foregoing sub-clause (i) or **(B)** ten (10) times the annual Supervision Fee payable hereunder with respect to such liability arising under the foregoing sub-clause (ii).

- (iv) **Acts or omissions of the Crew** – Notwithstanding anything that may appear to the contrary in this Agreement, the Supervision Managers shall not be liable for any acts or omissions of the Technical Managers, the Crew Managers and/or the Crew, even if such acts or omissions are negligent, grossly negligent or wilful, except only to the extent that they are shown to have resulted from a failure by the Supervision Managers to discharge their relevant obligations under this Agreement, in which case their liability shall be limited in accordance with the terms of this Clause 9 (Responsibilities).
- (c) **Indemnity** - Except to the extent and solely for the amount therein set out that the Supervision Managers would be liable under Sub- clause 9 (b), the Owners hereby undertake to keep the Supervision Managers and their employees, agents and sub-contractors indemnified and to hold them harmless against all actions, proceedings, claims, demands or liabilities whatsoever or howsoever arising which may be brought against them or incurred or suffered by them arising out of or in connection with the performance of this Agreement, and against and in respect of all costs, loss, damages and expenses (including legal costs and expenses on a full indemnity basis) which the Supervision Managers may suffer or incur (either directly or indirectly) in the course of the performance of this Agreement.
- (d) **"Himalaya"** - It is hereby expressly agreed that no employee or agent of the Supervision Managers (including every sub-contractor from time to time employed by the Supervision Managers) shall in any circumstances whatsoever be under any liability whatsoever to the Owners for any loss, damage or delay of whatsoever kind arising or resulting directly or indirectly from any act, neglect or default on his, her or its part while acting in the course of or in connection with his, her or its employment and, without prejudice to the generality of the foregoing provisions in this Clause 9 (Responsibilities), every exemption, limitation, condition and liberty herein contained and every right, exemption from liability, defence and immunity of whatsoever nature applicable to the Supervision Managers or to which the Supervision Managers are entitled hereunder shall also be available and shall extend to protect every such employee or agent of the Supervision Managers acting as aforesaid and for the purpose of all the foregoing provisions of this Clause 9 (Responsibilities) the Supervision Managers are or shall be deemed to be acting as agent or trustee on behalf of and for the benefit of all persons who are or might be their servants or agents from time to time (including sub-contractors as aforesaid) and all such persons shall to this extent be or be deemed to be parties to this Agreement.

## 10 GENERAL ADMINISTRATION

- a. The Supervision Managers shall keep the Owners informed in a timely manner of any incident of which the Supervision Managers become aware which gives or may give rise to a material delay to the Vessel or material claims or disputes involving third parties. Without derogating from the foregoing, the Supervision Managers shall present the Owners with a report at least every six (6) months identifying all claims arising in or outstanding in such period, settlement and resolution status, and actions taken with respect thereto.
- b. The Owners may request the Supervision Managers to bring or defend other actions, suits or proceedings related to the Services, on terms to be agreed.

c. At Owners' cost, the Supervision Managers shall have power to obtain appropriate legal or technical or other outside expert advice in relation to the handling and settlement of claims in relation to Sub-clause 10(b) and Schedules 2 and 3 and disputes and any other matters affecting the interests of the Owners in respect of the Vessel, including the appointment of auditors or other outside experts as may be necessary in the ordinary course of business.

d. On giving reasonable notice with respect to proposed dates and the scope of inquiry, the Owners may request, and the Supervision Managers shall in a timely manner make available, all documentation, information and records in respect of the matters covered by this Agreement either related to mandatory rules or regulations or other obligations applying to the Owners in respect of the Vessel (including but not limited to STCW 95, the ISM Code and ISPS Code) to the extent permitted by relevant legislation and to the extent falling within the scope of the Supervision Managers' Services and the Supervision Managers shall permit the Owners during regular business hours to inspect the Supervision Managers' premises, audit records and accounts and meet with executive personnel for this purpose.

e. The Supervision Managers shall provide the Administrative & Support Services set out in Schedule 3 at their cost; provided, however, that, at the Owners' sole cost and expense, the Managers may employ the services of external advisors or other third-party service providers if reasonably necessary for the Managers to provide the Administrative & Support Services (including, without limitation, the services of accounting, tax or legal advisors, but expressly excluding day-to-day accounting services or other Administrative & Support Services that Supervision Managers provide to other clients in the ordinary course utilizing in-house expertise).

f. On giving reasonable notice, the Supervision Managers may request, and the Owners shall in a timely manner make available, all documentation, information and records reasonably required by the Managers to enable them to perform the Services.

g. The Owners shall arrange for the provision of any necessary guarantee bond or other security.

h. Any costs reasonably incurred by the Supervision Managers in carrying out their obligations according to this Clause 10 (General Administration) unless otherwise expressly provided or agreed shall be reimbursed by the Owners.

## **11 INSPECTION OF VESSEL**

The Owners may at any time after giving reasonable notice to the Supervision Managers inspect the Vessel for any reason they consider necessary.

## **12 COMPLIANCE WITH LAWS AND REGULATIONS**

The Parties will not do or permit to be done anything which might cause any breach or infringement of the laws and regulations the Flag State, or of any place where the Vessel trades, nor shall either of the Parties act in any manner which is prohibited under United States laws or

regulations related to foreign trade controls.

In performing the Services, the Supervision Managers shall, and shall use all **reasonable endeavours to** procure that their Affiliates and sub-contractors shall, comply **in all material respects** with **the written policies of** the Owners or the Parent **that are directly applicable to the Supervision Managers' provision of the Services and are made known to the Supervision Managers in advance in writing**, which shall include, but not be limited to, the Parent's Anti-slavery and Human Trafficking Policy, Corporate and Social Responsibility Policy, Anti-bribery and Anti-corruption Policy, Business Ethics Policy, Data and Privacy Policy and Business Conduct Policy and any other policies of the Owners or Parent that are so applicable from time to time.

### 13 DURATION OF THE AGREEMENT & CONVERSION INTO TECHNICAL MANAGEMENT AGREEMENT

- a. Subject to paragraph (b) below, this Agreement shall come into effect upon the delivery of the Vessel to the Owners and shall continue until terminated in accordance with the terms of this Agreement.
- b. On the earlier of (A) the termination of the Technical Management Agreement and the Crew Management Agreement and (B) the lapse of 24 calendar months from the delivery of the Vessel to the Owners (hereinafter the "**Technomar Technical Management Agreement Effective Date**"), this agreement will be automatically converted into a technical management agreement on the terms appearing in the attached Appendix 1 (hereinafter the "**Technomar Technical Management Agreement**") and the additional terms appearing below:
  - (i) The date of the agreement (Box 1) and the date of commencement (Box 2) of the Technomar Technical Management Agreement shall be deemed to be the Technomar Technical Management Agreement Effective Date.
  - (ii) The annual management fee (Box 14) of the Technomar Technical Management Agreement shall be deemed to be the management fee agreed between the Parent Subsidiaries and the Supervision Managers for the relevant year for each vessel of the Group managed by the Supervision Managers.
  - (iii) The first budget (Annex C) of the Technomar Technical Management Agreement shall be agreed between the parties to such agreement on about the Technomar Technical Management Agreement Effective Date.

The parties agree that no action will be required to be carried out by either the Owners or the Supervision Managers for the conversion of the Supervision Agreement into the Technomar Technical Management Agreement.

- c. Notwithstanding sub-paragraphs (a) and (b) above, this Agreement may be terminated by either party at any time in accordance with the following Clause 14 (Termination).
- d. Where the Vessel is not at a mutually convenient port or place on the expiry of such period,

this Agreement shall terminate on the subsequent arrival of the Vessel at the next mutually convenient port or place.

## 14 TERMINATION

Owners' or Supervision Managers' default

- (a) If either Party fails to meet their obligations under this Agreement, the other Party may give notice to the defaulting Party requiring it to remedy it. In the event that the defaulting Party fails to remedy within a reasonable time to the reasonable satisfaction of the other Party, that other Party shall be entitled to terminate this Agreement with immediate effect by giving notice to the defaulting Party.
- (b) Notwithstanding Clause 14(a):
  - (i) The Supervision Managers shall be entitled to terminate this Agreement with immediate effect by giving notice to the Owners if any monies payable by the Owners under the terms of this Agreement shall not have been received in the Supervision Managers' nominated account within thirty (30) days of receipt by the Owners of the Supervision Managers' written request, or if the Vessel is repossessed by a mortgagee.
  - (ii) Unless caused by the act or omission of the Commercial Manager, if the Owners proceed with the employment of or continue to employ the Vessel in the carriage of contraband, blockade running, or in an unlawful trade, or on a voyage which in the reasonable opinion of the Supervision Managers is unduly hazardous or improper, the Supervision Managers may give notice of the default to the Owners, requiring them to remedy it as soon as practically possible. In the event that the Owners fail to remedy it within a reasonable time to the satisfaction of the Managers, the Supervision Managers shall be entitled to terminate the Agreement with immediate effect by notice.
  - (iii) If either party fails to meet their respective obligations under paragraph 1 (Insurance Policies) and paragraph 2 (Crew Insurances) of Schedule 2, the other party may give notice to the party in default requiring them to remedy it within twenty (20) days, failing which the other party may terminate this Agreement with immediate effective by giving notice to the party in default.
- (c) Extraordinary Termination

This Agreement shall be deemed to be terminated in the case of the sale of the Vessel (directly or via a sale of a Controlling interest in the Owners) or, if the Vessel becomes a total loss or is declared as a constructive or compromised or arranged total loss or is requisitioned or has been declared missing, or if bareboat chartered, unless otherwise agreed, when the bareboat charter comes to an end; provided, however, that the foregoing shall not apply to (A) the sale of any Vessel pursuant to a sale/leaseback transaction or (B) any termination or expiration of a bareboat charter of such Vessel by the Owners if such Vessel is purchased (or re-purchased) by the Owners.
- (d) For the purpose of Sub-clause 14(c), hereof:
  - (i) the date upon which the Vessel is to be treated as having been sold or otherwise disposed of shall be the date on which the Vessel's Owners cease to be the registered owners of the Vessel;

- (ii) the Vessel shall be deemed to be lost either when it has become an actual total loss or agreement has been reached with the Vessel's underwriters in respect of its constructive total loss or if such agreement with the Vessel's underwriters is not reached it is adjudged by a component tribunal that a constructive loss of the Vessel has occurred; and
- (iii) the date upon which the Vessel is to be treated as declared missing shall be ten (10) days after the Vessel was last reported or when the Vessel is recorded as missing by the Vessel's underwriters, whichever occurs first. A missing Vessel shall be deemed lost in accordance with the provisions of Sub-clause 14(d)(ii).

The Supervision Managers' Default

- (e) The Owner may terminate this Agreement for Cause (as hereinafter defined), but only after the Owners have provided the Supervision Managers with notice of such Cause and such Cause has not been cured within twenty (20) days of such notice; provided, however, that if any Cause is incapable of being cured, then no notice and cure period shall be required.
- (f) **Cause** means any of the following:
  - (i) The Supervision Managers:
    - (A) persist and/or continue to be negligent in their performance of the Services which causes material losses and/or material additional expense to the Owners for a period of 3 (three) calendar months or more following a written notice from the Owners that it is dissatisfied with the performance of the Supervision Managers due to such negligence and stating the deficiencies to be remedied, provided however, that the Supervision Managers shall not be deemed to have acted negligently if the deficiencies arise or are continuing due to circumstances beyond the control of the Supervision Managers and the Commercial Manager or if the Supervision Managers are taking reasonable steps to remedy such deficiencies; and/or
    - (B) are or have been grossly negligent in its performance of the Services; and/or
    - (C) have engaged in wilful misconduct and/or bad faith and/or fraud;
  - (ii) The Supervision Managers wilfully fail to cooperate in any government, agency, regulatory or external self-governing body investigation that could have a material adverse effect on the Owners;
  - (iii) The Supervision Managers or any of their directors, officers or employees are convicted or plead nolo contendere to a felony or a misdemeanor involving moral turpitude that is reasonably likely to have a material adverse effect on the Owners;
  - (iv) The Supervision Managers or any of their directors, officers or employees commit any material violation of any U.S. federal law regulating securities or the business of the Owners or the Parent without having relied on the legal advice of the Owners' or the Parent's counsel to perform or omit to perform the act resulting in such violation or the Supervision Managers are the subject of any final order, judicial or administrative, obtained or issued by the United States Securities and Exchange Commission, for any

securities violation involving fraud that in each case is reasonably likely to have a material adverse effect on the Owners or the Parent; and

- (v) a material breach of the obligations of the Supervision Managers under this Agreement that is reasonably likely to have a material adverse effect on the Parent.
- (g) The Supervision Managers shall be entitled to terminate this Agreement with immediate effect by giving notice to the Owners within a six (6) month period following a Change in Majority Interests or Control.
- (h) Owners shall be entitled to terminate this Agreement with immediate effect by giving notice to the Supervision Managers within a six (6) month period following a Manager Change of Control.
- (i) This Agreement shall terminate automatically in the event of an order being made or resolution passed for the winding up, dissolution, liquidation or bankruptcy of either Party (otherwise than for the purpose of reconstruction or amalgamation) or if a receiver or administrator is appointed, or if it suspends payment, ceases to carry on business or makes any special arrangement or composition with its creditors (any such event, an **Insolvency**).
- (j) On the termination, for whatever reason, of this Agreement, the Supervision Managers shall arrange to deliver to Owners, if so requested, and upon reasonable notice, the originals where possible, or otherwise certified copies, of all contracts, charters and all documents specifically relating the Vessels and the Services provided under this Agreement. The Supervision Managers will ensure that such documents will be available for a period of two (2) years following the termination of this Agreement.
- (k) The termination of this Agreement shall be without prejudice to all rights accrued between the Parties prior to the date of termination, including specifically the right of the Supervision Managers to receive their Supervision Fee prior to the date of such termination provided that, in the event of termination of this Agreement for Cause by the Owners pursuant to clause 14 (e), no Supervision Fee shall be due or payable to the Supervision Managers hereunder for any period after the date of such termination.
- (l) In addition to any other payments contemplated herein, (i) if this Agreement is terminated by the Supervision Managers pursuant to any of Clauses 14(a), 14(b)(i), 14(b)(ii), 14(b)(iii), 14(c) or 14(g) or (ii) if this Agreement terminates automatically pursuant to Clause 14(i) because of the Insolvency of the Owners, upon such termination the Supervision Managers shall be entitled to a lump sum payment in the amount set forth opposite such Clause reference in the following table:

Applicable Clause Reference	Termination Payment
clause 14(a)	Two (2) times the annual Supervision Fee payable hereunder at the time of such termination

clause 14(b)(i)	Two (2) times the annual Supervision Fee payable hereunder at the time of such termination
clause 14(b)(ii)	Two (2) times the annual Supervision Fee payable hereunder at the time of such termination
clause 14(b)(iii)	Two (2) times the annual Supervision Fee payable hereunder at the time of such termination
clause 14(c)	25% of the annual Supervision Fee payable hereunder at the time of such termination
clause 14(g)	50% of the annual Supervision Fee payable hereunder at the time of such termination
clause 14(i)	Two (2) times the annual Supervision Fee payable hereunder at the time of such termination

- (m) In addition to any other payments contemplated herein, (i) if this Agreement is terminated by the Owners pursuant to any of clauses 14(a), 14(b)(iii), 14(c), 14(e) or 14(h) , or (ii) if this Agreement terminates automatically pursuant to clause 14(i) because of the Insolvency of the Supervision Managers, upon such termination the Supervision Managers shall be entitled to a lump sum payment in the amount set forth opposite such clause reference in the following table:

Applicable clause Reference	Termination Payment
clause 14 (a)	25% of the annual Supervision Fee payable hereunder at the time of such termination
clause 14 (b)(iii)	50% of the annual Supervision Fee payable hereunder at the time of such termination
clause 14 (c)	One quarter of the annual Supervision Fee payable hereunder at the time of such termination
clause 14 (e)	None
clause 14 (h)	The annual Supervision Fee payable hereunder at the time of such termination
clause 14 (i)	25% of the annual Supervision Fee payable hereunder at the time of such termination

## 15 BIMCO DISPUTE RESOLUTION CLAUSE

a. This Agreement shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this Agreement shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.

The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.

The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within 14 calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the 14 days specified. If the other party does not appoint its own arbitrator and gives notice that it has done so within the 14 days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if he had been appointed by agreement.

Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.

In cases where neither the claim nor any counterclaim exceeds the sum of USD50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

b. Notwithstanding Sub-clause 15(a) above, the parties may agree at any time to refer to mediation any difference and/or dispute arising out of or in connection with this Agreement.

