

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

**Amendment No. 1**  
**to**  
**Form F-1**  
**REGISTRATION STATEMENT**  
**UNDER**  
**THE SECURITIES ACT OF 1933**

**GLOBAL SHIP LEASE, INC.**  
(Exact name of Registrant as specified in its charter)

Republic of the Marshall Islands  
(State or other jurisdiction of  
incorporation or organization)

4412  
(Primary Standard Industrial  
Classification Code Number)

N/A  
(I.R.S. Employer  
Identification No.)

c/o Global Ship Lease Services Limited,  
25 Wilton Road,  
London SW1V 1LW  
+44 (0) 20 3998 0063

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Seward & Kissel LLP  
Attention: Gary J. Wolfe, Esq.  
One Battery Park Plaza  
New York, New York 10004  
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(Name, address, including zip code, and telephone number, including area code, of agent for service)

*Copies to:*

Gary J. Wolfe, Esq. Seward & Kissel LLP One Battery Park Plaza New York, New York 10004 (212) 574-1200 (telephone number) (212) 480-8421 (facsimile number)

**Approximate date of commencement of proposed sale to the public:**  
**As soon as practicable after this Registration Statement becomes effective.**

If any of the securities being registered on this Form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933.

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<sup>†</sup> provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

<sup>†</sup> 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.

**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price <sup>(1)(2)</sup>	Amount of Registration Fee <sup>(3)</sup>
Class A common shares, par value \$0.01 per share	\$46,000,000	\$5,575.20

- (1) Includes Class A common shares that may be sold pursuant to exercise of the underwriters' option to purchase additional shares.
- (2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.
- (3) Calculated in accordance with Rule 457(o) under the Securities Act of 1933. The amount of the registration fee is \$5,575.20, of which \$696.90 was paid in connection with the initial filing of the registration statement on Form F-1 on August 9, 2019.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the U.S. Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED SEPTEMBER 24, 2019

PRELIMINARY PROSPECTUS

## \$40 Million of Class A Common Shares



### Global Ship Lease, Inc. Class A Common Shares

We are offering \$40 million of our Class A common shares in this offering.

Our Class A common shares are listed on the New York Stock Exchange, or the NYSE, under the symbol “GSL.” On September 23, 2019, the last recorded sale price of our common shares on the NYSE was \$7.55.

**Investing in our Class A common shares involves a high degree of risk. See “[Risk Factors](#)” beginning on page 23 of this prospectus for a discussion of information that should be considered in connection with an investment in our securities.**

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	\$	\$
Underwriting discounts and commissions(1)	\$	\$
Proceeds to the company, before expenses	\$	\$

(1) See “Underwriting (Conflicts of Interest)” for additional information about underwriting compensation.

We have granted the underwriters the option for a period of up to        days to purchase up to an additional        shares.

As part of this offering, certain members of our executive management have expressed an interest to purchase Class A common shares at the public offering price with a value of at least \$1.225 million. Such indications of interest are not binding agreements or commitments to purchase such shares and no binding agreement will be executed to purchase such shares prior to the effectiveness of this registration statement.

The underwriters expect to deliver the Class A common shares to purchasers on or about        , 2019.

### B. Riley FBR

The date of this prospectus is        , 2019

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You should rely only on the information contained in this prospectus or in any free writing prospectus we may authorize to be delivered to you. We have not, and the underwriters have not, authorized any other person to provide you with additional, different or inconsistent information. If anyone provides you with additional, different or inconsistent information, you should not rely on it. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission, (the “SEC” or “Commission”), is effective. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information appearing in this prospectus is accurate as of any date other than the date on the front cover of this prospectus unless otherwise specified herein. Our business, financial condition, results of operations and prospects may have changed since that date. Information contained on our website does not constitute part of this prospectus.

We have not taken any action to permit a public offering of these securities outside the United States or to permit the possession or distribution of this prospectus outside the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about and observe any restrictions relating to the offering of these securities and the distribution of this prospectus outside the United States.

## PROSPECTUS SUMMARY

*This summary highlights certain of the information that appears later in this prospectus or in other documents incorporated by reference in this prospectus. This summary may not contain all of the information that may be important to you. As an investor, you should carefully review the entire prospectus, including the section of this prospectus entitled “Risk Factors” and the more detailed information that appears later in this prospectus or is contained in the documents that we incorporate by reference in this prospectus before making an investment in our Class A common shares. The information presented in this prospectus assumes, unless otherwise indicated, that the underwriters’ option to purchase additional Class A common shares is not exercised.*

*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 our principal charterer, “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 ship technical manager (“Technical Manager”), ConChart Commercial Inc. (“Conchart”) refers to our commercial ship manager (“Commercial Manager”, and together with Technomar the “Managers”), and “MSI” refers to Maritime Strategies International Limited, our industry expert. Unless otherwise indicated, all references to “\$” and “dollars” in this prospectus are to 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 ships. Unless otherwise indicated, we calculate the average age of our ships on a weighted average basis, based on TEU capacity. References to our 2018 Annual Report refer to our Annual Report on Form 20-F for the fiscal year ended December 31, 2018, that was filed with the SEC on March 29, 2019, which is incorporated herein by reference.*

*On March 25, 2019, we effected a one-for-eight reverse stock split of our Class A common shares. All share and per share amounts disclosed in this prospectus have been retroactively adjusted to reflect the reverse stock split.*

### **Our Company**

Global Ship Lease, Inc. is a Republic of the Marshall Islands corporation that owns a fleet of mid-sized and smaller containerships which are chartered out under fixed-rate charters to reputable container shipping companies (“liner companies” or “liner operators”).

We were formed in 2007 to purchase and charter back 17 containerships owned or to be purchased by CMA CGM, then the third largest containership operator in the world by number of ships.

On November 15, 2018, we 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, 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 19 ships that we acquired as a result of the Poseidon Transaction, excluding the Argos. On the closing of the Poseidon Transaction, we issued to the Poseidon unitholders 3,005,603 Class A common shares and 250,000 Series C Preferred Shares, which are convertible to an aggregate of 12,955,187 Class A common shares in certain circumstances, and assumed the debt of Poseidon Containers, which amounted to \$509.7 million as of November 15, 2018.