- (i) In the case of a dispute in respect of which arbitration has been commenced under Sub-clause 15(a) above, the following shall apply:
- (ii) Either party may at any time and from time to time elect to refer the dispute or part of the dispute to mediation by service on the other party of a written notice (the "Mediation Notice") calling on the other party to agree to mediation.
- (iii) The other party shall thereupon within 14 calendar days of receipt of the Mediation Notice confirm that they agree to mediation, in which case the parties shall thereafter agree a mediator within a further 14 calendar days, failing which on the application of either party a mediator will be appointed promptly by the Arbitration Tribunal ("the Tribunal") or such person as the Tribunal may designate for that purpose. The mediation shall be conducted in such place and in accordance with such procedure and on such terms as the parties may agree or, in the event of disagreement, as may be set by the mediator.
- (iv) If the other party does not agree to mediate, that fact may be brought to the attention of the Tribunal and may be taken into account by the Tribunal when allocating the costs of the

arbitration as between the parties.

- (v) The mediation shall not affect the right of either party to seek such relief or take such steps as it considers necessary to protect its interest.
- (vi) Either party may advise the Tribunal that they have agreed to mediation. The arbitration procedure shall continue during the conduct of the mediation but the Tribunal may take the mediation timetable into account when setting the timetable for steps in the arbitration.
- (vii) Unless otherwise agreed or specified in the mediation terms, each party shall bear its own costs incurred in the mediation and the parties shall share equally the mediator's costs and expenses.
- (viii) The mediation process shall be without prejudice and confidential and no information or documents disclosed during it shall be revealed to the Tribunal except to the extent that they are disclosable under the law and procedure governing the arbitration.

**16 NOTICES**

a. A notice or other communication given under this Agreement (a Notice) shall be:

- (i) in writing;
- (ii) in the English language; and
- (iii) sent by the Permitted Method to the Notified Address.

b. The Permitted Method means any of the methods set out in the first column below, the second column setting out the date on which a Notice given by such Permitted Method shall be deemed to be given provided the Notice is properly addressed and sent in full to the Notified Address:

<b>(1) Permitted Method</b>	<b>(2) Date on which Notice deemed given</b>
Personal delivery	When left at the Notified Address
Courier delivery	When left at the Notified Address
E-mail	When actually received by the recipient (or made available to the recipient) in readable form

c. The "Notified Address" (including fax number) of each of the Parties is the address set out below, or as subsequently notified to all Parties in writing:

(i) to the Owners at:

c/o Technomar Shipping Inc.  
3-5 Menandrou Str.  
14561, Kifissia,  
Athens, Greece  
E-mail address: [legalconfidential@technomar.gr](mailto:legalconfidential@technomar.gr)  
Attention: Mrs Maria Danezi

(ii) to Supervision Managers at:

Technomar Shipping Inc.  
3-5 Menandrou Str.  
14561, Kifissia,  
Athens, Greece  
E-mail address: [tbaltatzis@technomar.gr](mailto:tbaltatzis@technomar.gr)  
Attention: Mr Theodore Baltatzis  
With a copy to: [legalconfidential@technomar.gr](mailto:legalconfidential@technomar.gr)

or to such other address as is notified by one Party to the other Party under this Agreement.

And in each case proof of posting, handing in or transmission shall be proof that notice has been given, unless proven to the contrary.

#### **17 ENTIRE AGREEMENT**

This Agreement constitutes the entire agreement between the parties and no promise, undertaking, representation, warranty or statement by either party prior to the date hereof shall affect this Agreement. Any modification of this Agreement shall not be of any effect unless in writing signed by or on behalf of the parties.

#### **18 THIRD PARTY RIGHTS**

Except to the extent provided in Sub-clauses 9(c) (Indemnity) and 9(d) (Himalaya), no third parties may enforce any term of this Agreement.

#### **19 PARTIAL VALIDITY**

If any provision of this Agreement is or becomes or is held by any arbitrator or other competent body to be illegal, invalid or unenforceable in any respect under any law or jurisdiction, the provision shall be deemed to be amended to the extent necessary to avoid such illegality, invalidity or unenforceability, or, if such amendment is not possible, the provision shall be deemed to be deleted from this Agreement to the extent of such illegality, invalidity or unenforceability, and the remaining provisions shall continue in full force and effect and shall not in any way be affected or impaired thereby.

## 20 CONFIDENTIALITY

- (a) The Supervision Managers shall keep confidential the Confidential Information disclosed to it by or on behalf of the Owners or howsoever otherwise obtained, developed or created by the Supervision Managers.
- (b) The Supervision Managers shall:
- (i) use the Confidential Information solely in connection with the performance of its obligations under this Agreement; and
  - (ii) take all action reasonably necessary to secure the Confidential Information against theft, loss or unauthorised disclosure.
- (c) The restrictions on use or disclosure of Confidential Information in this clause 20 do not apply to information which is:
- (i) generally available in the public domain, other than as a result of the Supervision Managers' breach of any obligation under this clause 20; or
  - (ii) lawfully acquired from a third party who owes no obligation of confidentiality in respect of the information; or
  - (iii) independently developed by the Supervision Managers, or was in the Supervision Managers' lawful possession prior to receipt from the Owners.
- (d) The Supervision Managers may disclose the Confidential Information without the prior written consent of the Owners:
- (i) to their Affiliates and subcontractors, to whom disclosure is required for the performance of its obligations under this Agreement, but only to the extent necessary to perform such obligations (together the **Permitted Disclosees**); or
  - (ii) if, and to the extent that, such information is required to be disclosed (including by way of an Announcement) by the rules of any stock exchange or by any governmental, regulatory or supervisory body (including, without limitation, any taxation authority) or court of competent jurisdiction (**Relevant Authority**) to which the Supervision Managers are subject, provided that the Supervision Managers shall, if it is not so prohibited by law, provide the Owners with prompt notice of any such requirement or request.
- (e) The Supervision Managers shall:
- (i) before disclosing Confidential Information to a Permitted Disclosee, to the extent reasonably practicable, notify the Owners in writing of the intended disclosure and the identity of the intended Permitted Disclosee;
  - (ii) ensure that such Permitted Disclosee is aware of and complies with the Supervision Managers' obligations under this clause 20 as if it were the Supervision Managers; and

(iii) be responsible for the acts and omissions of any Permitted Disclosee in relation to the Confidential Information as if they were the acts or omissions of the Supervision Managers.

(f) The parties agree that damages may not be an adequate remedy for the Supervision Managers' breach of this Clause 20 and (to the extent permitted by the court) the Owners shall be entitled to seek an injunction or specific performance in respect of such breach.

## **21 ACTS OF THE COMMERCIAL MANAGERS**

Notwithstanding anything contained in this Agreement to the contrary, the Owners shall have no liability, through indemnification or otherwise, for any damages, losses, or claims of any kind whatsoever of the Supervision Managers arising from or in any way related to the acts or omissions of the Commercial Managers nor shall the Supervision Managers have any right to terminate this Agreement for any circumstance or event arising out of or in any way related to any acts or omissions of the Commercial Managers.

## **22 RIGHT TO ASSIGN**

(a) The Owners may assign all of their rights under this Agreement to any mortgagee of the Vessel provided that such assignment shall not otherwise prejudice the rights of the Supervision Managers to terminate this Agreement pursuant to the terms hereof. Upon satisfaction of the condition set forth in the first sentence of this Clause 22(a), the Supervision Managers hereby agree to enter into an acknowledgment of such assignment in such form as the mortgagee may reasonably request.

(b) The Supervision Managers may not assign all or any of their rights under this Agreement without the prior written consent of the Owners;

(c) Neither party shall be entitled to transfer all or any of its obligations, duties or liabilities under this Agreement unless:

- (i) the same is expressly permitted under the terms of this Agreement; or
- (ii) it has received the prior written consent of the other party.

## **23 MISCELLANEOUS**

(a) Each Party represents to the other that it is duly authorized with full power and authority to execute, deliver and perform its obligations under this Agreement.

(b) This Agreement shall be deemed effective as of the date of the delivery of the Vessel to the Owner, being the commencement of the Supervision Period.

(c) No amendment, supplement, modification or restatement of any provision of this Agreement shall be binding unless it is in writing and signed by each Person that is a Party to this Agreement at the time of the amendment, supplement, modification or restatement.

(d) This Agreement together with the Schedules and Appendix attached thereto constitute the entire agreement among the Parties pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

- (e) Schedules 1 2 and 3 as well as Appendix 1 and Annex A attached to this Agreement form an integral part of this Agreement and are incorporated herein by reference. In the event of any inconsistency between any schedule and the remainder of this Agreement, the text of the schedule in question shall be deemed to control.
- (f) No failure by any Party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or of any other covenant, duty, agreement or condition. Any waiver must be specifically stated as such in writing.
- (g) This Agreement may be executed in any number of counterparts, all of which together shall constitute one agreement binding on the Parties.

Signed by **[Vessel Owner]**

Signed by **TECHNOMAR SHIPPING INC.**

by

by

In the presence of:

In the presence of:

Signature of witness

Signature of witness

Name of witness:

Name of witness:

Address:

Address:

## SCHEDULE 1 – TECHNICAL, DRYDOCK AND SUPERVISION SERVICES

1. Advising on technical matters relating to the Vessel including but not limited to ensuring that the Vessel complies with the requirements of the law of the flag state of the Vessel and the applicable laws of the countries to which the Vessel trades, and ensuring compliance with the ISM Code, the ISPS Code.
2. Monitoring and assuring the performance of the Technical Manager under the Technical Management Agreement and the performance of the Crew Manager under the Crew Management Agreement in respect of the Vessel.
3. Arranging and monitoring periodic inspections of the Vessel.
4. Arranging and attending dry-dockings, repairs, alterations and maintenance of the Vessel to the standards required to ensure that such Vessel will comply, in all material respects, with the laws of the flag of such Vessel and of the jurisdictions where such Vessel trades and all requirements and recommendations of the applicable classification society.
5. Assist in any other routine matters concerning the maintenance of the Vessel and the safe and profitable operation of the Vessel, which shall include the ability of the Supervision Manager to appoint such surveyors and technical consultants as the Supervision Manager may consider from time to time to be necessary.
6. Without limiting the generality of any item in this Schedule 1, the Supervision Manager shall employ commercial endeavours to procure that the Technical Manager provides all usual and customary vessel technical management services with respect to the operation of such Vessel, including the following (collectively, the “**Technical Management Services**”):
  - (a) supervising the day-to-day operation, maintenance, safety and general efficiency of the Vessel to ensure the seaworthiness and maintenance condition of the Vessel;
  - (b) purchasing the necessary stores, spares, lubricating oil, greases, supplies and equipment for the operation of such Vessel;
  - (c) appointing such surveyors, supervisors, technical consultants and other support for the Vessel on behalf of the Owner or its Affiliates as the Supervision Manager may consider from time to time to be advisable;
  - (d) providing technical and shore-side support for the Vessel and attending to all other technical matters necessary for the operation of the Vessel;
  - (e) arranging for the prompt dispatch of the Vessel from loading and discharging ports in accordance with the instructions of the Charterer and for transit through canals;
  - (f) subject to the prior written consent of the Owner, arranging for employment of counsel and the investigation, follow-up and negotiation of the settlement of all claims arising in connection with the operation of the Vessel;

(g) promptly upon the Owner's request, reporting to the Owner the Vessel's movement, position at sea, arrival and departure dates, and major casualties and damages received or caused by the Vessel;

(h) informing the Owner promptly of any release or discharge of oil or other hazardous material not in compliance with applicable laws;

(i) upon the Owner's request, providing the Owner with a copy of the Vessel's inspection reports, surveys and other similar reports prepared by ship brokers, valuers, surveyors, classification societies or insurers;

(j) preparing a maintenance schedule and annual update thereto (such update to be submitted each year on or around the anniversary upon which the Vessel was classified by its classification society) for approval by the Owner;

(k) arrangement of periodic analysis by third parties of the bunker fuel and reporting the results of such analysis to the Owner;

(l) investigating and reporting to Owner any technical faults or problems material to the operation and performance of the Vessel and arranging for their satisfactory repair in consultation with the Owner; and

(m) arranging for any and all Licenses.

7. Without limiting the generality of any item in this Schedule 1, the Supervision Manager shall employ commercial endeavours to procure that the Crew Manager provides all usual and customary vessel crew management services with respect to the operation of such Vessel, including the following (collectively, the "**Crew Management Services**"):

(a) selecting, engaging and providing for the administration of the Crew, including, as applicable, payroll arrangements, pension arrangements, tax, social security contributions and other mandatory dues related to their employment payable in each Crew member's country of domicile;

(b) ensuring that the applicable requirements of the law of the Flag State in respect of rank, qualification and certification of the Crew and employment regulations, such as Crew's tax and social insurance, are satisfied;

(c) ensuring that all Crew have passed a medical examination with a qualified doctor certifying that they are fit for the duties for which they are engaged and are in possession of valid medical certificates issued in accordance with appropriate Flag State requirements or such higher standard of medical examination as may be agreed with the Owner. In the absence of applicable Flag State requirements the medical certificate shall be valid at the time when the respective Crew member arrives on board the Vessel and shall be maintained for the duration of the service on board the Vessel;

(d) ensuring that the Crew shall have a common working language and a command of the English language of a sufficient standard to enable them to perform their duties safely;

(e) ensuring that the Crew, before joining the Vessel, are given proper familiarisation with their duties in relation to the ISM Code;

- (f) instructing the Crew to obey all reasonable orders of the Owner and/or the Technical Manager including, but not limited to, orders in connection with safety and navigation, avoidance of pollution and protection of the environment;
- (g) ensuring that no person connected with the provision and performance of the Crew Management Services shall proceed to sea on board the Vessel without the prior consent of the Owner and/or the Technical Manager (such consent not to be unreasonably withheld);
- (h) arranging transportation of the Crew, including repatriation;
- (i) training of the Crew;
- (j) conducting union negotiations;
- (k) in the event that the Technical Manager's drug and alcohol policy requires measures to be taken prior to the Crew joining the Vessel, implementing such measures;
- (l) operating the Crew Manager's drug and alcohol policy; and
- (m) ensuring that any complaints with respect to the Master or any of the officers or any other members of the Crew are promptly investigated, and if such complaints are well founded, ensuring that changes in appointments are made to replace them.

## SCHEDULE 2 – INSURANCE, FREIGHT AND CLAIMS HANDLING SERVICES

### 1. Insurance Policies

The Managers shall ensure that throughout the period of this Agreement:

- (a) at the Owner's expense, the Vessel is insured for not less than its sound market value or entered for its full gross tonnage, as the case may be for:
  - (i) hull and machinery marine risks (including but not limited to crew negligence) and excess liabilities;
  - (ii) protection and indemnity ("P&I") risks (including but not limited to pollution risks, diversion expenses and except to the extent insured separately by the Supervision Manager Crew Insurances as defined below);
  - (iii) Freight, Demurrage and Defence cover ("FD & D");
  - (iv) war risks (including but not limited to blocking and trapping, protection and indemnity, terrorism and crew risks);  
and
  - (v) such optional insurances as may be agreed (such as piracy, kidnap and ransom, piracy loss of hire, loss of hire)

Sub-clauses (a)(i) through (a)(v) above all in accordance with the best practice of prudent owners of vessels of a similar type to the Vessel, with sound and reputable insurance companies, underwriters or associations ("the Owners' Insurances");
- (b) all premiums and calls on the Owners' Insurances are paid by their due date;
- (c) In the event the Vessel is sold or this Agreement is terminated as per the terms hereunder the Owners will either pay directly, or remit, sufficient funds in the Vessel's Earnings Account to cover, the Vessel's P&I and FD & D estimated Release Calls as same will be calculated by the Vessel's Protection and Indemnity Association. The Supervision Managers will ensure that, in the event of payment from the Vessel's earnings account, when called by the Vessel's Protection and Indemnity Association, the Vessel's release calls are paid as appropriate and any balance remaining out of the amount originally remitted by the Owners will be released to the Owners.
- (d) the Owners' Insurances name the Supervision Managers and, subject to underwriters' agreement, any third party designated by the Supervision Managers as a joint assured, with full cover. It is understood that in some cases, such as protection and indemnity, the normal terms for such cover may impose on the Supervision Managers and any such third party a liability in respect of premiums or calls arising in connection with the Owners' Insurances.
- (e) If obtainable at no additional cost, however, the Supervision Managers shall procure such insurances on terms such that neither the Supervision Managers nor any such third party shall be under any liability in respect of premiums or calls arising in connection with the Owners' Insurances. In any event, on termination of this Agreement in accordance with Clause 13 (Duration of the Agreement) and Clause 14 (Termination), the Owners or

Managers shall procure that the Managers and any third party designated by the Managers as joint assured shall cease to be joint assured and, if reasonably achievable, that they shall be released from any and all liability for premiums and calls that may arise in relation to the period of this Agreement; and

- (f) written evidence is provided, to the reasonable satisfaction of the Owners, of the Supervision Managers' compliance with their obligations under this Clause within a reasonable time of the commencement of the Agreement, and of each renewal date and, if specifically requested, of each payment date of the Owners' Insurances.

The Managers shall arrange insurances in accordance with this Schedule 2 on such terms as the Owners shall have instructed or agreed, in particular regarding conditions, insured values, deductibles, franchises and limits of liability.