Following the announcement of the Poseidon Transaction on October 29, 2018, we have agreed multiple new charters in an improving market over multi-year durations, to renew or replace expiring charters, that have resulted in material improvements to key performance metrics, such as:

- *Increased remaining contract duration:* Since the announcement of the Poseidon Transaction, we have agreed to 27 new charters with an aggregate contract duration of 68 years, resulting in TEU-weighted average remaining contract duration for our entire fleet, as of June 30, 2019 and including subsequent announcements of new charters and options to extend which are under our control, and assuming the mid-point of the redelivery period, of 2.9 years, or 3.3 years also including options to extend which are under the charterers' control and assuming the latest redelivery date. The charter-attached value of our fleet of 41 vessels as at June 30, 2019 was \$1.34 billion.
- *Significant new contracted revenue:* Since announcing the Poseidon Transaction, we have entered into charters, both as charter renewals and for ship acquisitions, which are expected to generate \$511.9 million contracted revenue (measured over the term of the charter to the mid-point of redelivery including options to extend these new charters which are under our control). Contracted future revenue was \$835.4 million, as of June 30, 2019 and including subsequent agreements of new charters (assuming the mid-point of redelivery under charters and including options to extend which are under our control). We estimate that our contracted revenue represents 99% of Adjusted EBITDA for 2019, 89% for 2020 and 76% for 2021 on the assumption that ships coming off charter are re-employed at 10 year historical average rates, less 5% commissions.

In addition, in May 2019, we agreed to acquire three 2004-built 7,849 TEU containerships. Shortly after delivery in May 2019, the first ship, *GSL Eleni*, commenced a five-year charter with Maersk Line. The second ship, *GSL Grania*, was delivered in September 2019 and commenced a three-year charter with Maersk Line, with two consecutive one-year extensions at the charterer's option. The remaining ship, *GSL Kalliopi*, is expected to be delivered in late September or early October 2019 and upon delivery is scheduled to commence a three-year charter with Maersk Line, with two consecutive one-year extensions at the charterer's option.

As of the date of this prospectus, we owned 40 containerships and have agreed to acquire one further ship. Following the delivery of this ship, we will own 41 mid-sized and smaller containerships of which nine (representing 31% of our fleet by TEU capacity) are new-design, high-specification, fuel-efficient, and wide-beam. Our fleet, pro forma for the delivery of the remaining vessel we have agreed to acquire, has a total capacity of 224,162 TEU, making us the 13<sup>th</sup> largest non-operating owner of containerships as of June 30, 2019, according to MSI. Our fleet's average size is 5,467 TEU, with a TEU weighted average age of 11.9 years.

All of our ships are chartered out on time charters, representing contracted future revenue of \$835.4 million as of June 30, 2019, including subsequent new charters and options to extend which are under our control, and assuming the mid-point of redelivery, over a TEU-weighted average remaining term of 2.9 years. Contracted future revenue was \$916.4 million on the same basis, but also including options to extend which are under the charterers' control and assuming the latest redelivery date, over a TEU-weighted average remaining term of 3.3 years. By applying the Adjusted EBITDA Margin of 62.2% for the six months ended June 30, 2019 to contracted future revenue, this would imply Contracted Adjusted EBITDA of \$519.6 million on our contracted future revenue of \$835.4 million (to the mid-point of redelivery and including options to extend charters which are under our control) and \$570.0 million on our future contracted revenue of \$916.4 million (also including options to extend which are under the charterers' control and assuming the latest redelivery). Adjusted EBITDA, Adjusted EBITDA Margin and Contracted Adjusted EBITDA are non-U.S. GAAP measures. For a description of Adjusted EBITDA, Adjusted EBITDA Margin and Contracted Adjusted EBITDA and a reconciliation of these measures to net income, the most directly comparable US GAAP financial measure, please see "Summary Financial Data—Non-U.S. GAAP Financial Measures" below.

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. As of June 30, 2019, there were 9,942,950 Class A common shares issued and outstanding, along with 250,000 Series C Preferred Shares, which are convertible into 12,955,187 Class A common shares in certain circumstances. All share and per share amounts disclosed in this prospectus give effect to the reverse stock split retroactively, for all periods presented.

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 is +44 (0) 20 3998 0063. Our website address is [www.globalshiplease.com](http://www.globalshiplease.com). The information included on our website is not incorporated herein by reference. From time to time, we may use our website and social media outlets as channels of distribution of material company information.

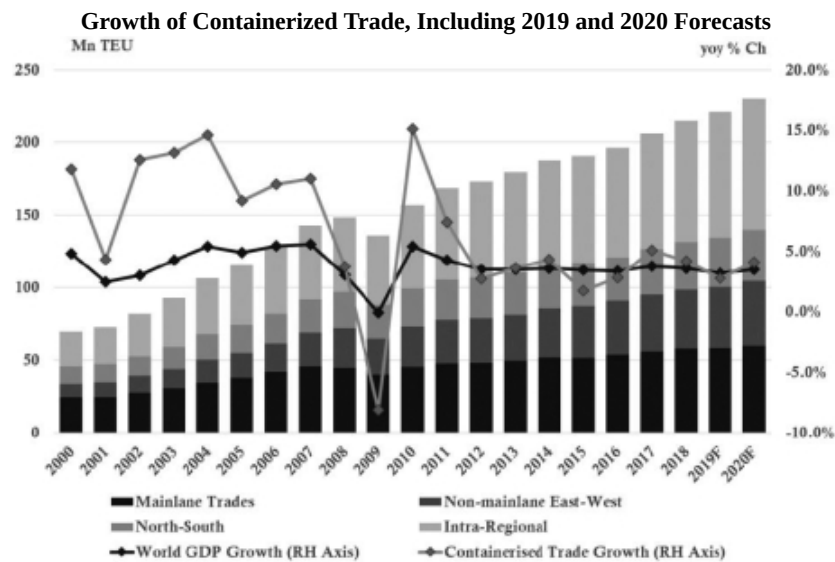
## **Industry Overview**

The following is a summary of certain industry information provided by Maritime Strategies International Ltd. (“MSI”), which appears later in this prospectus under the heading “The International Container Shipping and Containership Leasing Industry.”