**2. Crew Insurances**

The Supervision Managers shall throughout the period of this Agreement provide the following services:

- (i) arranging Crew Insurances in accordance with the sound practice of prudent managers of vessels of a similar type to the Vessel, with sound and reputable insurance companies, underwriters or associations. Insurances for any other persons proceeding to sea onboard the Vessel may be separately agreed by the Owners and the Supervision Manager;
- (ii) ensuring that the Owner is aware of the terms, conditions, exceptions and limits of liability of such Crew Insurances;
- (iii) ensuring that all premiums or calls in respect of such Crew Insurances are paid by their due date;
- (iv) if obtainable at no additional cost or as otherwise requested by the Owner, ensuring that such Crew Insurances name the Owner as a joint assured with full cover and, unless otherwise agreed, on terms such that Owner shall be under no liability in respect of premiums or calls arising in connection with such insurances;
- (v) providing written evidence, to the reasonable satisfaction of the Owner, of the Supervision Manager's compliance with its obligations under the above sub-clauses (ii), and (iii) within a reasonable time of the commencement of this Agreement, and of each renewal date and, if specifically requested, of each payment date of such Crew Insurances.

**3. Freight Collection**

The Supervision Manager shall provide freight collection services including among others:

- (a) accounting and calculation of hire, freights, demurrage and/or dispatch monies due from or due to charterers of the Vessel; collection of any sums due to the Owners related to the operation of the Vessel; and
- (b) coordination with the Commercial Manager with respect to (i) the matters referred to in the previous paragraph, (ii) consolidation of accounts, budgets and other materials as may be requested by the Commercial Manager or the Owner with respect to the Vessel and (iii) the scope

of Services required hereunder in relation to any charterparty for the Vessel negotiated by the Commercial Manager (as applicable) on its behalf or on behalf of the Owner.

4. **Claims Handling**

The Supervision Managers shall monitor and, if they deem it necessary, assist in the handling of all insurance claims by the Technical Managers or the Crew Managers in respect of the Vessel, including any total loss claims (always subject to prior consultation with the Owner). Notwithstanding the above, the Supervision Managers shall exclusively handle any and all hull and machinery insurance claims.

### SCHEDULE 3 – ADMINISTRATIVE & SUPPORT SERVICES

**Accounting and Records.** The Supervision Manager shall, on behalf of the Group, establish an accounting system, including the development, implementation and maintenance over financial reporting and disclosure controls and procedures, and maintain Books and Records, with such modifications as may be necessary to comply with Applicable Laws. The Books and Records shall contain particulars of receipts and disbursements relating to the Group's assets and liabilities and shall be kept pursuant to normal commercial practices that will permit consolidated financial statements to be prepared for the Parent in accordance with US GAAP and stand-alone and, if required, consolidated financial statements for its Subsidiaries under appropriate GAAP. The Books and Records shall be the property of the Group but shall be kept at the Supervision Manager' primary office or such other place as the Group and the Supervision Manager may mutually agree. Upon expiration or termination of this Agreement, all of the Books and Records shall be provided to the Parent or as the Parent shall direct. The internal control over financial reporting and disclosure controls and procedures shall be designed to be effective in the context of the Parent's management's obligation to report annually on such controls.

**Reporting Requirements.** The Supervision Manager shall prepare and deliver to the Chief Executive Officer and the Chief Financial Officer of the Parent the following reports, which the Supervision Manager shall use its reasonable best efforts to prepare and deliver within the time periods specified below or, if not so specified, within the time period requested by the relevant party:

(a) a quarterly report, including draft Earnings Release, to be delivered within 30 days of the end of each Fiscal Quarter (45 days for the Fiscal Quarter ending December 31 in each year) setting out the interim financial results of the Company for such quarter and for the applicable Fiscal Year through the end of such Fiscal Quarter;

(b) as and when requested by the Board of Directors, the Chief Executive Officer or the Chief Financial Officer, draft reports regarding financial and other information required in connection with Applicable Laws (including annual and other reports that may be required to be filed under the Exchange Act and all other Applicable Laws); and

(c) as and when reasonably requested by the Parent from time to time, such other reports with respect to financial and other information of the Group.

**Financial Statements and Tax Returns.** At the instruction of the Chief Financial Officer, the Supervision Manager shall prepare and deliver for review by the Chief Financial Officer and the Audit Committee of the Board of Directors the following, which the Supervision Manager shall use its reasonable best efforts to prepare and deliver within the time periods specified below or, if not so specified, within the time period requested by the relevant party:

(a) within 30 days of the end of each Fiscal Quarter, unaudited financial statements of the Parent for such Fiscal Quarter, reviewed by the external auditors of the Parent, prepared in accordance with US GAAP and the rules and regulations of the SEC, on a consolidated basis with all Subsidiaries of the Parent;

(b) within 45 days of the end of each Fiscal Year, financial statements of the Parent for such Fiscal Year, audited by the external auditors of the Parent, prepared in accordance with US GAAP and the rules and regulations of the SEC, on a consolidated basis with all Subsidiaries of the Parent;

(c) within any deadlines imposed by any regulatory authorities or in order to comply with covenants in borrowing facilities, financial statements of the Parent and Subsidiaries (included on a sub-consolidated basis if required) for such Fiscal Year, audited by the external auditors, prepared in accordance with

US GAAP or other GAAP as appropriate; and

(d) tax returns for the Parent and all of its Subsidiaries required to be filed by Applicable Laws.

Notwithstanding the foregoing, in the event that the Parent's reporting obligations are accelerated under the Exchange Act beyond what such obligations are at the time of the commencement of this Agreement, the Supervision Manager shall use its reasonable best efforts to provide to the Parent the financial statements referred to in clauses (a) and (b) above within such periods as shall be required for the Parent to comply with any reporting requirements under the Exchange Act or other similar applicable laws and regulations.

In addition, the Supervision Manager shall attend to the timely calculation and payment of all taxes payable by the Group. At the instruction of the Chief Financial Officer, the Supervision Manager shall cause the Parent's external accountants to review the Parent's unaudited financial statements, audit the Parent's and the Subsidiaries' annual financial statements, review internal controls and finalize tax returns. The Supervision Manager shall make available to the Parent's accountants the relevant Books and Records for the Company and the Subsidiaries and shall assist the accountants in their duties.

#### **Legal and Securities Compliance Services.**

(a) Responsibilities of the Supervision Manager.

The Supervision Manager shall assist the Group with the following items, whether or not related to the Vessel:

(i) compliance with all Applicable Laws, including all relevant securities laws and the rules and regulations of the SEC, the New York Stock Exchange or any other securities exchange upon which the Parent's securities are listed;

(ii) arranging for the provision of advisory services to the Parent with respect to the Parent's obligations under applicable securities laws in the United States and disclosure and reporting obligations under applicable securities laws, including the preparation for review, approval and filing by the Parent of reports and other documents with the SEC and all other applicable regulatory authorities;

(iii) maintaining the Group's corporate existence and good standing in all necessary jurisdictions and assisting in all other corporate and regulatory compliance matters;

(iv) providing information required by any credit rating agencies;

(v) providing support to the Parent with respect to investor relations including maintenance and monitoring of its website;

(vi) providing legal support for transactions, including but not limited to negotiation and documentation of Memoranda of Agreement for the sale and purchase of vessels, new building contracts for vessels, charter parties, vessel financings; and

(vii) adjusting and negotiating settlements, with or on behalf of claimants or underwriters, of any claim, damages for which are recoverable under insurance policies (subject to any applicable deductible).

(b) Administration and Settlement of Legal Actions.

If any Legal Action is commenced against or is required to be commenced in favor of the Group or the Vessel, the Supervision Manager shall arrange for the commencement or defense of such Legal Action, as the case may be, in the name of, on behalf of and at the expense of the Group, including retaining and

instructing legal counsel, investigating the substance of the Legal Action and entering pleadings with respect to the Legal Action. The Supervision Manager shall assist the Group in administering and supervising any such Legal Actions and shall keep the Group advised of the status thereof. The Supervision Manager may settle any Legal Action on behalf of a Group where the amount of settlement is less than \$500,000 with the approval of the Chief Executive Officer or the Chief Financial Officer and, in excess of such amount, with the approval of the Board of Directors.

(c) Interaction with Regulatory Authorities.

Notwithstanding anything in this Schedule 3 or otherwise, the Supervision Manager shall not act for or on behalf of the Group in its relationships with any regulatory authorities except to the extent specifically authorized by the Parent from time to time.

#### **Bank Accounts.**

The Supervision Manager shall oversee banking services for the Group and shall, where necessary, establish in the name of the Parent and its Subsidiaries such bank accounts with such financial institutions as the Parent and its Subsidiaries may request. The Supervision Manager shall administer and manage all of the Group's cash and accounts, including making any deposits and withdrawals reasonably necessary for the management of its business and day-to-day operations. The Supervision Manager shall promptly deposit all moneys payable to the Group and received by the Supervision Manager into a bank account held in the name of the Parent or its Subsidiaries. This provision, and any and all other provisions required to give effect to this provision, shall become effective on the Effective Date.

#### **Corporate Planning.**

The Supervision Manager shall:

- (a) oversee preparation of annual budget, including working capital requirements;
- (b) develop forecasts and projections, including profitability analysis; and
- (c) obtain investment appraisals;

#### **Other Services.**

The Supervision Manager shall assist the Group to:

- (a) identify, negotiate and secure opportunities for the Group to acquire vessels or companies which own vessels, or to construct vessels, and to negotiate and carry out the purchase of existing vessels, newbuilding vessels or companies which are the registered owners of vessels.
- (b) obtain, on behalf of the Group, general insurance, director and officer liability insurance and other insurance of the Group not related to the Vessel that would normally be obtained for companies in a similar business to that of the Group;
- (c) if so required by the Group, administer payroll services, for any employee, officer or director of the Parent and its Subsidiaries;
- (d) provide the Group with information technology support including email;
- (e) provide office space and office equipment for personnel of the Group at the location of the

Supervision Manager or any subsidiary thereof or as otherwise reasonably designated by the Parent, and clerical, secretarial, accounting and administrative assistance as may be reasonably necessary;

(f) at the request and under the direction of the Parent, handle all administrative and clerical matters in respect of (i) board and committee meetings of the Parent and its Subsidiaries, (ii) the call and arrangement of all annual and special meetings of shareholders, the Parent and any of its subsidiaries, (iii) the preparation of all materials (including notices of meetings and proxy or similar materials) in respect thereof and (iv) the submission of all such materials to the Parent in sufficient time prior to the dates upon which they must be mailed, filed or otherwise relied upon so that the Parent has full opportunity to review, approve, execute and return them to the Supervision Manager for filing or mailing or other disposition as the Parent may require or direct;

(g) provide, at the request and under the direction of the Parent, such communications to the transfer agent for the Parent as may be necessary or desirable;

(h) make recommendations to the Parent for the appointment of auditors, accountants, legal counsel and other accounting, financial or legal advisers, and technical, commercial, marketing or other independent experts; *provided, however*, that nothing herein shall permit the Supervision Manager to engage any such adviser or expert for the Parent without the Parent's specific approval;

(i) providing assistance and advice to the Group with respect to financing, including (i) the monitoring and administration of the compliance with any applicable financing terms and conditions in effect with investors, banks, lenders or other financial institutions and (ii) the identification and negotiation of new capital or financings or re-financings; and

(j) attend to all other administrative matters necessary to ensure the professional management of the Group's business or as reasonably requested by the Group from time to time

## DEFINITIONS AND INTERPRETATION

Unless otherwise defined in this Schedule 3, capitalized terms used herein but not otherwise defined in this Schedule 3 shall have the meaning given such term in Clause 1 (A) of this Agreement.

**"Applicable Laws"** means, in respect of any Person, property, transaction or event, all laws, statutes, ordinances, regulations, municipal by-laws, treaties, judgments and decrees applicable to that Person, property, transaction or event, all applicable official directives, rules, consents, approvals, authorizations, guidelines, orders, codes of practice and policies of any Governmental Authority having authority over that Person, property, transaction or event and having the force of law, and all general principles of common law and equity.

**"Board of Directors"** means the board of directors of the Parent, as the same may be constituted from time to time.

**"Books and Records"** means all books of accounts and records, including tax records, sales and purchase records, Vessel records, computer software, formulae, business reports, plans and projections and all other documents, files, correspondence and other information of the Group with respect to the Vessel or the Business (whether or not in written, printed, electronic or computer printout form).

**"Business"** means the Group's business of owning, operating and/or chartering or re-chartering

vessels to other Persons and any other lawful act or activity customarily conducted in conjunction therewith.

“**Chief Executive Officer**” means the chief executive officer of the Parent.

“**Chief Financial Officer**” means the chief financial officer of the Parent.

“**Disclosing Party**” means a party who has disclosed Confidential Information hereunder to the other party or on whose behalf Confidential Information has been disclosed to the other party.

“**Effective Date**” means the date on which this Agreement shall become effective in accordance with box 2.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

“**Fiscal Quarter**” means a fiscal quarter for the Group

“**Fiscal Year**” means the fiscal year of the Parent, being the twelve-month period ending December 31.

“**GAAP**” means the generally accepted accounting principles

“**Governmental Authority**” means any domestic or foreign government, including any federal, provincial, state, territorial or municipal government, any multinational or supranational organization, any government agency (including the SEC), any tribunal, labor relations board, commission or stock exchange (including the New York Stock Exchange), and any other authority or organization exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government.

“**Legal Action**” means any action, suit or other proceeding concerning the Owner and/or the Vessel in any jurisdiction.

“**Parent**” means Global Ship Lease, Inc.

“**Receiving Party**” means a party to whom Confidential Information of a Disclosing Party has been disclosed hereunder.

“**SEC**” means the United States Securities and Exchange Commission.

“**Subsidiary(ies)**” means, with respect to any Person, (a) a corporation of which more than 50% of the voting power of shares entitled (without regard to the occurrence of any contingency) to vote in the election of directors or other governing body of such corporation is owned, directly or indirectly, at the date of determination, by such Person, by one or more Persons Controlled by such Person or a combination thereof, (b) a partnership (whether general or limited) in which such Person or a Person Controlled by such Person is, at the date of determination, a general or limited partner of such partnership, but only if more than 50% of the partnership interests of such partnership (considering all of the partnership interests of the partnership as a single class) is owned, directly or indirectly, at the date of determination, by such Person, one or more Persons Controlled by such Person, or a combination thereof, or (c) any other Person (other than a corporation or a partnership) in which such Person, one or more Persons Controlled by such Person, or a combination thereof, directly or indirectly, at the date of determination, has (i) at least a majority ownership interest or (ii)

the power to elect or direct the election of a majority of the directors or other governing body of such Person.

**ANNEX A**

## APPENDIX 1



# BIMCO

## SHIPMAN 2009

STANDARD SHIP MANAGEMENT AGREEMENT  
PART I

1. Date of Agreement ( date to be inserted ) <b>AS PER CLAUSE 13 (b) OF THE SUPERVISION AGREEMENT ENTERED INTO BETWEEN THE OWNERS AND THE MANAGERS AS OF [●]</b>	2. Date of commencement of Agreement (Cl.s. 2.12, 21 and 25) (date to be inserted) <b>AS PER CLAUSE 13 (b) OF THE SUPERVISION AGREEMENT ENTERED INTO BETWEEN THE OWNERS AND THE MANAGERS AS OF [●]</b>
3. Owners (name, place of registered office and law of registry) (Cl. 1)  (i) Name: [●]  (ii) Place of registered office: <b>80 Broad Street, Monrovia, Liberia</b>  (iii) Law of registry: <b>Liberia</b>	4.4 Managers (name, place of registered office and law of registry) (Cl. 1)  (I) Name: <b>Technomar Shipping Inc.</b>  (II) Place of registered office: <b>80 Broad Street Monrovia, Liberia</b>  (III) Established office : <b>3-5 Menandrou Str. 14561, Kifissia Athens - Greece</b>  (IV) Law of registry: <b>LIBERIA</b>
5. The Company (with reference to the ISM/ISPS Code) (state name and IMO Unique Company identification number. If the Company is a third party then also state registered office and principal place of business) (Cl.s. 1 and 9(c)(i))  (i) Name: <b>Technomar Shipping Inc.</b>  (ii) IMO Unique Company identification number: <b>1605338</b>  (iii) Place of registered office: <b>as per box 4</b>  (iv) Principal place of business: <b>as per box 4</b>	6. Technical Management (state "yes" or "no" as agreed) (Cl. 4) <p style="text-align: center;"><b>YES</b></p> 7. Crew Management (state "yes or no" as agreed (Cl. 5(a)) <p style="text-align: center;"><b>YES</b></p> 8. Commercial Management (state "yes or no" as agreed) (Cl. 6) <p style="text-align: center;"><b>NO</b></p>
9. Chartering Services period (only to be filled in if "yes" stated in Box 8) (Cl. 6(a)) <p style="text-align: center;"><b>N/A</b></p>	10. Crew Insurance arrangements (state "yes" or "no" as agreed) - <b>YES</b>  (i) Crew Insurances* (Cl. 5(b))  (ii) Insurance for persons proceeding to sea onboard (Cl 5(b)(i)) <i>*only to apply if Crew Management (Cl.5(a)) agreed (see Box 7)</i>
11. Insurance arrangements (state "yes" or "no" as agreed) (Cl. 7) <p style="text-align: center;"><b>YES</b></p>	12. Optional insurances (state optional insurance(s) as agreed, such as piracy, kidnap and ransom, loss of hire and FD & D) (Cl 10(a)(iv)) <p style="text-align: center;"><b>AS MAY BE INSTRUCTED BY OWNERS</b></p>
13. Interest (state rate of interest to apply after the due date to outstanding sums) (Cl.9(a)) <p style="text-align: center;"><b>N/A</b></p>	14. Annual management fee (Cl. 12(a)) <b>AS PER CLAUSE 13 (b) OF THE SUPERVISION AGREEMENT ENTERED INTO BETWEEN THE OWNERS AND THE MANAGERS AS OF [●]</b>