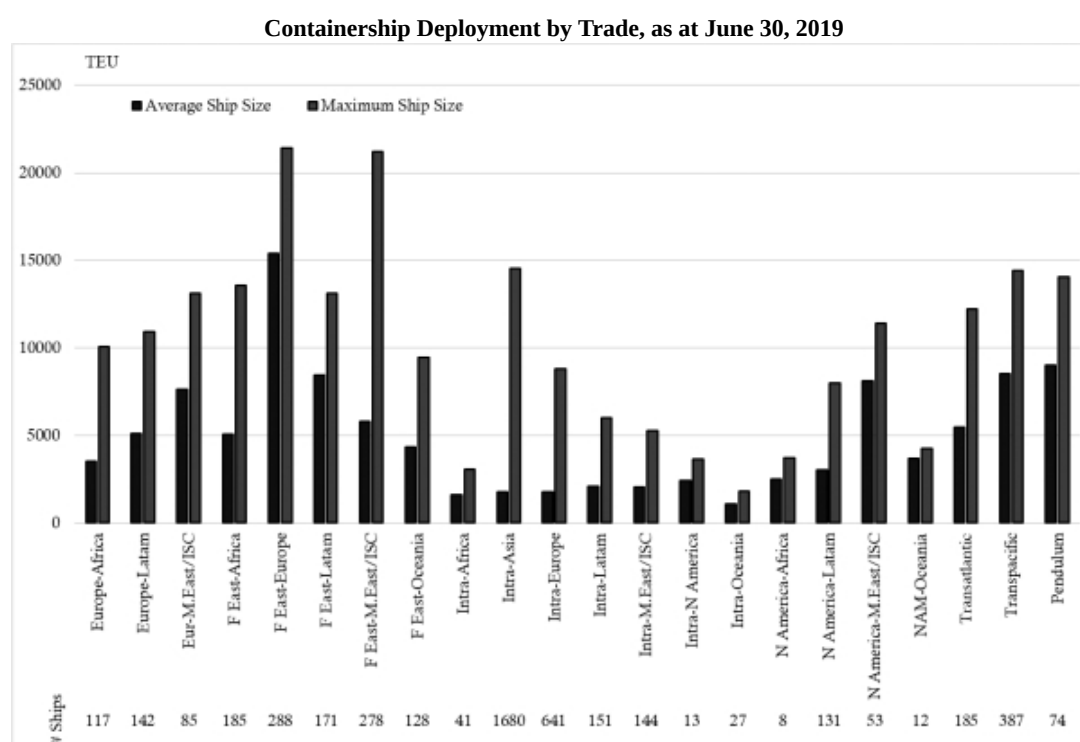
Containerization is the most convenient and cost-effective way to transport a wide range of cargoes, predominantly a diverse selection of consumer, manufactured, and semi-manufactured goods. Furthermore, emissions per ton-mile of cargo carried compare favorably to other existing modes of transport.

The first containerized cargoes were shipped in the mid-1950s; global containerized trade volumes for 2018 are estimated to be 208 million TEU. As at June 30, 2019, the global containership fleet stood at 5,165 ships, with an aggregate capacity of 22.3 million TEU; 54.0% of this capacity is provided to liner operators by containership owners like GSL.

Cargo volumes have grown every year since the industry’s inception – except 2009, during the Global Financial Crisis – with the growth in the containerized transport of refrigerated (“reefer”) cargo tending to outpace that of overall containerized trade. As at June 30, 2019, MSI forecasts that global containerized trade will grow by 2.8% in 2019 and 4.1% in 2020.



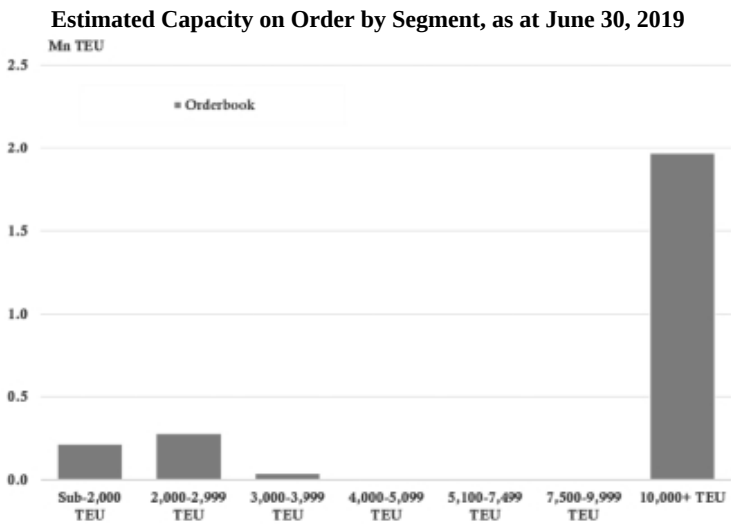
The containerized supply chain extends throughout the world. The Mainlane trades are those linking the major manufacturing economies in Asia with the major consumer economies in North America (Transpacific) and Europe (Asia-Europe), and the Transatlantic trade. However, over 70% of global containerized trade volumes are in the non-Mainlane trades, with intra-regional trades alone representing almost 39%. Indeed, the largest trade grouping – representing almost a third of global volumes – comprises the intra-Asian trades connecting that region’s rapidly growing markets. Non-Mainlane trades are predominantly served by mid-size and smaller containerships, like those in our fleet.



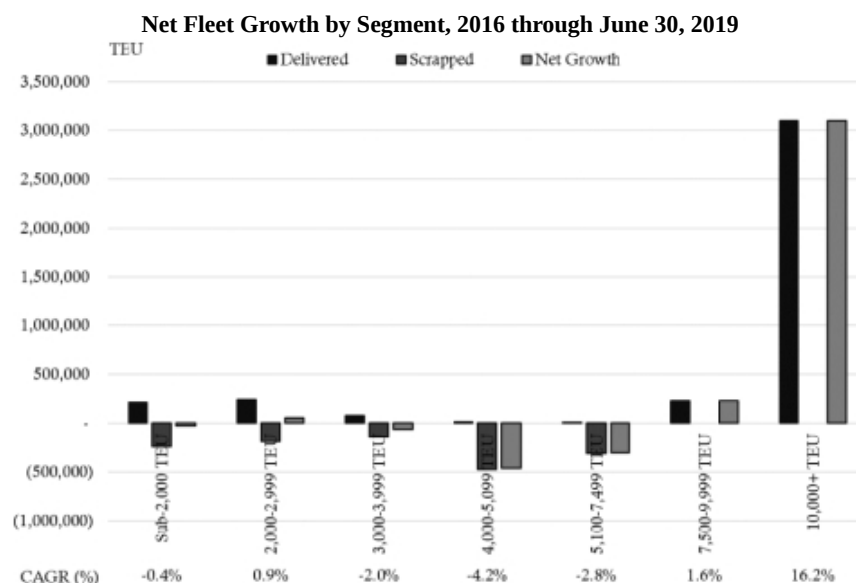
The Transpacific trades represent 12.5% of overall volumes, while trade between China and the US (and vice-versa) represents 6.7% of global containerized volumes. One consequence of trade tensions between the US and China has been the increased market share of non-Chinese manufacturers on the Asia-US trade via a process of cargo substitution. Over the first six months of 2019, MSI estimates that US containerized imports from China and Hong Kong shrank by 5.3% (equal to a decrease of 290,000 TEU), while US imports from ASEAN countries grew by 23.0% (equal to an increase of 295,000 TEU), and imports from Japan, South Korea and Taiwan grew by 8.9% (equal to an increase of 93,000 TEU). We believe cargo substitution may stimulate additional demand for mid-size and smaller vessels in the intra-Asian trades.

The container shipping industry is both cyclical and seasonal. We believe that supply / demand fundamentals are currently strongly supportive, particularly for the mid-size and smaller ship sizes upon which GSL is focused. As of June 30, 2019, MSI estimates that idle capacity for the global fleet was only 1.5%, capacity scrapped during the first half of 2019 exceeded capacity scrapped in full year 2018, and the newbuilding orderbook – which is scheduled to deliver over the next two to three years – was limited, with an orderbook-to-fleet ratio of 11.2% (down from a peak of over 60% in 2007). For ships of 2,000 – 9,999 TEU (mid-size and smaller) the ratio was 2.6%, with no ships on order between 4,000 and 9,999 TEU – sizes representing over 80% of GSL fleet capacity. As of June 30, 2019, MSI estimates that the lead time from order to delivery of a new ship would be approximately two years.





A combination of scrapping and under-investment in the sector has led to minimal, and in some cases net-negative, fleet growth in the mid-size and smaller ship fleet segments in recent years. As a result, these size segments are comparatively older than those for very large containerships, where recent investment has tended to be focused. Furthermore, we believe that consolidation and bankruptcies in the shipyard sector (MSI estimates that the number of active shipyards has decreased by 65% since 2007), together with a more coordinated approach from the liner operator alliances, is improving ordering discipline and reducing the risk of supply-side overshoot going forward.



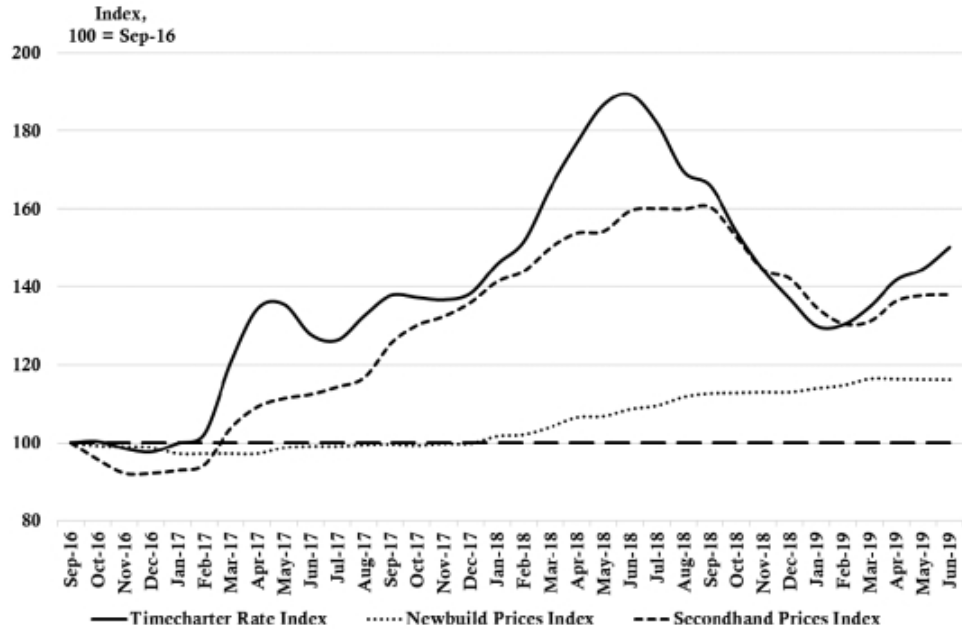
We expect the implementation of industry-wide regulatory changes on emission controls starting January 1, 2020 (“IMO 2020”), which are expected to increase the unit cost of fuel due to the anticipated price premium of low Sulphur fuel, to further improve industry fundamentals as, among other things, operators reduce operating speeds as a cost control measure to reduce fuel consumption, thereby decreasing the effective supply of containerships. As at June 30, 2019, MSI estimates that slowing the global fleet by one knot would imply a reduction in effective supply of 6.7%.

IMO 2020 is also expected to increase the commercial appeal of fuel-efficient vessels which allow liner operators to reduce their operating costs per TEU of cargo carried (“slot costs”). The greater the cargo carrying capacity and fuel efficiency of a ship, the lower the slot costs. Latest generation “Eco” ships are significantly more fuel efficient than their pre-Eco peers, enhancing their earnings in the charter market. However, for mid-size and smaller ships, pre-Eco specification vessels are still the standard: as at June 30, 2019, MSI estimates that pre-Eco ships represented between 77% and 91% of capacity for the size segments below 7,500 TEU, and 58% for the 7,500 – 9,999 TEU segment.

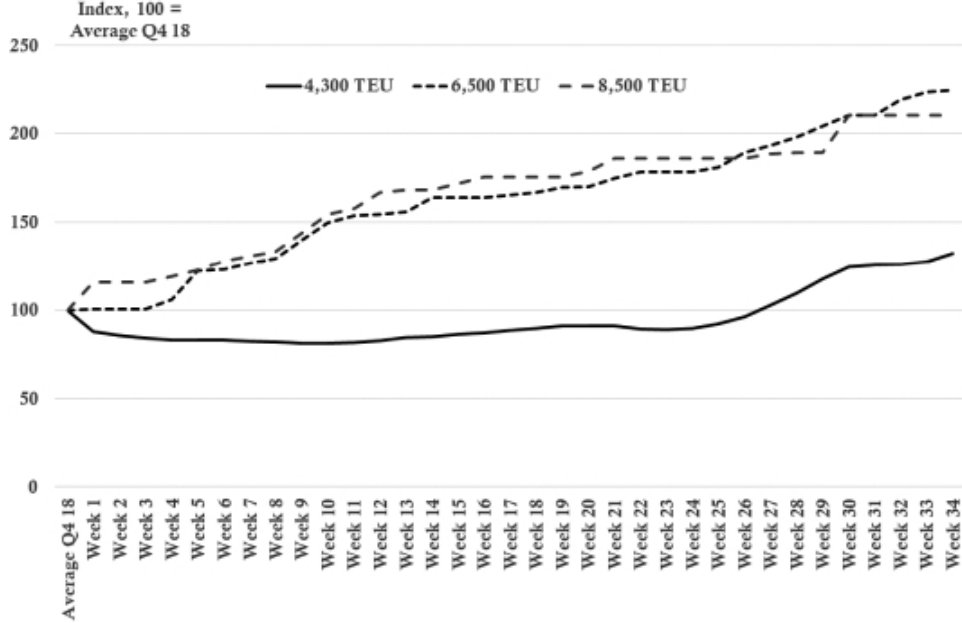
We believe that firming rates in the charter market, particularly for larger mid-size (Post Panamax) ships, evidence strengthening industry fundamentals. An additional positive catalyst is ships being taken out of service for retro-fitting with exhaust gas scrubbers (an alternate means of complying with IMO 2020). MSI estimates that 1.1% of the global containership fleet (by number of vessels) had been scrubber-fitted by June 30, 2019, and forecasts that around 15.0% of containerships will ultimately be fitted with exhaust gas cleaning technology.