15. Manager's nominated account (Cl. 12(a))  <p style="text-align: center;"><b>TO BE ADVISED</b></p>	16. Daily rate (state rate for days in excess of those agreed in budget) (Cl. 12(c))  <p style="text-align: center;"><b>N/A</b></p>
18. Minimum contract period (state number of months) (Cl. 21(a))  <p style="text-align: center;"><b>Until 30 September 2026</b></p>	17. Lay-up period/number of months (Cl. 12(d))  <p style="text-align: center;"><b>3 (THREE) MONTHS</b></p>
20. Severance Costs (state maximum amount) (Cl. 22(c)(ii))  <p style="text-align: center;"><b>AS DEFINED</b></p>	19. Management fee on termination (state number of months to apply) (Cl. 22(e))  <p style="text-align: center;"><b>SEE CLAUSE 22</b></p>
22. Notices (state full style contact details for serving notice and communication to the Owners) (Cl. 24)  <p style="text-align: center;">c/o Technomar Shipping Inc. AS PER BOX 4</p>	21. Dispute Resolution  <p style="text-align: center;"><b>23(a)</b></p>
22. Notices (state full style contact details for serving notice and communication to the Owners) (Cl. 24)  <p style="text-align: center;">c/o Technomar Shipping Inc. AS PER BOX 4</p>	23. Notices (state full style contact details for serving notice and communication to the Managers) (Cl. 24)  <p style="text-align: center;">AS PER BOX 4</p>

<p>It is mutually agreed between the party stated in Box 3 and the party stated in Box 4 that this Agreement consisting of PART I and PART II as well as Annexes "A" (Details of Vessel or Vessels), "B" (Details of Crew) and C ("Budget") attached hereto, shall be performed subject to the conditions contained herein. In the event of a conflict of conditions, the provisions of PART I and Annexes "A" "B" and "C" shall prevail over those of PART II to the extent of such conflict but no further.</p>	
Signature(s) (Owners)	Signature(s) (Managers)

**PART II SHIPMAN 2009**  
**Standard ship management agreement**

**1. Definitions**

In this Agreement save where the context otherwise requires, the following words and expressions shall have the meanings hereby assigned to them:

"Affiliate" means, with respect to a specified Person, any Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with the specified Person.

"Change in Majority Interests or Control" means (i) a transaction or series of transactions involving the sale, transfer or other disposition of equity interests in the Owners or in any of its direct or indirect parent companies (including, without limitation, any transfer by the current owners of equity interests in the Parent), to one or more Persons that are not, immediately prior to such sale, Affiliates of the Parent, of more than 50% of the beneficial equity or voting interests in the Owners or in any such parent companies; (ii) a transaction or series of transactions involving the sale, transfer or other disposition of all or substantially all of the assets of the Owners or any of its direct or indirect parent companies (including, without limitation, the Parent) to one or more Persons that are not, immediately prior to such sale, transfer, or other disposition, Affiliates of the Parent; (iii) any merger, consolidation or other business combination of the Owners or any of its direct or indirect parent companies (including, without limitation, the Parent) in which the current owners of equity interests in the Parent immediately after such transaction cease to own more than 50% of the equity or voting interests in the Parent (or equity or voting interests of its successors) or the Parent ceases to directly or indirectly own more than 50% of the equity or voting interests in the Owners or its parent companies (or equity or voting interests of their successors) as a result of such transaction; or (iv) George Giouroukos's employment as Executive Chairman of the Parent is terminated by the Parent.

"Commercial Managers" means Conchart Commercial Inc., a Marshall Islands corporation or Global Ship Lease Services Limited, a company incorporated in England (as applicable).

"Commercial Management Agreement" collectively means the agreements with respect to commercial management made between the Parent and/or its Subsidiaries, on the one hand, and the Commercial Managers, on the other hand, with respect to each of the Vessels (as defined therein).

"Company" (with reference to the ISM Code and the ISPS Code) means the organization identified in **Box 5** or any replacement organization appointed by the Owners from time to time (see Sub-clauses 9(b)(i) or 9(c) (ii), whichever is applicable).

"Confidential Information" means all information (of whatever nature and however recorded or preserved) which:

- (a) was disclosed by the Owners to the Managers, whether before or after the date of this Agreement, as a result of the discussions leading up to this Agreement, entering into this Agreement or the performance of this Agreement and is designated as "confidential information" by the Owners at the time of disclosure; or
- (b) is information which relates to existing or proposed operations, business plans, market opportunities and business affairs of the Owners or its Affiliates and is clearly confidential from its nature and/or the circumstances in which it was imparted would be regarded as being confidential by a reasonable business person; or
- (c) is clearly confidential from its nature and/or the circumstances in which it was imparted, and including information which relates to the commercial affairs, business (including but not limited to any information considered to be price sensitive information by the Owners), finances, infrastructure, products, services, developments, inventions, trade secrets, know-how, personnel, or contracts of, and any other information relating to, the Owners or its Affiliates (or its or their customers); or
- (d) any information referred to in (a) to (c) above disclosed on the Owners' behalf by their Affiliates; and
- (e) information extracted, copied or derived from information referred to in (a) to (d) above.

"Control" or "Controlling" or "Controlled by" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

"Crew" means the personnel of the numbers, rank and nationality specified in Annex "B" hereto, including but not limited to the Master and any officers.

"Crew Insurances" means insurance of liabilities in respect of crew risks which shall include but not be limited to death, permanent

disability, sickness, injury, repatriation, shipwreck unemployment indemnity and loss of personal *effects* (see Sub-clause 5(b) (Crew Insurances) and Clause 7 (Insurance Arrangements) and Clause 10 (Insurance Policies) and **Boxes 10 and 11**).

"Crew Support Costs" means all expenses of a general nature which are not particularly referable to any individual vessel for the time being managed by the Managers and which are incurred by the Managers for the purpose of providing an efficient and economic management service and, without prejudice to the generality of the foregoing, shall include the cost of crew standby pay, training schemes for officers and ratings, cadet training schemes, sick pay, study pay, recruitment and interviews.

"Dollars" and "US\$" means the lawful currency of the United States of America.

"Exclusive Broker" means Conchart Commercial Inc., a Marshall Islands corporation.

"Exclusive Brokerage Deed" means the Deed of Commercial Advisory Services and Exclusive Brokerage Services entered into on the same date as this Agreement made between the Parent, Global Ship Lease Services Limited and the Exclusive Broker with respect to the Vessels (as defined therein) (if applicable).

"Flag State" means the State whose flag the Vessel is flying.

"Governmental Entity" means and includes (whether having a distinct legal personality or not) any national or local government authority, board, commission, department, division, organ, instrumentality, court or agency and any association, organisation or institution of which any of the foregoing is a member or to whose jurisdiction any of the foregoing is subject or in whose activities any of the foregoing is a participant.

"ISM Code" means the International Management Code for the Safe Operation of Ships and for Pollution Prevention and any amendment thereto or substitution therefor.

"ISPS Code" means the International Code for the Security of Ships and Port Facilities and the relevant amendments to Chapter XI of SOLAS and any amendment thereto or substitution therefor.

"Managers" means the party identified in **Box 4**.

"Management Services" means the services specified in SECTION 2 - Services (Clauses 4 through 7) as indicated affirmatively in **Boxes 6 through 8, 10 and 11**, and all other functions performed by the Managers under the terms of this Agreement.

"Manager Change of Control" means (i) a transaction or series of transactions involving the sale, transfer or other disposition by George Giouroukos to one or more Persons that are not, immediately prior to such sale, Affiliates of George Giouroukos, of more than 50% of the equity interests in the Managers; or (ii) any merger, consolidation or other business combination of the Managers in which George Giouroukos immediately after such transaction ceases to own more than 50% of the equity interests in the Managers (or equity interests of their successors) as a result of such transaction.

"Owners" means the party identified in **Box 3**.

"Parent" means Global Ship Lease, Inc., a Marshall Islands corporation.

"Parties" means the Parties to this Agreement.

"Person" means any individual, corporation, association, partnership (general or limited), joint venture, trust, estate, limited liability company, or other legal entity or organization.

"Severance Costs" means the costs which are legally required to be paid to the Crew as a result of the early termination of any contracts for service on the Vessel.

"SMS" means the Safety Management System (as defined by the ISM Code).

"STCW 95" means the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1978, as amended in 1995 and any amendment thereto or substitution therefor.

"Subsidiary(ies)" means, with respect to any Person, (a) a corporation of which more than 50% of the voting power of shares entitled (without regard to the occurrence of any contingency) to vote in the election of directors or other governing body of such corporation is owned, directly or indirectly, at the date of determination, by such Person, by one or more Persons Controlled by such Person or a combination thereof, (b) a partnership (whether general or limited) in which such Person or a Person Controlled by such Person is, at the date of determination, a general or limited partner of such partnership, but only if more than 50% of the partnership interests of such partnership (considering all of the partnership interests of the partnership as a single class) is owned, directly or indirectly, at the date of determination, by such Person, one or more Persons Controlled by such Person, or a combination thereof, or (c) any other Person (other than a corporation or a partnership) in which such Person, one or more Persons Controlled by such Person, or a combination thereof, directly or indirectly, at the date of determination, has (i) at least a majority ownership interest or (ii) the power to elect or direct the election of a majority of the directors or other

governing body of such Person.

"TCMC" means Technomar Crew Management Corporation, a crew manning company affiliated to the Managers with registered offices in Manila, Philippines.

"Vessel" means the vessel details of which are set out in Annex "A" attached hereto.

**2. Commencement and Appointment**

With effect from the date stated in Box 2 for the commencement of the Management Services and continuing unless and until terminated as provided herein, the Owners hereby appoint the Managers and the Managers hereby agree to act as the Managers of the Vessel in respect of the Management Services.

**3. Authority of the Managers**

Subject to the terms and conditions herein provided, during the period of this Agreement the Managers shall carry out the Management Services in respect of the Vessel as agents for and on behalf of the Owners. The Managers shall have authority to take such actions as they may from time to time in their absolute discretion consider to be necessary to enable them to perform the Management Services in accordance with sound ship management practice, including but not limited to compliance with all relevant rules and regulations.

**4. Technical Management**

*(only applicable if agreed according to **Box 6**).*

The Managers shall provide technical management which includes, but is not limited to, the following services:

- (a) ensuring that the Vessel complies with the requirements of the law of the Flag State;

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- (b) ensuring compliance with the ISM Code;
- (c) ensuring compliance with the ISPS Code;
- (d) providing competent personnel to supervise the maintenance and general efficiency of the Vessel;
- (e) arranging and supervising special surveys, dry dockings, repairs, alterations and the maintenance of the Vessel to the standards agreed with the Owners provided that the Managers shall be entitled to incur the necessary expenditure to ensure that the Vessel will comply with all requirements and recommendations of the classification society, and with the law of the Flag State and of the places where the Vessel is required to trade;
- (f) arranging the supply of necessary stores, spares and lubricating oil;
- (g) appointing surveyors and technical consultants as the Managers may consider from time to time to be necessary;
- (h) in accordance with the Owners' instructions, arranging and supervising the sale and/or purchase and legal and physical delivery of the Vessel under the sale and purchase agreement; provided, however services under this Sub-clause 4(h) shall not include negotiation of the sale agreement;
- (i) arranging for the supply of provisions;
- (j) arranging for the sampling and testing of bunkers;
- (k) arranging for the provision of bunker fuels as required for the Vessel's trade;
- (l) receiving and relaying voyage instructions;
- (m) appointing stevedores;
- (n) arranging surveys associated with the commercial operation of the Vessel;
- (o) accounting and calculation of hire, freights, demurrage and/or dispatch monies due from or due to charterers of the Vessel; collection of any sums due to the Owners related to the operation of the Vessel;
- (p) coordinate with the Commercial Managers and the Exclusive Broker (as applicable) with respect (i) the matters referenced in Clause 4(o) above, (ii) consolidation of accounts, budgets and other materials as may be requested by the Commercial Managers, the Exclusive Broker (as applicable) or Owners with respect to the Vessel and any other vessels subject to the Commercial Management Agreement and/or the Exclusive Brokerage Deed (as applicable) and for which the Managers hereunder provide any management services, and (iii) the scope of Management Services required hereunder in relation to any charterparty for the Vessel negotiated by the Commercial Managers or the Exclusive Broker (as applicable) on its behalf or on behalf of the Owners; and
- (q) Perform the Management Services hereunder in compliance with, and in such a manner as to comply with the requirements of, any charterparty for the Vessel.

**5. Crew Management and Crew Insurances**

**(a) Crew Management**

*(only applicable if agreed according to **Box 7**)*

The Managers shall provide suitably qualified Crew who shall comply with the requirements of STCW 95. The provision of such crew management services includes, but is not limited to, the following services:

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- (i) selecting, engaging and providing for the administration of the Crew, including, as applicable, payroll arrangements, pension arrangements, tax, social security contributions and other mandatory dues related to their employment payable in each Crew member's country of domicile;
- (ii) ensuring that the applicable requirements of the law of the Flag State in respect of rank, qualification and certification of the Crew and employment regulations, such as Crew's tax and social insurance, are satisfied;
- (iii) ensuring that all Crew have passed a medical examination with a qualified doctor certifying that they are fit for the duties for which they are engaged and are in possession of valid medical certificates issued in accordance with appropriate Flag State requirements, it being understood that the Vessel shall always remain flagged with a Flag State requiring such medical certificates;
- (iv) ensuring that the Crew shall have a common working language and/or a command of the English language of a sufficient standard to enable them to perform their duties safely;
- (v) arranging transportation of the Crew including repatriation;
- (vi) training of the Crew;
- (vii) conducting union negotiations;
- (viii) operating the Manager's drug and alcohol policy;
- (ix) ensuring that any complaints with respect to the Master or any of the officers or any other members of the Crew are promptly investigated, and if such complaints are well-founded ensuring that changes in appointments are made without delay in accordance with Clause 15 (Replacement);
- (x) if the Managers are the Company, ensuring that the Crew, on joining the Vessel, are given proper familiarization with their duties in relation to the Vessel's SMS and that instructions which are essential to the SMS are identified, documented and given to the Crew prior to sailing;
- (xi) it is hereby agreed that for the employment of Filipino crew the Managers may sub-contract with TCMC or any other manning agent. Where the Managers have sub-contracted to (i) TCMC for the employment of Filipino crew, the Owners will pay to the Managers the actual costs of TCMC calculated on the basis of crew days on board the Vessel, and there shall be no commission or other charges payable to TCMC in relation thereto and (ii) any other manning agent for the employment of Filipino crew, the Owners will pay to the Managers the costs of such manning agent calculated on the basis of crew days on board the Vessel and charged to the Manager along with the customary commission and all other charges in relation thereto;
- (xii) if the Managers are not the Company: N/A; and
- (xiii) where Managers are not providing technical management services in accordance with Clause 4 (Technical Management):  
N/A

**(b) Crew Insurances**

*(only applicable if Sub-clause 5(a) applies and if agreed according to **Box 10**)*

The Managers shall throughout the period of this Agreement provide the following services:

- (i) arranging Crew Insurances in accordance with the sound practice of prudent managers of vessels of a similar type to the Vessel, with sound and reputable insurance companies, underwriters or associations. Insurances for any other persons proceeding to sea onboard the Vessel may be separately agreed by the Owners and the Managers (see **Box 10**);
- (ii) ensuring that the Owners are aware of the terms, conditions, exceptions and limits of liability of the insurances in Sub-clause 5(b)(i);
- (iii) ensuring that all premiums or calls in respect of the insurances in Sub-clause 5(b)(i) are paid by their due date;

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- (iv) if obtainable at no additional cost or as otherwise requested by the Owners, ensuring that insurances in Sub-clause 5(b)(i) name the Owners as a joint assured with full cover and, unless otherwise agreed, on terms such that Owners shall be under no liability in respect of premiums or calls arising in connection with such insurances;
- (v) providing written evidence, to the reasonable satisfaction of the Owners, of the Managers' compliance with their obligations under Sub-clause 5(b)(ii), and 5(b)(iii) within a reasonable time of the commencement of this Agreement, and of each renewal date and, if specifically requested, of each payment date of the insurances in Sub-clause 5(b)(i).