Charter rates for 6,500 TEU and 8,500 TEU ships have more than doubled since the end of 2018.

Asset Value and Spot Market Time Charter Rate Development, September 1, 2016 through June 30, 2019



Panamax and Post-Panamax Time charter Earnings Developments since Q4 2018



We believe that the fuel-efficient, low slot characteristics of our ships will allow us to capitalize on the trends described above, enhancing the earnings capacity and value of the GSL fleet over time.

#### **Our Competitive Strengths.**

We believe that we possess a number of competitive strengths that differentiate us and will allow us to capitalize on opportunities in the containerhip sector, including:

**Experienced Management Team.** Members of our management team, board of directors and Managers have extensive experience in the container shipping industry and have long-term relationships with companies, individuals and institutions within the wider shipping industry. Our Executive Chairman, George Giouroukos, has more than 25 years of leadership and shipping industry experience, while our Chief Executive Officer, Ian Webber, has 30 years of shipping industry experience, 12 of which serving as our Chief Executive Officer. We believe that we will be able to capitalize on the experience and relationships of our management, board of directors and Managers to identify future acquisitions and charter opportunities beyond those widely and publicly marketed, expand our customer base, and finance these acquisitions and refinance our debt. See “Item 6. Directors, Senior Management and Employees” in our 2018 Annual Report, which is incorporated herein by reference.

**Significant Contracted Revenue.** All of our ships are chartered out on time charters, representing contracted future revenue of \$835.4 million as of June 30, 2019, including subsequent new charters and options to extend which are under our control, and assuming the mid-point of redelivery, over a TEU-weighted average remaining term of 2.9 years. Contracted future revenue was \$916.4 million on the same basis, but also including options to extend which are under the charterers’ control and assuming the latest redelivery date, over a TEU-weighted average remaining term of 3.3 years. Our contracted revenue mostly consists of revenue generated by our larger ships as these have higher daily charter rates and longer charter durations provides substantial forward visibility on earnings. Our smaller, lower-earning ships are mostly employed on shorter term contracts, which we believe will provide upside earnings potential in what we anticipate will be a firming charter market after a protracted downturn. Since announcing the Poseidon Transaction, we have entered into charters, both as charter renewals and for ship acquisitions, which are expected to generate \$511.9 million contracted revenue (measured over the term of the charter to the mid-point of redelivery including options to extend these new charters which are under our control).

**Diversified Portfolio of Charterers.** As of June 30, 2019, charterers of our ships included Maersk Line, MSC, COSCO-OOCL, CMA CGM, Hapag-Lloyd and ZIM. In addition, our Commercial Manager has established relationships with, and has previously arranged charters with, many other reputable liner operators, such as ONE, Wan Hai, Evergreen and Seaboard Marine. We expect to continue to capitalize on our senior management’s and Commercial Manager’s long-standing relationships with leading liner companies. We believe that the experience of our senior management team, coupled with our Technical Manager’s extensive experience and reputation, will continue to assist us in securing high employment coverage for our ships to facilitate our future growth.

**Focused Fleet Composition.** Our fleet is focused on high specification, mid-sized and smaller ships, which we believe are undersupplied in the market and have multiple deployment opportunities. We own and operate 41 containerships, including the ship that will be delivered to us in late September or early October 2019, ranging in size between 2,207 TEU and 11,040 TEU, built at reputable shipyards, with high specifications, and which are well-maintained. Such mid-size and smaller ships are operationally flexible and are core to servicing multiple non-arterial, intermediate, and intra-regional container trades which, in aggregate, represented over 70% of global containerized trade volumes in 2018. Limited investment by the industry in recent years in mid-sized and smaller containerships has resulted in a small orderbook to be delivered over the next two-three years (the

orderbook to fleet ratio for 2,000—10,000 TEU ships was 2.6% as of June 30, 2019, versus an overall ratio of 11.2%) and an aging global fleet, with limited availability of latest-generation ships in these segments.

**Fleet with High Technical Specifications.** Value-adding attributes that render our ships attractive to our customers, the liner operators, include capacity to carry a large number of temperature-controlled containers (“reefers”), wide-beam and fuel-efficient designs, and onboard cranes (“gear”) for cargo handling. We believe that these features enable our fleet to achieve higher levels of employment and earnings against ships with lower specifications. 72% of our fleet capacity is made up of Post-Panamax containerships larger than 5,500 TEU, which provide enhanced ship stability and thus greater cargo carrying capacity. Cargo carrying capacity is an important selection criterion for liner operators as it reduces slot cost, which is calculated for any given ship as daily fuel cost plus daily charter hire divided by standardized loadable capacity. Nine of our Post-Panamax ships are also latest-generation, fuel efficient “Eco” ships, which further enhance slot cost economics for liner operators and command an earnings premium in the charter market versus non-Eco ships and have the potential to provide longer term charters. Fuel efficiency becomes even more valuable as fuel prices rise, as is anticipated with the introduction of industry-wide emission control regulations from January 2020 (“IMO 2020”), with which the vast majority of ships will comply by burning higher cost, low sulfur fuel. Furthermore, we believe there is a clear correlation between low slot costs and low emissions per TEU, favoring our low slot cost fleet.

**Capitalize on Cascade.** The shipping industry up-sizes ships over time in order to capture economies of scale by increasing the carrying capacity of ships. This up-sizing is also referred to as the “cascade,” and involves larger ships progressively displacing smaller ships into other trade lanes. Non-mainlane, intermediate, and intra-regional trades are of fundamental importance to global containerized trade—representing, in aggregate, over 70% of global containerized trade volumes in 2018—and are predominantly served by mid-size and smaller ships, which we believe are supply-constrained. We also believe that our fuel-efficient, low slot cost ships position us to capitalize on cascading opportunities in these markets. As of June 30, 2019, according to MSI, 42.0% of the global fleet (by number of ships) was comprised of ships of 2,000 TEU or smaller, providing significant cascading opportunities for even the smallest ships in our fleet (2,200 TEU).