**6. Commercial Management**

*(only applicable if agreed according to **Box 8**). – N/A*

**7. Insurance Arrangements**

*(only applicable if agreed according to **Box 11**).*

The Managers shall arrange insurances in accordance with Clause 10 (Insurance Policies), on such terms as the Owners shall have instructed or agreed, in particular regarding conditions, insured values, deductibles, franchises and limits of liability.

**8. Managers' Obligations**

**(a)** The Managers undertake to use their best endeavours to provide the Management Services as agents for and on behalf of the Owners in accordance with sound ship management practice and to protect and promote the interests of the Owners in all matters relating to the provision of services hereunder. In performing and discharging its obligations, duties and liabilities under this Agreement, the Managers shall act in accordance with all instructions communicated to it by the Owners and the Managers shall at all times serve the Owners faithfully and diligently.

Notwithstanding anything herein to the contrary and for the avoidance of doubt, the parties acknowledge that the Managers shall continue to act as a technical manager with respect to vessels owned or operated by persons or entities other than the Owners, the Parent, or their respective Subsidiaries. In addition, and notwithstanding clause 8(a), in the performance of their management responsibilities under this Agreement, the Managers shall be entitled to have regard to their overall responsibility in relation to all other vessels as may from time to time be entrusted to their management and in particular, but without prejudice to the generality of the foregoing, the Managers shall be entitled to allocate available supplies, manpower and services in such manner as in the prevailing circumstances they consider in their discretion (reasonably exercised) to be fair and reasonable, but in no circumstances shall the Vessel be managed in a manner which is less favourable to the interests of the Owners.

In the performance and discharge of its obligations, duties and liabilities under this Agreement, the Managers shall take care not to exceed the authority given by the Owners under the terms of this Agreement and shall act at all times in accordance with the Owner's instructions.

In the performance and discharge of its obligations, duties and liabilities under this Agreement, the Manager shall act with reasonable care and skill in accordance with good industry practices and in compliance with all laws and regulations, and shall provide the Management Services hereunder and maintain the Vessel at a standard at least equivalent to the standards followed by it with respect to the other vessel(s) for which the Managers provide management services.

Notwithstanding anything contained herein to the contrary, the Managers shall at all times devote a sufficient amount of its time, resources and personnel to provide the Management Services contemplated by this Agreement.

**(b)** Where the Managers are providing technical management services in accordance with Clause 4 (Technical Management), they shall procure that the requirements of the Flag State are satisfied and they shall agree to be appointed as the Company, assuming the responsibility for the operation of the Vessel and taking over the duties and responsibilities imposed by the ISM Code and the ISPS Code, if applicable.

**(c)** In providing the Management Services, the Managers will at all times comply with, without limitation, the U.S. Foreign Corrupt Practices Act, any applicable country legislation implementing the OECD Convention on combating Bribery of Foreign Public Officials in International Business Transactions, and the UK Bribery Act 2010, and any other laws or regulations relating to anti-bribery, anti-terrorism, economic sanctions and anti-money laundering, to the extent applicable. The Managers shall not engage in any activity, practice or conduct which constitutes a breach of any of the foregoing; in addition, the Managers shall not employ

any Person, nor subcontract with any person or entity, to perform or discharge any of its obligations under this Agreement if that person or entity is designated or identified as a Specially Designated National, a Person subject to sanctions that prohibit all dealings or restrict dealings with such Person, a foreign terrorist organization or an organization that provides support to a foreign terrorist organization by the United States Government or any branch or department thereof (including, but not limited to, the Office of Foreign Asset Control).

## 9. Owners' Obligations

- (a) The Owners shall pay all sums due to the Managers punctually in accordance with the terms of this Agreement.
- (b) Where the Managers are providing technical management services in accordance with Clause 4 (Technical Management), the Owners shall:
- (i) report (or where the Owners are not the registered owners of the Vessel procure that the registered owners report) to the Flag State administration the details of the Managers as the Company as required to comply with the ISM and ISPS Codes;
  - (ii) procure that any officers and ratings supplied by them or on their behalf comply with the requirements of STCW 95; and
  - (iii) instruct such officers and ratings to obey all reasonable orders of the Managers (in their capacity as the Company) in connection with the operation of the Managers' safety management system.
- (c) Where the Managers are providing crew management services in accordance with Sub-clause 5(a) the Owners shall:
- (i) inform the Managers, through the Commercial Managers, the Exclusive Broker (if applicable) or otherwise, prior to any order for the Vessel to any excluded or additional premium area under any of the Owners' Insurances by reason of war risks and/or piracy or like perils and pay whatever additional costs may properly be incurred by the Managers as a consequence of such orders including, if necessary, the costs of replacing any member of the Crew. Any delays resulting from negotiation with or replacement of any member of the Crew as a result of the Vessel being ordered to such an area shall be for the Owners' account. Should the Vessel be within an area which becomes an excluded or additional premium area the above provisions relating to cost and delay shall apply;
  - (ii) agree with the Managers prior to any change of flag of the Vessel and pay whatever additional costs may properly be incurred by the Managers as a consequence of such change; and
  - (iii) provide, at no cost to the Managers, in accordance with the requirements of the law of the Flag State, or higher standard, as mutually agreed, adequate Crew accommodation and living standards.

## 10. Insurance Policies

The Managers shall ensure that throughout the period of this Agreement:

- (a) at the Owners' expense, the Vessel is insured for not less than its sound market value or entered for its full gross tonnage, as the case may be for:
- (i) hull and machinery marine risks (including but not limited to crew negligence) and excess liabilities;
  - (ii) protection and indemnity ("P&I") risks (including but not limited to pollution risks, diversion expenses and, except to the extent insured separately by the Managers in accordance with Sub-clause 5(b)(i), Crew Insurances;
  - (iii) Freight, Demurrage and Defence cover ("FD & D");

*NOTE: If the Managers are not providing crew management services under Sub-clause 5(a) (Crew Management) or have agreed not to provide Crew Insurances separately in accordance with Sub-clause 5(b)(i), then such insurances must be included in the protection and indemnity risks cover for the Vessel (see Sub-clause 10(a)(ii) above).*

- (iii) war risks (including but not limited to blocking and trapping, protection and indemnity, terrorism and crew risks); and
  - (iv) such optional insurances as may be agreed (such as piracy, kidnap and ransom, piracy loss of hire, loss of hire ) (see Box 12)
- Sub-clauses 10(a)(i) through 10(a)(iv) all in accordance with the best practice of prudent owners of vessels of a similar type to the Vessel, with sound and reputable insurance companies, underwriters or associations ("the Owners' Insurances");

(b) all premiums and calls on the Owners' Insurances are paid by their due date;

(c) In the event the Vessel is sold or this Agreement is terminated as per the terms hereunder the Owners will either pay directly, or remit, sufficient funds in the Vessel's Earnings Account to cover, the Vessel's P&I and FD & D estimated Release Calls as same will be calculated by the Vessel's Protection and Indemnity Association. The Managers will ensure that, in the event of payment from the Vessel's Earnings Account, when called by the Vessel's Protection and Indemnity Association, the Vessel's Release Calls are paid as appropriate and any balance remaining out of the amount originally remitted by the Owners will be released to the Owners.

(d) the Owners' Insurances name the Managers and, subject to underwriters' agreement, any third party designated by the Managers as a joint assured, with full cover. It is understood that in some cases, such as protection and indemnity, the normal terms for such cover may impose on the Managers and any such third party a liability in respect of premiums or calls arising in connection with the Owners' Insurances.

If obtainable at no additional cost, however, the Managers shall procure such insurances on terms such that neither the Managers nor any such third party shall be under any liability in respect of premiums or calls arising in connection with the Owners' Insurances. In any event, on termination of this Agreement in accordance with Clause 21 (Duration of the Agreement) and Clause 22 (Termination), the Owners or Managers shall procure that the Managers and any third party designated by the Managers as joint assured shall cease to be joint assured and, if reasonably achievable, that they shall be released from any and all liability for premiums and calls that may arise in relation to the period of this Agreement; and

(e) written evidence is provided, to the reasonable satisfaction of the Owners, of the Managers' compliance with their obligations under this Clause 10 within a reasonable time of the commencement of the Agreement, and of each renewal date and, if specifically requested, of each payment date of the Owners' Insurances.

#### 11. Income Collected and Expenses Paid on Behalf of Owners

(a) All monies collected by the Managers under this Agreement (other than monies payable by the Owners to the Managers) and any interest thereon shall be held to the credit of the Owners in a separate bank account.

(b) All expenses incurred by the Managers under the terms of this Agreement on behalf of the Owners (including expenses as provided in Clause 12(c)) may be debited against the Owners in the account referred to under Sub-clause 11(a) but shall in any event remain payable by the Owners to the Managers on demand.

(c) The Managers shall provide the Owners with (i) monthly cash flow statements with respect to the Vessel and the Owners, and (ii) quarterly un-audited accounts and detailed analysis showing all movements and use of funds held in the separate bank account.

(d) The Managers shall pay, on behalf of the Owners and from the bank account referred to in Clause 11(a) above, all expenses of the Commercial Managers under the Commercial Management Agreement and all expenses of the Exclusive Broker under the Exclusive Brokerage Deed (as applicable).

#### 12. Management Fee and Expenses

(a) The Owners shall pay to the Managers a daily management fee as stated in **Box 14** for their services as Managers under this Agreement, which shall be due and payable in monthly instalments in advance, the first instalment (pro rata if appropriate) being due and payable on the date of delivery of the Vessel to the Owners and subsequent instalments being due and payable every first New York banking day of every calendar month. The management fee shall be payable to the Managers' nominated account stated in **Box 15**.

(b) The management fee shall be subject to an annual review (at the end of each calendar year) in order to reflect any increases in the salaries of Managers' employees and other expenses (inflation). The proposed fee shall be presented in the annual budget in accordance with Sub-clause 13(a). Subject always to the prior written approval of the Owners, the management fee may increase annually on January 1 of each year by not more than two and one-half percent (2.5%).

(c) The Managers shall, at no extra cost to the Owners, provide their own office accommodation, office staff, facilities and stationery. Without limiting the generality of this Clause 12 (Management Fee and Expenses) the Owners shall reimburse the Managers for reasonable postage, communication, travelling and accommodation expenses, and other reasonable out of pocket expenses properly incurred by the Managers in pursuance of the Management Services including but not limited to the Vessel apportioned cost of the Managers' "flying squad" and the "on board the Vessel" allowances as well as any other sundry administrative expenses, it being understood that the Managers shall not make any expenditure with respect to the items described in this sub-paragraph (c) in the aggregate in excess of US\$5,000 in any given calendar month, without the prior written consent of the Owners. Notwithstanding the foregoing, any of the above items that may be included in the annual budget

will not be part of this reimbursement.

(d) If the Owners decide to layup the Vessel and such layup lasts for more than the number of months stated in **Box 17**, the Management Fee is agreed to be Euro 190 per day and will be applicable for the period exceeding such period agreed in Box 17 until one month before the Vessel is again put into service. If the Managers are providing crew management services in accordance with Sub-clause 5(a), consequential costs of reduction and reinstatement of the Crew shall be for the Owners' account.

(e) Save as otherwise provided in this Agreement, all discounts and commissions obtained by the Managers in the course of the performance of the Management Services shall be credited to the Owners.

### 13. Budgets and Management of Funds

(a) The Managers shall prepare a budget. The budget shall also provide aggregate forecast expenditure by the Managers for those cost items to be reimbursed by Owners as detailed in Clause 12(c). The Managers' initial budget is set out in Annex "C" hereto. Subsequent budgets shall be for twelve month periods and shall be prepared by the Managers and presented to the Owners not less than one month before the end of the budget year.

(b) The Owners shall state to the Managers in a timely manner, but in any event within one month of presentation, whether or not they agree to each proposed annual budget. In the absence of any such indication by the Owners, within such one month period, the Managers shall be entitled to assume that the Owners have accepted the proposed budget.

(c) Following the agreement of the budget, the Managers shall prepare and present to the Owners their estimate of the working capital requirement for the Vessel and shall each month request the Owners in writing to pay the funds required to run the Vessel for the ensuing month, including the payment of any occasional or extraordinary item of expenditure, such as emergency repair costs, additional insurance premiums, bunkers or provisions. Such funds shall be received by the Managers within ten running days after the receipt by the Owners of the Managers' written request and shall be held to the credit of the Owners in a separate bank account.

(d) The Managers shall (i) establish and maintain an accounting system which meets the requirements of the Owners and provide regular accounting services, supply regular reports and records, (ii) maintain the records of all costs and expenditures incurred as well as data necessary or proper for settlement of accounts, (iii) prepare yearly operating budgets for the Vessel including any drydocking and special surveys, (iv) provide back-office administration and accounting services for the Vessel and the Owners, and (v) at all times maintain and keep true and correct accounts in respect of the Management Services in accordance with the relevant International Financial Reporting Standards or U.S GAAP as required, including records of all costs and expenditure incurred, and produce a comparison between budgeted and actual income and expenditure of the Vessel in such form and at such intervals as shall be mutually agreed. The Managers shall make such accounts available for inspection and auditing by the Owners and/or their representatives in the Managers' offices or by electronic means, provided reasonable notice is given by the Owners.

(e) The Managers shall assist the Owners and its Parent in complying with the requirements of Section 404 of the U.S. Sarbanes Oxley Act 2002, as it may be amended from time to time ("SOX"), governing the effectiveness of internal controls of service organizations retained by publicly held companies by taking or causing to be taken, all actions and doing, or causing to be done, all things and executing any and all documents and instruments which may reasonably be required, proper or advisable to conducting an evaluation on the internal controls of the Managers in compliance with SOX. The Managers agree to take or cause to be taken, all actions and to do, or cause to be done, all things and to execute any and all documents and instruments of any kind on an ongoing basis which might be reasonably necessary, proper or advisable to permit the Owners and its Parent to remain in compliance with SOX throughout the term of this Agreement, and, with the exception of the costs incurred by the Managers to obtain SAS 70 reports or any equivalents thereof, if require by the Owners or the Parent, which shall be payable by either the Owners or the Parent, each of the parties to this Agreement shall bear their own costs associated with such compliance.

(f) Notwithstanding anything contained herein, the Managers shall in no circumstances be required to use or commit their own funds to finance the provision of the Management Services except where the terms of this engagement provide that such Management Services are to be provided at no extra or additional cost to the Owners.

### 14. Trading Restrictions

If the Managers are providing crew management services in accordance with Sub-clause 5(a) (Crew Management), the Owners and the Managers will, prior to the commencement of this Agreement, agree on any trading restrictions to the Vessel that may result from the terms and conditions of the Crew's employment.

### 15. Replacement

If the Managers are providing crew management services in accordance with Sub-clause 5(a) (Crew Management), the Owners

may require the replacement, at their own expense, at the next reasonable opportunity, of any member of the Crew, including but not limited to any Master or officer, found on reasonable grounds to be unsuitable for service. If the Managers have failed to fulfil their obligations in providing suitable qualified Crew within the meaning of Sub-clause 5(a) (Crew Management), then such replacement shall be at the Managers' expense.

## 16. Managers' Right to Sub-Contract

Other than to its Affiliates or as otherwise set forth in this Agreement, the Managers shall not subcontract any of their obligations hereunder without the prior written consent of the Owners. In the event of such a sub-contract the Managers shall remain fully liable for the due performance of their obligations under this Agreement. Owners hereby agree that the Managers are allowed to sub-contract with TCMC (for the Filipino crew only) and with other manning agents as same may be necessary for the due performance of the Managers' services under clause 5 (a).

## 17. Responsibilities

**(a)** *Force Majeure* - Neither party shall be liable for any loss, damage or delay due to any of the following force majeure events and/or conditions to the extent that the party invoking force majeure is prevented or hindered from performing any or all of their obligations under this Agreement, provided they have made all reasonable efforts to avoid, minimise or prevent the effect of such events and/or conditions:

- (i) acts of God;
- (ii) any requisition, control, intervention, requirement or interference by a Governmental Entity;
- (iii) any circumstances arising out of war, threatened act of war or warlike operations, acts of terrorism, sabotage or piracy, or the consequences thereof;
- (iv) riots, civil commotion, blockades or embargoes;
- (v) epidemics;
- (vi) earthquakes, landslides, floods or other extraordinary weather conditions;
- (vii) strikes, lockouts or other industrial action, unless limited to the employees (which shall not include the Crew) of the party seeking to invoke force majeure;
- (viii) fire, accident, explosion except where caused by negligence of the party seeking to invoke force majeure; and
- (ix) any other similar cause beyond the reasonable control of either party.

### **(b)** *Liability to Owners*

Without prejudice to Sub-Clause 17(a), the Managers shall be under no liability whatsoever to the Owners for any loss, damage, delay or expense of whatsoever nature, whether direct or indirect (including but not limited to loss of profit arising out of or in connection with detention of or delay to the Vessel), and howsoever arising in the course of performance of the Management Services **UNLESS** the same is proved to have resulted solely from:

- (i) the persistent and/or continuing negligence of the Managers which causes material losses and/or material additional expense to the Owners for a period of 3 (three) calendar months or more following a written notice from the Owners that it is dissatisfied with the performance of the Managers due to such negligence and stating the deficiencies to be remedied, provided however, that the Managers shall not be deemed to have acted negligently if the deficiencies arise or are continuing due to circumstances beyond the control of the Managers, the Exclusive Broker and TCMC, or if the Managers are taking reasonable steps to remedy such deficiencies; or
- (ii) the gross negligence or wilful default of the Managers or its employees or agents, or sub-contractors employed by them in connection with the Vessel,
- (iii) in which case (save where loss, damage, delay or expense has resulted from the Managers' personal act or omission committed with the intent to cause the same or recklessly and with knowledge that such loss, damage, delay or expense would probably result) the Managers' liability for each incident or series of incidents giving rise to a claim or claims shall never exceed a total of (A) three (3) times the annual management fee payable hereunder with respect to such liability arising under the foregoing sub-clause (i) or (B) ten (10) times the annual management fee payable hereunder with respect to such liability arising under the foregoing sub-clause (ii).

- (iv) *Acts or omissions of the Crew* – Notwithstanding anything that may appear to the contrary in this Agreement, the Managers shall not be liable for any acts or omissions of the Crew, even if such acts or omissions are negligent, grossly negligent or wilful, except only to the extent that they are shown to have resulted from a failure by the Managers to discharge their obligations under Clause 5(a) (Crew Management), in which case their liability shall be limited in accordance with the terms of this Clause 17 (Responsibilities).
- (c) *Indemnity* - Except to the extent and solely for the amount therein set out that the Managers would be liable under Sub-clause 17(b), the Owners hereby undertake to keep the Managers and their employees, agents and sub-contractors indemnified and to hold them harmless against all actions, proceedings, claims, demands or liabilities whatsoever or howsoever arising which may be brought against them or incurred or suffered by them arising out of or in connection with the performance of this Agreement, and against and in respect of all costs, loss, damages and expenses (including legal costs and expenses on a full indemnity basis) which the Managers may suffer or incur (either directly or indirectly) in the course of the performance of this Agreement.
- (d) *"Himalaya"* - It is hereby expressly agreed that no employee or agent of the Managers (including every sub-contractor from time to time employed by the Managers) shall in any circumstances whatsoever be under any liability whatsoever to the Owners for any loss, damage or delay of whatsoever kind arising or resulting directly or indirectly from any act, neglect or default on his, her or its part while acting in the course of or in connection with his, her or its employment and, without prejudice to the generality of the foregoing provisions in this Clause 17 (Responsibilities), every exemption, limitation, condition and liberty herein contained and every right, exemption from liability, defence and immunity of whatsoever nature applicable to the Managers or to which the Managers are entitled hereunder shall also be available and shall extend to protect every such employee or agent of the Managers acting as aforesaid and for the purpose of all the foregoing provisions of this Clause 17 (Responsibilities) the Managers are or shall be deemed to be acting as agent or trustee on behalf of and for the benefit of all persons who are or might be their servants or agents from time to time (including sub-contractors as aforesaid) and all such persons shall to this extent be or be deemed to be parties to this Agreement.

## 18. General Administration

- (a) The Managers shall keep the Owners and, if appropriate, the Company informed in a timely manner of any incident of which the Managers become aware which gives or may give rise to a material delay to the Vessel or material claims or disputes involving third parties. Without derogating from the foregoing, the Managers shall present the Owners with a report at least every six (6) months identifying all claims arising in or outstanding in such period, settlement and resolution status, and actions taken with respect thereto.
- (b) The Managers shall handle and settle all claims and disputes arising out of the Management Services hereunder with respect to such claims or disputes relating to claims in excess of USD 100,000, unless the Owners instruct the Managers otherwise. The Managers shall keep the Owners appropriately informed in a timely manner throughout the handling of such claims and disputes.
- (c) The Owners may request the Managers to bring or defend other actions, suits or proceedings related to the Management Services, on terms to be agreed.
- (d) At Owners' cost, the Managers shall have power to obtain appropriate legal or technical or other outside expert advice in relation to the handling and settlement of claims in relation to Sub-clauses 18(b) and 18(c) and disputes and any other matters affecting the interests of the Owners in respect of the Vessel, including the appointment of auditors or other outside experts as may be necessary in the ordinary course of business.
- (e) On giving reasonable notice with respect to proposed dates and the scope of inquiry, the Owners may request, and the Managers shall in a timely manner make available, all documentation, information and records in respect of the matters covered by this Agreement either related to mandatory rules or regulations or other obligations applying to the Owners in respect of the Vessel (including but not limited to STCW 95, the ISM Code and ISPS Code) to the extent permitted by relevant legislation and the Managers shall permit the Owners during regular business hours to inspect the Managers' premises, audit records and accounts and meet with executive personnel.
- (f) The Managers shall provide the administration and support services set out in Appendix XX (collectively, the "Administrative & Support Services") at their cost; provided, however, that, at the Owners' sole cost and expense, the Managers may employ the services of external advisors or other third-party service providers if reasonably necessary for the Managers to provide the Administrative & Support Services (including, without limitation, the services of accounting, tax or legal advisors, but expressly excluding day-to-day accounting services or other Administrative & Support Services that Managers provide to other clients in the ordinary course utilizing in-house expertise).
- (g) On giving reasonable notice, the Managers may request, and the Owners shall in a timely manner make available, all documentation, information and records reasonably required by the Managers to enable them to perform the Management Services.

(h) The Owners shall arrange for the provision of any necessary guarantee bond or other security.

(i) Any costs reasonably incurred by the Managers in carrying out their obligations according to this Clause 18 (General Administration) unless otherwise expressly provided or agreed shall be reimbursed by the Owners.

#### 19. Inspection of Vessel

The Owners may at any time after giving reasonable notice to the Managers inspect the Vessel for any reason they consider necessary.

#### 20. Compliance with Laws and Regulations

The Parties will not do or permit to be done anything which might cause any breach or infringement of the laws and regulations the Flag State, or of any place where the Vessel trades, nor shall either of the Parties act in any manner which is prohibited under United States laws or regulations related to foreign trade controls.

In performing the Management Services, the Managers shall, and shall use all reasonable endeavours to procure that its Affiliates and sub-contractors shall, comply in all material respects with the written policies of the Owners, Global Ship Lease Services Limited or the Parent that are directly applicable to the Managers' provision of the Management Services and are made known to the Managers in advance in writing, which shall include, but not be limited to, the Owners' Anti-slavery and Human Trafficking Policy, Corporate and Social Responsibility Policy, Anti-bribery and Anti-corruption Policy, Business Ethics Policy, Data and Privacy Policy and Business Conduct Policy and any other policies of the Owners that are so applicable from time to time.

#### 21. Duration of the Agreement

a. This Agreement shall come into effect at the date stated in **Box 2** and shall continue for the minimum contract period set out in Box 18. Either party may give not less than six (6) months written notice to the other during the minimum contract period that this Agreement is to be terminated at the expiry of the minimum contract period set out in Box 18.

b. Following the expiry of the minimum contract period set out in Box 18, and provided that neither party has issued a termination notice pursuant to Clause 21(a) to terminate this Agreement at the end of the minimum contract period, this Agreement may be terminated by either party by giving no less than six (6) months written notice to the other.

c. Should the Owners provide notice under either Clauses 21(a) or (b) above on the basis that they are able to secure more competitive terms from a recognized third party ship manager, they shall provide the Managers in reasonably documented detail, the more competitive terms offered to the Owners by such third party ship manager. The Managers shall have the right to send written notice to the Owners agreeing to match all such terms, in which case this Agreement shall not terminate and shall be deemed to be amended to incorporate such revised terms, as appropriate.

d. Notwithstanding Clauses 21(a) and (b) above, this Agreement may be terminated by either party at any time in accordance with Clause 22 (Termination.)

e. Where the Vessel is not at a mutually convenient port or place on the expiry of such period, this Agreement shall terminate on the subsequent arrival of the Vessel at the next mutually convenient port or place.

#### 22. Termination

Owners' or Managers' default

(a) If either Party fails to meet their obligations under this Agreement, the other Party may give notice to the defaulting Party requiring it to remedy it. In the event that the defaulting Party fails to remedy within a reasonable time to the reasonable satisfaction of the other Party, that other Party shall be entitled to terminate this Agreement with immediate effect by giving notice to the defaulting Party.

(b) Notwithstanding Clause 22(a):

(i) The Managers shall be entitled to terminate this Agreement with immediate effect by giving notice to the Owners if any monies payable by the Owners under the terms of this Agreement shall not have been received in the Managers' nominated account within thirty (30) days of receipt by the Owners of the Managers' written request, or if the Vessel is repossessed by a mortgagee.

(ii) Unless caused by the act or omission of the Exclusive Broker, if the Owners proceed with the employment of or continue to employ the Vessel in the carriage of contraband, blockade running, or in an unlawful trade, or on a voyage which in the reasonable opinion of the Managers is unduly hazardous or improper, the Managers may give notice of the default to the Owners, requiring them to remedy it as soon as practically possible. In the event that the Owners fail to remedy it within a reasonable time to the satisfaction of the Managers, the Managers shall be entitled to terminate the Agreement with immediate effect by notice.

(iii) If either party fails to meet their respective obligations under Sub-clause 5(b) (Crew Insurances) and Clause 10 (Insurance Policies), the other party may give notice to the party in default requiring them to remedy it within twenty (20) days, failing which the other party may terminate this Agreement with immediate effect by giving notice to the party in default.

(c) Extraordinary Termination

This Agreement shall be deemed to be terminated in the case of the sale of the Vessel (directly or via a sale of a Controlling interest in the Owners) or, if the Vessel becomes a total loss or is declared as a constructive or compromised or arranged total loss or is requisitioned or has been declared missing, or if bareboat chartered, unless otherwise agreed, when the bareboat charter comes to an end; provided, however, that the foregoing shall not apply to (A) the sale of any Vessel pursuant to a sale/leaseback transaction or (B) any termination or expiration of a bareboat charter of such Vessel by the Owners if such Vessel is purchased (or re-purchased) by the Owners.

(d) For the purpose of Sub-clause 22(c) hereof:

- (i) the date upon which the Vessel is to be treated as having been sold or otherwise disposed of shall be the date on which the Vessel's Owners cease to be the registered owners of the Vessel;
- (ii) the Vessel shall be deemed to be lost either when it has become an actual total loss or agreement has been reached with the Vessel's underwriters in respect of its constructive total loss or if such agreement with the Vessel's underwriters is not reached it is adjudged by a component tribunal that a constructive loss of the Vessel has occurred; and
- (iii) the date upon which the Vessel is to be treated as declared missing shall be ten (10) days after the Vessel was last reported or when the Vessel is recorded as missing by the Vessel's underwriters, whichever occurs first. A missing Vessel shall be deemed lost in accordance with the provisions of Sub-clause 22(d)(ii).

The Managers' Default

(e) The Owner may terminate this Agreement for Cause (as hereinafter defined), but only after the Owners have provided the Managers with notice of such Cause and such Cause has not been cured within twenty (20) days of such notice; provided, however, that if any Cause is incapable of being cured, then no notice and cure period shall be required.

(f) **Cause** means any of the following:

- (i) The Managers:
  - (A) persist and/or continue to be negligent in their performance of the Management Services which causes material losses and/or material additional expense to the Owners for a period of 3 (three) calendar months or more following a written notice from the Owners that it is dissatisfied with the performance of the Managers due to such negligence and stating the deficiencies to be remedied, provided however, that the Managers shall not be deemed to have acted negligently if the deficiencies arise or are continuing due to circumstances beyond the control of the Managers, the Exclusive Broker and TCMC or if the Managers are taking reasonable steps to remedy such deficiencies; and/or
  - (B) is or has been grossly negligent in its performance of the Management Services; and/or
  - (C) has engaged in wilful misconduct and/or bad faith and/or fraud;
- (ii) The Managers wilfully fail to cooperate in any government, agency, regulatory or external self-governing body investigation that could have a material adverse effect on the Owners;

- (iii) The Managers or any of their directors, officers or employees are convicted or plead nolo contendere to a felony or a misdemeanour involving moral turpitude that is reasonably likely to have a material adverse effect on the Owners;
  - (iv) The Managers or any of their directors, officers or employees commit any material violation of any U.S. federal law regulating securities or the business of the Owners or the Parent without having relied on the legal advice of the Owners' or the Parent's counsel to perform or omit to perform the act resulting in such violation or the Managers are the subject of any final order, judicial or administrative, obtained or issued by the United States Securities and Exchange Commission, for any securities violation involving fraud that in each case is reasonably likely to have a material adverse effect on the Owners or the Parent; and
  - (v) a material breach of the obligations of the Managers under this Agreement that is reasonably likely to have a material adverse effect on the Parent.
- (g) The Managers shall be entitled to terminate this Agreement with immediate effect by giving notice to the Owners within a six (6) month period following a Change in Majority Interests or Control.
- (h) Owners shall be entitled to terminate this Agreement with immediate effect by giving notice to the Managers within a six (6) month period following a Manager Change of Control.
- (i) This Agreement shall terminate automatically in the event of an order being made or resolution passed for the winding up, dissolution, liquidation or bankruptcy of either Party (otherwise than for the purpose of reconstruction or amalgamation) or if a receiver or administrator is appointed, or if it suspends payment, ceases to carry on business or makes any special arrangement or composition with its creditors (any such event, an **Insolvency**).
- (j) In addition, where the Managers provide Crew for the Vessel in accordance with Clause 5(a) (Crew Management):
- the Owners shall continue to pay Crew Support Costs during the said further period of ninety (90) days; and
- the Owners shall pay an equitable proportion of any Severance Costs which may be incurred. The Managers shall use their reasonable endeavours to minimise such Severance Costs.
- (k) On the termination, for whatever reason, of this Agreement, the Managers shall arrange to deliver to Owners, if so requested, and upon reasonable notice, the originals where possible, or otherwise certified copies, of all contracts, charters and all documents specifically relating the Vessels and the Management Services provided under this Agreement. The Managers will ensure that such documents will be available for a period of two (2) years following the termination of this Agreement.
- (l) The termination of this Agreement shall be without prejudice to all rights accrued between the Parties prior to the date of termination, including specifically the right of the Managers to receive the Management Fee prior to the date of such termination provided that, in the event of termination of this Agreement for Cause by the Owners pursuant to clause 22 (e), no Management Fee shall be due or payable to the Managers hereunder for any period after the date of such termination.
- (m) In addition to any other payments contemplated herein, (i) if this Agreement is terminated by the Managers pursuant to any of Clauses 21(a), 21(b), 22(a), 22(b)(i), 22(b)(ii), 22(b)(iii), 22(c) or 22(g) or (ii) if this Agreement terminates automatically pursuant to Clause 22(i) because of the Insolvency of the Owners, upon such termination the Managers shall be entitled to a lump sum payment in the amount set forth opposite such Clause reference in the following table:

Applicable Clause Reference	Termination Payment
clause 21(a)	50% of the annual management fee payable hereunder at the time of such termination

clause 21(b)	50% of the annual management fee payable hereunder at the time of such termination
clause 22(a)	Two (2) times the annual management fee payable hereunder at the time of such termination
clause 22(b)(i)	Two (2) times the annual management fee payable hereunder at the time of such termination
clause 22(b)(ii)	Two (2) times the annual management fee payable hereunder at the time of such termination
clause 22(b)(iii)	Two (2) times the annual management fee payable hereunder at the time of such termination
clause 22(c)	25% of the annual management fee payable hereunder at the time of such termination
clause 22(g)	50% of the annual management fee payable hereunder at the time of such termination
clause 22(i)	Two (2) times the annual management fee payable hereunder at the time of such termination

- (n) In addition to any other payments contemplated herein, (i) if this Agreement is terminated by the Owners pursuant to any of clauses 21(a), 21(b), 22(a), 22(b)(iii), 22(c), 22(e) or 22(h) , or (ii) if this Agreement terminates automatically pursuant to clause 22(i) because of the Insolvency of the Managers, upon such termination the Managers shall be entitled to a lump sum payment in the amount set forth opposite such clause reference in the following table:

Applicable clause Reference	Termination Payment
clause 21(a)	Two (2) times the annual management fee payable hereunder at the time of such termination
clause 21(b)	Two (2) times the annual management fee payable hereunder at the time of such termination
clause 22(a)	25% of the annual management fee payable hereunder at the time of such termination
clause 22(b)(iii)	50% of the annual management fee payable hereunder at the time of such termination
clause 22(c)	One quarter of the annual management fee payable hereunder at the time of such termination
clause 22(e)	None
clause 22(h)	The annual management fee payable hereunder at the time of such termination
clause 22(i)	25% of the annual management fee payable hereunder at the time of such termination

### 23. BIMCO Dispute Resolution Clause

- (a) This Agreement shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this Agreement shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.

The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.

The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within 14 calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the 14 days specified. If the other party does not appoint its own arbitrator and gives notice that it has done so within the 14 days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if he had been appointed by agreement.

Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.

In cases where neither the claim nor any counterclaim exceeds the sum of USD50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

**(b)** Notwithstanding Sub-clauses 23(a) above, the parties may agree at any time to refer to mediation any difference and/or dispute arising out of or in connection with this Agreement.