**Efficient Ship Operations.** We believe that our Technical Manager’s experience in the technical management of containerships, and their reputation in the shipping industry as operators with high safety and operating standards, are important in servicing our charterers, who depend on reliable ships and responsible containership owning companies to meet their exact and demanding ship scheduling requirements. Our Technical Manager has been managing ships successfully since 1994 and this depth of experience not only provides our customers with a high level of service quality and confidence but also gives us competitive average daily operating costs. Despite significant drydocking of our ships for regulatory surveys and upgrades, utilization for the six months ended June 30, 2019 was 96.9%. Utilization for the three months ended March 31, 2019, which was not affected by elevated levels of drydocking, was 99.8%. In addition, our Technical Manager has experience in upgrading ships, including reefer capacity and fuel efficiency and in the efficient design of scrubbers, all of which raise our ships to higher commercial standards enhancing their marketability and earning capacity.

**Growth Track Record.** We have a proven ability to grow by purchasing ships with pre-agreed charters that are immediately accretive to cashflow and earnings, while concurrently putting in place competitively-priced and conservatively-structured debt to facilitate such growth. Our Executive Chairman, George Giouroukos, has structured and concluded over 250 secondhand and newbuilding ship transactions. The strategic combination between GSL and Poseidon Containers in November 2018 also demonstrates our capacity to successfully execute transformative corporate transactions. We believe that our senior management team’s extensive knowledge of, and contacts within, the container shipping industry will allow us to continue to add value-accretive ships and charters to our portfolio.

**Multiple Financing Sources.** Access to cost-effective capital is important in the container shipping industry. As a publicly listed company with a business model primarily oriented towards providing medium-term charters to reputable counterparties, we can potentially access equity and debt markets, both private and public, on a recurrent basis. In a capital-constrained environment, we believe that being a publicly listed company with a high level of transparency and reporting is an advantage in competing with other containership owning companies, which are predominantly private and do not have access to such diverse sources of capital. In addition, our management team has extensive and long-standing relationships with commercial banks that provide us with access to the traditional secured loan bank market. Specifically, since the Poseidon Transaction, our significantly expanded banking relationships now include Citi, Credit Agricole, Deutsche Bank, ABN Amro, DVB, CIT, Entrust, ATB, Hellenic Bank and Siemens, most of which participated in our new syndicated \$268.0 million senior secured credit facility.

## **Our Business Strategies**

Our primary objective is to maximize value for our shareholders by pursuing the following strategies:

**Maintain Fleet Focus.** We intend to maintain our focus on containerships of 2,000 – 11,000 TEU, weighted towards wide-beam, high-reefer, fuel-efficient ships of 5,500 – 10,000 TEU. We believe the cost-return characteristics of ships in this size segment are attractive. Specifically, they are sought after by charterers given their operational flexibility and low slot costs and should thereby allow us to manage our fleet deployment effectively, locking in upside earnings potential for shareholders by securing longer-term charters generating contracted cashflows. Furthermore, due to scarce capital being disproportionately allocated to the construction of the largest containerships for the main East-West trades lanes, such as Asia – Europe, the order-book for containerships below 10,000 TEU is at historically low levels and, according to MSI, there are no ships on order in our area of focus, the 4,000 TEU and 9,999 TEU segment, which, combined with reasonable demand growth for container shipping services, particularly in the trade lanes where our ships are best deployed, is expected to result in continuing improvements in charter rates and hence asset values, over time. We expect supply to tighten further for these ship segments with the implementation on January 1, 2020 of the new industry-wide emission controls under IMO 2020, which we believe may prompt liner operators to slow down their ships in order to reduce fuel burn and thus cost, reducing effective supply.

**Optimize Charter Portfolio.** We intend to proactively manage our portfolio of charters to lock in upside earning potential, while also providing downside protection through charter cover. This provides significant forward visibility of stable cashflows, while preserving the flexibility to capitalize on potentially rising charter rates. We currently charter most of our high revenue producing ships under medium term time charters of between three to five years, with staggered maturities, while the remainder of the fleet, mostly our smaller ships, are on shorter term charters of less than 12 months to position us to benefit from market increases in charter rates. Additionally, we will continue to charter our ships to reputable charterers, such as our long-standing clients Maersk Line, MSC, COSCO-OOCL, CMA CGM, Hapag Lloyd and ZIM, and will continue to expand the number of leading liner companies chartering our ships in order to further diversify our portfolio of charters from customer, geographic and maturity perspectives.

**Moderate Leverage Level and Reduced Cost of Debt.** Our mandatory debt repayment profile will result in substantial debt reduction over the next few years. We believe that reducing our leverage and maintaining debt at a moderate level will enable us to reduce our overall cost of debt, enhance our financial flexibility and allow us to make opportunistic acquisitions consistent with our strategy. We expect to finance future ship acquisitions, with cash on hand, borrowings under new credit facilities, or subject to favorable market conditions, public debt or equity offerings, or a combination thereof.

**Implement Disciplined Growth.** We intend to continue to grow and renew our fleet mainly by acquiring second-hand containerships with high specifications and fuel efficiency, that are already employed on charters or

that can be so employed immediately following their acquisition, as market conditions allow. When evaluating these future acquisitions, we will consider, among other things, fundamental developments in the container shipping industry, the value of the ship compared to historical levels, the cash flow expected to be earned by the ship in relation to its value, the credit quality of the charterer and duration and terms of charter contracts, its condition and technical specifications, as well as the overall diversification of our fleet and customer portfolio. We believe that attractive, counter-cyclical investment opportunities are available in the market. These may include both structured sale and leaseback transactions with liner companies and the acquisition of selected, attractively-priced ships, in the sale and purchase market. In addition, we will evaluate and consider strategic corporate acquisitions on a selective and prudent basis.

***Leverage Our Managers' Experience.*** We intend to leverage our Technical Manager's expertise to continue to manage our ships efficiently and reliably at a low daily operating cost, as well as support future growth. We believe that our Technical Manager is able to oversee the technical management of our fleet at a cost than is lower than we could achieve in-house and which is competitive compared to other independent ship management companies. Additionally, we believe that our outsourced management arrangements provide scalability to facilitate growth without the incurrence of significant additional overheads. In addition, our Technical Manager has experience in upgrading the reefer capacity and fuel efficiency of ships, and in the efficient design of scrubbers, as well as other characteristics that raise our ships to higher commercial standards enhancing their marketability and earning capacity. Moreover, our Commercial Manager has direct relationships with liner companies as evidenced by multiple long-term contracts, including repeat business, secured since the completion of the Poseidon Transaction.