- (i) In the case of a dispute in respect of which arbitration has been commenced under Sub-clauses 23(a) above, the following shall apply:
- (ii) Either party may at any time and from time to time elect to refer the dispute or part of the dispute to mediation by service on the other party of a written notice (the "Mediation Notice") calling on the other party to agree to mediation.
- (iii) The other party shall thereupon within 14 calendar days of receipt of the Mediation Notice confirm that they agree to mediation, in which case the parties shall thereafter agree a mediator within a further 14 calendar days, failing which on the application of either party a mediator will be appointed promptly by the Arbitration Tribunal ("the Tribunal") or such person as the Tribunal may designate for that purpose. The mediation shall be conducted in such place and in accordance with such procedure and on such terms as the parties may agree or, in the event of disagreement, as may be set by the mediator.
- (iv) If the other party does not agree to mediate, that fact may be brought to the attention of the Tribunal and may be taken into account by the Tribunal when allocating the costs of the arbitration as between the parties.
- (v) The mediation shall not affect the right of either party to seek such relief or take such steps as it considers necessary to protect its interest.
- (vi) Either party may advise the Tribunal that they have agreed to mediation. The arbitration procedure shall continue during the conduct of the mediation but the Tribunal may take the mediation timetable into account when setting the timetable for steps in the arbitration.
- (vii) Unless otherwise agreed or specified in the mediation terms, each party shall bear its own costs incurred in the mediation and the parties shall share equally the mediator's costs and expenses.
- (viii) The mediation process shall be without prejudice and confidential and no information or documents disclosed during it shall be revealed to the Tribunal except to the extent that they are disclosable under the law and procedure governing the arbitration.

**(c)** If **Box 21** in Part I is not appropriately filled in, Sub-clause 23(a) of this Clause shall apply.

#### **24. Notices**

**(a)** A notice or other communication given under this Agreement (a Notice) shall be:

- (i) in writing;
- (ii) in the English language; and
- (iii) sent by the Permitted Method to the Notified Address.

(b) The Permitted Method means any of the methods set out in the first column below, the second column setting out the date on which a Notice given by such Permitted Method shall be deemed to be given provided the Notice is properly addressed and sent in full to the Notified Address:

(1) Permitted Method	(2) Date on which Notice deemed given
Personal delivery	When left at the Notified Address
Courier delivery	When left at the Notified Address
E-mail	When actually received by the recipient (or made available to the recipient) in readable form

(c) The "Notified Address" (including fax number) of each of the Parties is the address set out below, or as subsequently notified to all Parties in writing:

(i) to the Owners at:

c/o Technomar Shipping Inc.  
3-5 Menandrou Str.  
14561, Kifissia,  
Athens, Greece  
E-mail address: [legalconfidential@technomar.gr](mailto:legalconfidential@technomar.gr)

Attention: Mrs Maria Danezi

(ii) to Managers at:

Technomar Shipping Inc.  
3-5 Menandrou Str.  
14561, Kifissia,  
Athens, Greece  
E-mail address: [tbaltatzis@technomar.gr](mailto:tbaltatzis@technomar.gr)

Attention: Mr Theodore Baltatzis

With a copy to: [legalconfidential@technomar.gr](mailto:legalconfidential@technomar.gr)

or to such other address as is notified by one Party to the other Party under this Agreement.

And in each case proof of posting, handing in or transmission shall be proof that notice has been given, unless proven to the contrary.

## 25. Entire Agreement

This Agreement constitutes the entire agreement between the parties and no promise, undertaking, representation, warranty or statement by either party prior to the date stated in **Box 2** shall affect this Agreement. Any modification of this Agreement shall not be of any effect unless in writing signed by or on behalf of the parties.

## 26. Third Party Rights

Except to the extent provided in Sub-clauses 17(c) (Indemnity) and 17(d) (Himalaya), no third parties may enforce any term of

this Agreement.

## 27. Partial Validity

If any provision of this Agreement is or becomes or is held by any arbitrator or other competent body to be illegal, invalid or unenforceable in any respect under any law or jurisdiction, the provision shall be deemed to be amended to the extent necessary to avoid such illegality, invalidity or unenforceability, or, if such amendment is not possible, the provision shall be deemed to be deleted from this Agreement to the extent of such illegality, invalidity or unenforceability, and the remaining provisions shall continue in full force and effect and shall not in any way be affected or impaired thereby.

## 28. Confidentiality

- (a) The Managers shall keep confidential the Confidential Information disclosed to it by or on behalf of the Owners or howsoever otherwise obtained, developed or created by the Managers.
- (b) The Managers shall:
- (i) use the Confidential Information solely in connection with the performance of its obligations under this Agreement; and
  - (ii) take all action reasonably necessary to secure the Confidential Information against theft, loss or unauthorised disclosure.
- (c) The restrictions on use or disclosure of Confidential Information in this clause 28 do not apply to information which is:
- (i) generally available in the public domain, other than as a result of the Managers' breach of any obligation under this clause 28; or
  - (ii) lawfully acquired from a third party who owes no obligation of confidentiality in respect of the information; or
  - (iii) independently developed by the Managers, or was in the Managers' lawful possession prior to receipt from the Owners.
- (d) The Managers may disclose the Confidential Information without the prior written consent of the Owners:
- (i) to their Affiliates and subcontractors, to whom disclosure is required for the performance of its obligations under this Agreement, but only to the extent necessary to perform such obligations (together the **Permitted Disclosees**); or
  - (ii) if, and to the extent that, such information is required to be disclosed (including by way of an Announcement) by the rules of any stock exchange or by any governmental, regulatory or supervisory body (including, without limitation, any taxation authority) or court of competent jurisdiction (**Relevant Authority**) to which the Managers are subject, provided that the Managers shall, if it is not so prohibited by law, provide the Owners with prompt notice of any such requirement or request.
- (e) The Managers shall:
- (i) before disclosing Confidential Information to a Permitted Disclosee, to the extent reasonably practicable, notify the Owners in writing of the intended disclosure and the identity of the intended Permitted Disclosee;
  - (ii) ensure that such Permitted Disclosee is aware of and complies with the Managers' obligations under this clause 28 as if it were the Managers; and

(iii) be responsible for the acts and omissions of any Permitted Disclosee in relation to the Confidential Information as if they were the acts or omissions of the Managers.

(f) The parties agree that damages may not be an adequate remedy for the Managers' breach of this clause 28 and (to the extent permitted by the court) the Owners shall be entitled to seek an injunction or specific performance in respect of such breach.

**29. Interpretation**

In this Agreement:

**(a) Singular/Plural**

The singular includes the plural and vice versa as the context admits or requires.

**(b) Headings**

The index and heading to the clauses and appendices to this Agreement are for convenience only and shall not affect its construction or interpretation.

**(c) Day**

"Day" means a calendar day unless expressly stated to the contrary

**30. Acts of the Commercial Managers and Exclusive Broker (as applicable)**

Notwithstanding anything contained in this Agreement to the contrary, the Owners shall have no liability, through indemnification or otherwise, for any damages, losses, or claims of any kind whatsoever of the Managers arising from or in any way related to the acts or omissions of the Commercial Managers and/or the Exclusive Broker, nor shall the Managers have any right to terminate this Agreement for any circumstance or event arising out of or in any way related to any acts or omissions of the Commercial Managers and/or the Exclusive Broker.

**31. Owners' Right to Assign**

- (a)** The Owners may assign all of their rights under this Agreement to any mortgagee of the Vessel provided that such assignment shall not otherwise prejudice the rights of the Managers to terminate this Agreement pursuant to the terms hereof. Upon satisfaction of the condition set forth in the first sentence of this Clause 31(a), the Managers hereby agree to enter into an acknowledgment of such assignment in such form as the mortgagee may reasonably request.
- (b)** The Managers may not assign all or any of their rights under this Agreement without the prior written consent of the Owners;
- (c)** Neither party shall be entitled to transfer all or any of its obligations, duties or liabilities under this Agreement unless:
  - (i) the same is expressly permitted under the terms of this Agreement; or
  - (ii) it has received the prior written consent of the other party.

## APPENDIX

**Accounting and Records.** The Managers shall, on behalf of the Group, establish an accounting system, including the development, implementation and maintenance over financial reporting and disclosure controls and procedures, and maintain Books and Records, with such modifications as may be necessary to comply with Applicable Laws. The Books and Records shall contain particulars of receipts and disbursements relating to the Group's assets and liabilities and shall be kept pursuant to normal commercial practices that will permit consolidated financial statements to be prepared for the Parent in accordance with US GAAP and stand-alone and, if required, consolidated financial statements for its Subsidiaries under appropriate GAAP. The Books and Records shall be the property of the Group but shall be kept at the Managers' primary office or such other place as the Group and the Managers may mutually agree. Upon expiration or termination of this Agreement, all of the Books and Records shall be provided to the Parent or as the Parent shall direct. The internal control over financial reporting and disclosure controls and procedures shall be designed to be effective in the context of the Parent's management's obligation to report annually on the such controls.

**Reporting Requirements.** The Managers shall prepare and deliver to the Chief Executive Officer and the Chief Financial Officer of the Parent the following reports, which the Managers shall use its reasonable best efforts to prepare and deliver within the time periods specified below or, if not so specified, within the time period requested by the relevant party:

(a) a quarterly report, including draft Earnings Release, to be delivered within 30 days of the end of each Fiscal Quarter (45 days for the Fiscal Quarter ending December 31 in each year) setting out the interim financial results of the Company for such quarter and for the applicable Fiscal Year through the end of such Fiscal Quarter;

(b) as and when requested by the Board of Directors, the Chief Executive Officer or the Chief Financial Officer, draft reports regarding financial and other information required in connection with Applicable Laws (including annual and other reports that may be required to be filed under the Exchange Act and all other Applicable Laws); and

(c) as and when reasonably requested by the Parent from time to time, such other reports with respect to financial and other information of the Group.

**Financial Statements and Tax Returns.** At the instruction of the Chief Financial Officer, the Managers shall prepare and deliver for review by the Chief Financial Officer and the Audit Committee of the Board of Directors the following, which the Managers shall use its reasonable best efforts to prepare and deliver within the time periods specified below or, if not so specified, within the time period requested by the relevant party:

(a) within 30 days of the end of each Fiscal Quarter, unaudited financial statements of the Parent for such Fiscal Quarter, reviewed by the external auditors of the Parent, prepared in accordance with US GAAP and the rules and regulations of the SEC, on a consolidated basis with all Subsidiaries of the Parent;

(b) within 45 days of the end of each Fiscal Year, financial statements of the Parent for such Fiscal Year, audited by the external auditors of the Parent, prepared in accordance with US GAAP and the rules and regulations of the SEC, on a consolidated basis with all Subsidiaries of the Parent;

(c) within any deadlines imposed by any regulatory authorities or in order to comply with covenants in borrowing facilities, financial statements of the Parent and Subsidiaries (included on a sub-consolidated basis if required) for such Fiscal Year, audited by the external auditors, prepared in accordance with US GAAP or other GAAP as appropriate; and

(d) tax returns for the Parent and all of its Subsidiaries required to be filed by Applicable Laws.

Notwithstanding the foregoing, in the event that the Parent's reporting obligations are accelerated under the Exchange Act beyond what such obligations are at the time of the commencement of this Agreement, the Managers shall use its reasonable best efforts to provide to the Parent the financial statements referred to in clauses (a) and (b) above within such periods as shall be required for the Parent to comply with any reporting requirements under the Exchange Act or other similar applicable laws and regulations.

In addition, the Managers shall attend to the timely calculation and payment of all taxes payable by the Group. At the instruction of the Chief Financial Officer, the Managers shall cause the Parent's external accountants to review the Parent's unaudited financial statements, audit the Parent's and the Subsidiaries' annual financial statements, review internal controls and finalize tax returns. The Managers shall make available to the Parent's accountants the relevant Books and Records for the Company and the Subsidiaries and shall assist the accountants in their duties.

### **Legal and Securities Compliance Services.**

(a) Responsibilities of the Managers.

The Managers shall assist the Group with the following items, whether or not related to any of the Vessels:

(i) compliance with all Applicable Laws, including all relevant securities laws and the rules and regulations of the SEC, the New

York Stock Exchange or any other securities exchange upon which the Parent's securities are listed;

(ii) arranging for the provision of advisory services to the Parent with respect to the Parent's obligations under applicable securities laws in the United States and disclosure and reporting obligations under applicable securities laws, including the preparation for review, approval and filing by the Parent of reports and other documents with the SEC and all other applicable regulatory authorities;

(iii) maintaining the Group's corporate existence and good standing in all necessary jurisdictions and assisting in all other corporate and regulatory compliance matters;

(iv) providing information required by any credit rating agencies;

(v) providing support to the Parent with respect to investor relations including maintenance and monitoring of its website;

(vi) providing legal support for transactions, including but not limited to negotiation and documentation of Memoranda of Agreement for the sale and purchase of vessels, new building contracts for vessels, charter parties, vessel financings; and

(vii) adjusting and negotiating settlements, with or on behalf of claimants or underwriters, of any claim, damages for which are recoverable under insurance policies (subject to any applicable deductible).

(b) Administration and Settlement of Legal Actions.

If any Legal Action is commenced against or is required to be commenced in favor of the Group or any of the Vessels, the Managers shall arrange for the commencement or defense of such Legal Action, as the case may be, in the name of, on behalf of and at the expense of the Group, including retaining and instructing legal counsel, investigating the substance of the Legal Action and entering pleadings with respect to the Legal Action. The Managers shall assist the Group in administering and supervising any such Legal Actions and shall keep the Group advised of the status thereof. The Managers may settle any Legal Action on behalf of a Group where the amount of settlement is less than \$500,000 with the approval of the Chief Executive Officer or the Chief Financial Officer and, in excess of such amount, with the approval of the Board of Directors.

(c) Interaction with Regulatory Authorities.

Notwithstanding anything in this Appendix or otherwise, the Managers shall not act for or on behalf of the Group in its relationships with any regulatory authorities except to the extent specifically authorized by the Parent from time to time.

#### **Bank Accounts.**

The Managers shall oversee banking services for the Group and shall, where necessary, establish in the name of the Parent and its Subsidiaries such bank accounts with such financial institutions as the Parent and its Subsidiaries may request. The Managers shall administer and manage all of the Group's cash and accounts, including making any deposits and withdrawals reasonably necessary for the management of its business and day-to-day operations. The Managers shall promptly deposit all moneys payable to the Group and received by the Managers into a bank account held in the name of the Parent or its Subsidiaries. This provision, and any and all other provisions required to give effect to this provision, shall become effective on the Effective Date.

#### **Corporate Planning.**

The Managers shall:

(a) oversee preparation of annual budget, including working capital requirements;

(b) develop forecasts and projections, including profitability analysis; and

(c) obtain investment appraisals;

#### **Other Services.**

The Managers shall assist the Group to:

(a) identify, negotiate and secure opportunities for the Group to acquire vessels or companies which own vessels, or to construct vessels, and to negotiate and carry out the purchase of existing vessels, newbuilding vessels or companies which are the registered owners of vessels.

(b) obtain, on behalf of the Group, general insurance, director and officer liability insurance and other insurance of the Group not

related to the Vessels that would normally be obtained for companies in a similar business to that of the Group;

(c) if so required by the Group, administer payroll services, for any employee, officer or director of the Parent and its Subsidiaries;

(d) provide the Group with information technology support including email;

(e) provide office space and office equipment for personnel of the Group at the location of the Managers or any subsidiary thereof or as otherwise reasonably designated by the Parent, and clerical, secretarial, accounting and administrative assistance as may be reasonably necessary;

(f) at the request and under the direction of the Parent, handle all administrative and clerical matters in respect of (i) board and committee meetings of the Parent and its Subsidiaries, (ii) the call and arrangement of all annual and special meetings of shareholders, the Parent and any of its subsidiaries, (iii) the preparation of all materials (including notices of meetings and proxy or similar materials) in respect thereof and (iv) the submission of all such materials to the Parent in sufficient time prior to the dates upon which they must be mailed, filed or otherwise relied upon so that the Parent has full opportunity to review, approve, execute and return them to the Managers for filing or mailing or other disposition as the Parent may require or direct;

(g) provide, at the request and under the direction of the Parent, such communications to the transfer agent for the Parent as may be necessary or desirable;

(h) make recommendations to the Parent for the appointment of auditors, accountants, legal counsel and other accounting, financial or legal advisers, and technical, commercial, marketing or other independent experts; *provided, however*, that nothing herein shall permit the Managers to engage any such adviser or expert for the Parent without the Parent's specific approval;

(i) providing assistance and advice to the Group with respect to financing, including (i) the monitoring and administration of the compliance with any applicable financing terms and conditions in effect with investors, banks, lenders or other financial institutions and (ii) the identification and negotiation of new capital or financings or re-financings; and

(j) attend to all other administrative matters necessary to ensure the professional management of the Group's business or as reasonably requested by the Group from time to time

## DEFINITIONS AND INTERPRETATION

Unless otherwise defined in this Appendix, capitalized terms used herein but not otherwise defined in this Appendix shall have the meaning given such term in Clause 1 (Definitions) of Part II of this Agreement.

**"Applicable Laws"** means, in respect of any Person, property, transaction or event, all laws, statutes, ordinances, regulations, municipal by-laws, treaties, judgments and decrees applicable to that Person, property, transaction or event, all applicable official directives, rules, consents, approvals, authorizations, guidelines, orders, codes of practice and policies of any Governmental Authority having authority over that Person, property, transaction or event and having the force of law, and all general principles of common law and equity.

**"Board of Directors"** means the board of directors of the Parent, as the same may be constituted from time to time.

**"Books and Records"** means all books of accounts and records, including tax records, sales and purchase records, Vessel records, computer software, formulae, business reports, plans and projections and all other documents, files, correspondence and other information of the Group with respect to the Vessels or the Business (whether or not in written, printed, electronic or computer printout form).

**"Business"** means the Group's business of owning, operating and/or chartering or re-chartering Vessels to other Persons and any other lawful act or activity customarily conducted in conjunction therewith.

**"Chief Executive Officer"** means the chief executive officer of the Parent.

**"Chief Financial Officer"** means the chief financial officer of the Parent.

**"Disclosing Party"** means a party who has disclosed Confidential Information hereunder to the other party or on whose behalf Confidential Information has been disclosed to the other party.

**"Effective Date"** means the date on which this Agreement shall become effective in accordance with box 2.

**"Exchange Act"** means the Securities Exchange Act of 1934, as amended.

**"Fiscal Quarter"** means a fiscal quarter for the Group

**"Fiscal Year"** means the fiscal year of the Parent, being the twelve-month period ending December 31.

**"GAAP"** means the generally accepted accounting principles

**"Group"** means the Parent and all of its Subsidiaries, or any one of them as the context might require

**"Governmental Authority"** means any domestic or foreign government, including any federal, provincial, state, territorial or municipal government, any multinational or supranational organization, any government agency (including the SEC), any tribunal, labor relations board, commission or stock exchange (including the New York Stock Exchange), and any other authority or organization exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government.

**"Legal Action"** means any action, suit or other proceeding concerning the Owner and/or the Vessel in any jurisdiction.

**"Parent"** means Global Ship Lease, Inc.

**"Receiving Party"** means a party to whom Confidential Information of a Disclosing Party has been disclosed hereunder.

**"SEC"** means the United States Securities and Exchange Commission.

## Annex A – Vessel Details

**m/v** [●]

IMO no. [●]

Port: [●]

Year of Build: [●]

Builder/Yard: [●]

GT/NT: [●]

## **Annex B – Crew**

Master and crew to be appointed as appropriate to the trading and operational requirements of the Vessel, always subject to the relevant governing laws and regulations.

## **Annex C – Budget**

TO BE AGREED, AS PER CLAUSE 13 (b) OF THE SUPERVISION AGREEMENT ENTERED INTO BETWEEN THE OWNERS AND THE MANAGERS AS OF [●]

<b>No.</b>	<b>Name</b>	<b>Business</b>	<b>Jurisdiction of Incorporation</b>
1	Global Ship Lease, Inc.	Holding	Republic of Marshall Islands
2	GSL Rome LLC	Sub-holding	Republic of Marshall Islands
3	Poseidon Containers Holdings LLC	Sub-holding	Republic of Marshall Islands
4	K&T Marine LLC	Sub-holding	Republic of Marshall Islands
5	GSL Enterprises Ltd.	Service company	Republic of Marshall Islands
6	GSL Legacy Holding LLC	Sub-holding	Republic of Marshall Islands
7	Knausen Holding LLC	Sub-holding	Republic of Marshall Islands
8	GSL Alcazar Inc.	Owns CMA CGM Alcazar	Republic of Marshall Islands
9	GSL Holdings, Inc.	Sub-holding	Republic of Marshall Islands
10	Global Ship Lease Investments, Inc.	Sub-holding	Republic of Marshall Islands
11	Aris Marine LLC	Owns Maira	Republic of Marshall Islands
12	Aphrodite Marine LLC	Owns Nikolas	Republic of Marshall Islands
13	Athena Marine LLC	Owns Newyorker	Republic of Marshall Islands
14	Hephaestus Marine LLC	Owns Dolphin II	Republic of Marshall Islands
15	Pericles Marine LLC	Owns Athena	Republic of Marshall Islands
16	Zeus One Marine LLC	Owns Orca I	Republic of Marshall Islands
17	Leonidas Marine LLC	Owns Agios Dimitrios	Republic of Marshall Islands
18	Odysseus Marine LLC	Sub-holding	Republic of Marshall Islands
19	Alexander Marine LLC	Owns Mary	Republic of Marshall Islands
20	Hector Marine LLC	Owns Kristina	Republic of Marshall Islands
21	Ikaros Marine LLC	Owns Katherine	Republic of Marshall Islands
22	Tasman Marine LLC	Owns Tasman	Republic of Marshall Islands
23	Hudson Marine LLC	Owns Dimitris Y	Republic of Marshall Islands
24	Drake Marine LLC	Owns Ian H	Republic of Marshall Islands
25	Marine Treasurer LLC	Treasury	Republic of Marshall Islands
26	Triton Containers Holdings LLC	Sub-holding	Republic of Marshall Islands
27	Triton NB LLC	Sub-holding	Republic of Marshall Islands
28	Philippos Marine LLC	Owns Alexandra	Republic of Marshall Islands
29	Aristoteles Marine LLC	Owns Alexis	Republic of Marshall Islands
30	Menelaos Marine LLC	Owns Olivia I	Republic of Marshall Islands
31	Odyssia Containers Holdings LLC	Sub-holding	Republic of Marshall Islands
32	Odyssia NB LLC	Sub-holding	Republic of Marshall Islands
33	Argos Marine LLC	Inactive	Republic of Marshall Islands
34	Laertis Marine LLC	Owns UASC Al Khor	Republic of Marshall Islands
35	Penelope Marine LLC	Owns Maira XL	Republic of Marshall Islands
36	Telemachus Marine LLC <sup>(1)</sup>	Owns Anthea Y	Republic of Marshall Islands
37	Global Ship Lease 30 LLC	Owns GSL Eleni	Republic of Marshall Islands
38	Global Ship Lease 31 LLC	Owns GSL Kalliopi	Republic of Marshall Islands
39	Global Ship Lease 32 LLC	Owns GSL Grania	Republic of Marshall Islands
40	Global Ship Lease 33 LLC	Owns GSL Vinia	Liberia
41	Global Ship Lease 34 LLC	Owns GSL Christel Elisabeth	Liberia
42	Global Ship Lease 35 LLC	Owns GSL Nicoletta	Liberia
43	Global Ship Lease 36 LLC	Owns GSL Christen	Liberia
44	Global Ship Lease 37 LLC	Inactive	Liberia
45	Global Ship Lease 38 LLC	Owns Manet	Liberia
46	Global Ship Lease 39 LLC	Inactive	Liberia
47	Global Ship Lease 40 LLC	Owns Keta	Liberia
48	Global Ship Lease 41 LLC	Owns Julie	Liberia
49	Global Ship Lease 42 LLC	Owns GSL Valerie	Liberia
50	Global Ship Lease 43 LLC	Owns GSL Ningbo	Liberia
51	Global Ship Lease 44 LLC	Owns Marie Delmas	Liberia
52	Global Ship Lease 45 LLC	Owns Kumasi	Liberia

53	Global Ship Lease 46 LLC	Owned La tour (sold June 30, 2021)	Liberia
54	Global Ship Lease 47 LLC	Owens GSL Chateau d 'If	Liberia
55	Global Ship Lease 48 LLC	Owens CMA CGM Berlioz	Liberia
56	Global Ship Lease 49 LLC	Owens CMA CGM Sambhar	Liberia
57	Global Ship Lease 50 LLC	Owens CMA CGM Jamaica	Liberia
58	Global Ship Lease 51 LLC	Owens CMA CGM America	Liberia
59	Global Ship Lease 52 LLC	Owens MSC Qingdao	Liberia
60	Global Ship Lease 53 LLC	Owens MSC Tianjin	Liberia
61	Global Ship Lease 54 LLC	Owens CMA CGM Thalassa	Liberia
62	Global Ship Lease 1 Limited	Inactive	Cyprus
63	Global Ship Lease 2 Limited	Inactive	Cyprus
64	Global Ship Lease 3 Limited	Inactive	Cyprus
65	Global Ship Lease 4 Limited	Inactive	Cyprus
66	Global Ship Lease 5 Limited (dissolved February 04, 2022)	Inactive	Cyprus
67	Global Ship Lease 6 Limited (dissolved February 04, 2022)	Inactive	Cyprus
68	Global Ship Lease 7 Limited (dissolved February 04, 2022)	Inactive	Cyprus
69	Global Ship Lease 8 Limited (dissolved February 04, 2022)	Inactive	Cyprus
70	Global Ship Lease 9 Limited (dissolved February 04, 2022)	Inactive	Cyprus
71	Global Ship Lease 10 Limited	Inactive	Cyprus
72	Global Ship Lease 11 Limited (dissolved February 04, 2022)	Inactive	Cyprus
73	Global Ship Lease 12 Limited	Inactive	Cyprus
74	Global Ship Lease 13 Limited	Inactive	Cyprus
75	Global Ship Lease 14 Limited	Inactive	Cyprus
76	Global Ship Lease 15 Limited	Inactive	Cyprus
77	Global Ship Lease 16 Limited	Inactive	Cyprus
78	Global Ship Lease 17 Limited	Inactive	Cyprus
79	THD Maritime Co, Limited (dissolved August 20, 2021)	Inactive	Cyprus
80	Global Ship Lease 20 Limited	Inactive	Hong Kong
81	Global Ship Lease 21 Limited	Inactive	Hong Kong
82	Global Ship Lease 22 Limited	Inactive	Hong Kong
83	Global Ship Lease 23 Limited	Inactive	Hong Kong
84	Global Ship Lease 24 Limited	Inactive	Hong Kong
85	Global Ship Lease 25 Limited	Inactive	Hong Kong
86	Global Ship Lease 26 Limited	Inactive	Hong Kong
87	Global Ship Lease 27 Limited (dissolved December 17, 2021)	Inactive	Hong Kong
88	Global Ship Lease 28 Limited (dissolved November 26, 2021)	Inactive	Hong Kong
89	Global Ship Lease 29 Limited (dissolved October 22, 2021)	Inactive	Hong Kong
90	Global Ship Lease Services Limited	Service company	UK
91	GSL Arcadia LLC	Owens GSL Arcadia	Liberia
92	GSL Tegea LLC	Owens GSL Tegea	Liberia
93	GSL MYNY LLC	Owens GSL MYNY	Liberia
94	GSL Melita LLC	Owens GSL Melita	Liberia
95	GSL Maria LLC	Owens GSL Maria	Liberia
96	GSL Violetta LLC <sup>(1)</sup>	Owens GSL Violetta	Liberia
97	GSL Dorothea LLC	Owens GSL Dorothea	Liberia
98	Global Ship Lease 55 LLC	Owens GSL Susan	Liberia
99	Global Ship Lease 57 LLC	Owens GSL Rossi	Liberia
100	Global Ship Lease 58 LLC	Owens GSL Alice	Liberia
101	Global Ship Lease 59 LLC	Owens GSL Melina	Liberia
102	Global Ship Lease 60 LLC	Owens GSL Eleftheria	Liberia
103	Global Ship Lease 61 LLC	Owens GSL Mercer	Liberia
104	Global Ship Lease 62 LLC	Owens Matson Molokai	Liberia
105	Global Ship Lease 63 LLC	Owens GSL Lalo	Liberia
106	Global Ship Lease 64 LLC	Owens GSL Elizabeth	Liberia

107	Global Ship Lease 65 LLC	Owns tbr GSL Chloe	Liberia
108	Global Ship Lease 66 LLC	GSL Maren	Liberia
109	Global Ship Lease 67 LLC	GSL Amstel	Liberia
110	Global Ship Lease 68 LLC <sup>(1)</sup>	GSL Kithira	Liberia
111	Global Ship Lease 69 LLC <sup>(1)</sup>	GSL Tripoli	Liberia
112	Global Ship Lease 70 LLC <sup>(1)</sup>	GSL Syros	Liberia
113	Global Ship Lease 71 LLC <sup>(1)</sup>	GSL Tinos	Liberia
114	GSL KALAMATA LLC	Sub-holding	Liberia
115	GSL KITHIRA HOLDING LLC	Sub-holding	Liberia

*(1) Currently, under a sale and leaseback transaction.*

## CERTIFICATION

I, Ian J. Webber, Chief Executive Officer of the Company, certify that:

1. I have reviewed this Annual Report on Form 20-F of Global Ship Lease, Inc.;
2. 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;
3. 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;
4. The company's other certifying officer(s) 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
5. The company's other certifying officer(s) 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.

Dated: March 24, 2022

By: /s/ Ian J. Webber

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Ian J. Webber  
Chief Executive Officer  
(Principal Executive Officer)

## CERTIFICATION

I, Anastasios Psaropoulos, Chief Financial Officer of the Company, certify that:

1. I have reviewed this Annual Report on Form 20-F of Global Ship Lease, Inc.;
2. 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;
3. 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;
4. The company's other certifying officer(s) 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
5. The company's other certifying officer(s) 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.

Dated: March 24, 2022

By: /s/ Anastasios Psaropoulos  
Anastasios Psaropoulos  
Chief Financial Officer  
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO**  
**18 U.S.C. SECTION 1350,**  
**AS ADOPTED PURSUANT TO SECTION 906**  
**OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Global Ship Lease, Inc. (the "Company") on Form 20-F for the year ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Form 20-F"), I, Ian J. Webber, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Form 20-F fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) The information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 24, 2022

By: /s/ Ian J. Webber

Ian J. Webber  
Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO**  
**18 U.S.C. SECTION 1350**  
**AS ADOPTED PURSUANT TO SECTION 906**  
**OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Global Ship Lease, Inc. (the "Company") on Form 20-F for the year ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Form 20-F"), I, Anastasios Psaropoulos, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Form 20-F fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) The information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 24, 2022

By: /s/ Anastasios Psaropoulos  
Anastasios Psaropoulos  
Chief Financial Officer  
(Principal Financial Officer)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form F-3 (Nos. 333-231509, 333-234343, 333-235305 and 333-258800) and Form S-8 (No. 333-258992) of Global Ship Lease, Inc. of our report dated March 24, 2022 relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 20-F.

/s/ PricewaterhouseCoopers S.A.

Athens, Greece  
March 24, 2022



Global Ship Lease, Inc.  
c/o Global Ship Lease Services Limited  
25 Wilton Road  
London SW1V 1LW

March 17th, 2022

Ladies and Gentlemen:

Reference is made to the Annual Report on Form 20-F of Global Ship Lease, Inc. (the "Company") for the year ended December 31, 2021 (the "Annual Report") and the registration statements on Form F-3 (File Nos. 333-234343, 333-235305, 333-231509 and 333-258800) and Form S-8 (No. 333-258992) of the Company, as may be amended, including the prospectuses contained therein (the "Registration Statements"). We hereby consent to all references to our name in the Annual Report and to the use of the statistical information and industry and market data supplied by us as set forth in the Annual Report and to the incorporation by reference of the same into the Registration Statements. We further advise the Company that our role has been limited to the provision of such statistical information and industry and market data supplied by us. With respect to such information and data, we advise you that:

(1) we have accurately described the information and data of the container shipping industry, subject to the availability and reliability of the data supporting the statistical and graphical information presented; and

(2) our methodologies for collecting information and data may differ from those of other sources and does not reflect all or even necessarily a comprehensive set of the actual transactions occurring in the container shipping industry.

We hereby consent to the filing of this letter as an exhibit to the Annual Report, which is incorporated by reference into the Registration Statements.

Yours faithfully,

Maritime Strategies International Ltd.

A handwritten signature in blue ink, appearing to read "AKent", is written over a horizontal line.

Adam Kent  
Managing Director

**CONSENT OF SEWARD & KISSEL LLP**

Reference is made to the annual report on Form 20-F of Global Ship Lease, Inc. (the “Company”) for the year ended December 31, 2021 (the “Annual Report”) and the Registration Statements on Form F-3 (File Nos. 333-231509, 333-234343, 333-235305 and 333-258800) and Form S-8 (File No. 333-258992) of the Company including the prospectuses contained therein (together, the “Registration Statements”). We hereby consent to (i) the filing of this letter as an exhibit to the Annual Report, which is incorporated by reference into the Registration Statements and (ii) each reference to us and the discussions of advice provided by us in the Annual Report under the section “Item 10. Additional Information—E. Taxation” and to the incorporation by reference of the same in the Registration Statements, in each case, without admitting we are “experts” within the meaning of the Securities Act of 1933, as amended, or the rules and regulations of the U.S. Securities and Exchange Commission promulgated thereunder with respect to any part of the Registration Statements.

/s/ Seward & Kissel LLP

Seward & Kissel LLP

New York, New York

March 24, 2022