## Our Fleet

The table below provides information about our fleet of 41 containerships as of September 16, 2019:

Ship Name	Capacity in TEUs	Lightweight (tons)	Year Built	Charterer	Earliest Charter Expiry Date	Latest Charter Expiry Date	Daily Charter Rate \$
CMA CGM Thalassa	11,040	38,577	2008	CMA CGM	4Q25	1Q26	47,200
UASC Al Khor <sup>(1)</sup>	9,115	31,764	2015	Hapag-Lloyd	1Q22	2Q22	34,000
Anthea Y <sup>(1)</sup>	9,115	31,890	2015	COSCO	2Q20	3Q20	39,200
Maira XL <sup>(1)</sup>	9,115	31,820	2015	COSCO	2Q20	3Q20	39,200
MSC Tianjin	8,667	34,243	2005	MSC	2Q24	3Q24 <sup>(2)</sup>	— <sup>(2)</sup>
MSC Qingdao	8,667	34,305	2004	MSC	2Q24	3Q24 <sup>(2)</sup>	— <sup>(2)</sup>
GSL Ningbo	8,667	34,243	2004	Maersk	3Q20	3Q20	12,400 <sup>(3)</sup>
GSL Kalliopi	7,849	29,245	2004	Maersk	3Q22	4Q24 <sup>(4)</sup>	— <sup>(4)</sup>
GSL Grania	7,849	29,261	2004	Maersk	3Q22	4Q24 <sup>(4)</sup>	— <sup>(4)</sup>
GSL Eleni	7,849	29,261	2004	Maersk	2Q24	3Q24 <sup>(4)</sup>	— <sup>(4)</sup>
Mary <sup>(1)</sup>	6,927	23,424	2013	CMA CGM	3Q23	4Q23	25,910
Kristina <sup>(1)</sup>	6,927	23,424	2013	CMA CGM	2Q24	3Q24	25,910
Katherine <sup>(1)</sup>	6,927	23,424	2013	CMA CGM	1Q24	2Q24	25,910
Alexandra <sup>(1)</sup>	6,927	23,424	2013	CMA CGM	1Q24	2Q24	25,910
Alexis <sup>(1)</sup>	6,882	23,919	2015	CMA CGM	1Q24	2Q24	25,910
Olivia I <sup>(1)</sup>	6,882	23,864	2015	CMA CGM	1Q24	2Q24	25,910
CMA CGM Berlioz	6,621	26,776	2001	CMA CGM	2Q21	4Q21	34,000
Agios Dimitrios	6,572	24,746	2011	MSC	3Q19	4Q23	12,500 <sup>(5)</sup>
Tasman	5,936	25,010	2000	ZIM	3Q19	3Q19 <sup>(6)</sup>	11,500 <sup>(6)</sup>
Dimitris Y	5,936	25,010	2000	ZIM	3Q19	3Q19 <sup>(7)</sup>	16,750 <sup>(7)</sup>
Ian H	5,936	25,128	2000	ZIM	1Q21	2Q21	14,500
Dolphin II	5,095	20,596	2007	HMM	3Q19 <sup>(8)</sup>	4Q19 <sup>(8)</sup>	7,700 <sup>(8)</sup>
Orca I	5,095	20,696	2006	Maersk	2Q20 <sup>(9)</sup>	2Q21 <sup>(9)</sup>	9,000 <sup>(9)</sup>
CMA CGM Alcazar	5,089	20,087	2007	CMA CGM	4Q20	2Q21	33,750
CMA CGM Château d'If	5,089	20,100	2007	CMA CGM	4Q20	2Q21	33,750
CMA CGM Jamaica	4,298	17,272	2006	CMA CGM	3Q22	1Q23	25,350
CMA CGM Sambhar	4,045	17,355	2006	CMA CGM	3Q22	1Q23	25,350
CMA CGM America	4,045	17,355	2006	CMA CGM	3Q22	1Q23	25,350
GSL Valerie	2,824	11,971	2005	MSC	2Q20	3Q20	9,000
Athena	2,762	13,538	2003	MSC	1Q20	2Q20	9,000
Maira	2,506	11,453	2000	MSC	3Q19	3Q19	8,500 <sup>(10)</sup>
Nikolas	2,506	11,370	2000	MSC	1Q20	1Q20	9,000
Newyorker	2,506	11,463	2001	MSC	1Q20	1Q20	9,000
CMA CGM La Tour	2,272	11,742	2001	CMA CGM	4Q19	4Q19	15,300
CMA CGM Manet	2,272	11,742	2001	CMA CGM	4Q19	4Q19	15,300
CMA CGM Matisse	2,262	11,676	1999	CMA CGM	4Q19	4Q19	15,300
CMA CGM Utrillo	2,262	11,676	1999	CMA CGM	3Q19	3Q19	15,300 <sup>(11)</sup>
GSL Keta	2,207	11,731	2003	ANL	3Q19	3Q19	8,450 <sup>(12)</sup>
GSL Julie	2,207	11,731	2002	CMA CGM	3Q19	4Q19	7,200 <sup>(13)</sup>
Kumasi	2,207	11,731	2002	CMA CGM	4Q19	1Q21 <sup>(14)</sup>	9,800 <sup>(14)</sup>
Marie Delmas	2,207	11,731	2002	CMA CGM	4Q19	1Q21 <sup>(14)</sup>	9,800 <sup>(14)</sup>

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

(2) Five year charter to MSC at implied Adjusted EBITDA of \$25.6 million per ship for the period.

(3) Charterer has exercised its option to extend by 12 months from September 21, 2019 at \$18,000 per day.



- (4) *GSL Eleni delivered in May 2019; GSL Grania delivered in September 2019 and GSL Kalliopi is scheduled to be delivered in late September or early October 2019. GSL Eleni chartered for five years; GSL Grania and GSL Kalliopi are or will be chartered for three years plus two successive periods of one year at option of the charterer. Implied Aggregate Adjusted EBITDA of \$32.0 million for firm periods, increasing to \$47.0 million if all options are exercised.*
- (5) *Thereafter, we have the option, callable in 4Q19, to extend for four years at \$20,000 per day.*
- (6) *Thereafter, a new charter with Maersk Line for 30 – 38 months at an implied Adjusted EBITDA of \$5.3 million for the median period. Additional 12 – month extension at charterer’s option, for an additional \$4.4 million implied Adjusted EBITDA.*
- (7) *Thereafter in direct continuation, 21-24 months to ZIM at \$14,500 per day.*
- (8) *Rate increases to \$11,500 per day from August 14, 2019.*
- (9) *Rate increases to \$10,000 per day from June 3, 2020.*
- (10) *Thereafter, 6-7 months to MSC at \$8,250 per day.*
- (11) *Thereafter, 6-7 months to CMA CGM at \$8,500 per day.*
- (12) *Thereafter 50 – 90 days to OOCL at \$8,700 per day.*
- (13) *\$ 7,200 per day between August 16, 2019 and October 16, 2019, at charterer’s option, with an option in favor of charterer to extend from October 16, 2019 at \$8,500 per day for six months plus or minus 30 days.*
- (14) *We have the option to extend to December 31, 2020 plus or minus 90 days, at \$9,800 per day.*

### **Employment of Our Fleet**

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

The term for a time charter commences on the ship’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. Charters may be extended on mutually agreed terms, or the ship may be re-delivered by the charterer at the end of the charter period, within a pre-agreed time window (to allow for operational flexibility), in which case we would seek alternate employment with another charterer.

Our charters are with a number of different charterers and expire on different dates over a period of time. We believe the diversified charterer base reduces counterparty risk and the staggered expirations of our charters reduces our exposure to re-chartering risk and may mitigate the impact of the cyclical nature of the container shipping industry.

### **Management of our Ships**

Technomar provides day-to-day technical ship management services for all of our ships.

Global Ship Lease Services Limited (“GSL”), our wholly owned subsidiary, is the commercial manager for 18 of our ships. It has entered into a Commercial Advisory Services and Exclusive Brokerage Services Agreement (“EBSA”) with Conchart, whereby Conchart is appointed to provide commercial advisory and exclusive brokerage services. The remaining 23 ships in our fleet are or will be subject to a commercial management agreement directly with Conchart, on terms substantially similar to those of the EBSA.

For more information regarding management of our ships, please see “Item 4. Information on the Company-B. Business Overview-Ship Management” in our 2018 Annual Report, which is incorporated herein by reference.

### **Risk Factors**

We face a number of risks associated with our business and shipping industry and must overcome a variety of challenges to utilize our strengths and implement our business strategies. These risks relate to, among others, changes in the shipping industry, including supply and demand, charter rates, ship values, a downturn in the global economy, operational hazards inherent in container shipping industry and operations resulting in liability for damage to or destruction of property and equipment, pollution or environmental damage, inability to comply with covenants in our current indebtedness and borrowings we may enter into in the future, inability to finance capital projects, and inability to successfully employ our ships at the expiration of current charters.

You should carefully consider these risks, the risks described in “Risk Factors” and the other information in this prospectus and our most recent Annual Report on Form 20-F before deciding whether to invest in our Class A common shares.

### **Recent Developments**

In May 2019, we agreed to acquire three 2004-built 7,849 TEU containerships. Shortly after delivery in May 2019, the first ship, *GSL Eleni*, commenced a five-year charter with Maersk Line. The second ship, *GSL Grania*, was delivered in September 2019 and commenced a three-year charter with Maersk Line, with two consecutive one-year extensions at the charterer’s option. The remaining ship, *GSL Kalliopi*, is expected to be delivered in late September or early October 2019 and is scheduled to commence a three-year charter with Maersk Line, with two consecutive one-year extensions at the charterer’s option.

In July 2019, *GSL Keta*, a 2003-built, 2,207 TEU containership, commenced a new charter with OOCL for minimum 50 days / maximum 90 days at a fixed rate of \$8,700 per day. The charterer of *GSL Ningbo*, a 2004-built, 8,667 TEU containership, has exercised its option to extend the vessel’s charter for 12 months at a fixed rate of \$18,000 per day starting from September 21, 2019.

At our 2019 Annual Meeting of Shareholders held on August 8, 2019, our shareholders approved the re-election of Messrs. Michael Chalkias and George Giouroukos, Term II Directors, to serve until our 2022 Annual Meeting of Shareholders, and ratified the appointment of PricewaterhouseCoopers S.A. as our independent public accounting firm for the fiscal year ending December 31, 2019.

In August 2019, Maersk exercised its option to extend the charter on *GSL Ningbo* by 12 months, commencing September 21, 2019, at an increased rate of \$18,000 per day.

In August 2019, CMA CGM exercised its option to extend the charter on *GSL Julie* by six months, commencing October 16, 2019, at an increased rate of \$8,500 per day and agreed to extend the charter of *CMA CGM Utrillo* by six-seven months, commencing September 16, 2019, at a rate of \$8,500 per day.

In August 2019, MSC agreed to extend the charter of *Maira* by six-seven months, commencing September 17, 2019, at a rate of \$8,250 per day.

In September 2019, we entered into a new syndicated \$268.0 million senior secured credit facility comprised of two tranches (the “New Senior Loan”) with major commercial lenders Crédit Agricole, ABN AMRO, CIT, Hellenic Bank and Siemens. The first tranche of the New Senior Loan of \$230.0 million was drawn

down, in full, on September 23, 2019 and the proceeds will be used very shortly to refinance five of our existing senior credit facilities 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*, *Dimitris Y* and *Ian H*, will become unencumbered. The second tranche of up to \$38.0 million is available to us on similar terms until May 2020 to facilitate further refinancing. The final maturity date of the New Senior Loan is September 2024, five years after drawdown. Borrowings under the New Senior Loan bear interest at LIBOR plus a margin of 3.0% and the scheduled amortization is \$5.2 million per quarter.

In September 2019, we also refinanced all of the existing indebtedness under our Junior Facility in the amount of \$38.5 million (the “New Junior Facility”), with the only change being to extend its maturity from September 2023 to September 2024, consistent with the maturity date of the New Senior Loan. The other terms of the New Junior Facility remain consistent with the original Junior Facility, bearing interest at 10.0% and repayable in one balloon payment upon maturity.

In September 2019, we entered into an agreement with Kelso, whereby Kelso agreed to convert its outstanding Series C Preferred Shares into Class A common shares upon the repayment in full of our 9.875% First Priority Secured Notes due 2022.

### **CORPORATE INFORMATION**

We were incorporated in the Republic of the Marshall Islands on March 14, 2008 as GSL Holdings Inc.

On August 14, 2008, we merged with Marathon Acquisition Corp., a company then listed on The American Stock Exchange, and with the pre-existing Global Ship Lease, Inc., which was then wholly owned by CMA CGM. GSL Holdings, Inc. was the surviving entity, changed its name to Global Ship Lease, Inc. and became listed on The New York Stock Exchange (the “NYSE”).

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 is +44 (0) 20 3998 0063.

### **OTHER INFORMATION**

We are incorporated under the laws of the Republic of the Marshall Islands, and as a consequence, you may encounter difficulty protecting your interests as shareholders, and your ability to protect your rights through the U.S. federal court system may be limited. Please refer to the sections entitled “Risk Factors” and “Enforcement of Civil Liabilities” for more information.

THE OFFERING	
Class A Common shares offered	Class A common shares. The underwriter has offered to purchase \$40.0 million of our Class A common shares in this offering.
Over-allotment	We have granted the underwriter a -day option to purchase up to an additional of our Class A common shares to cover over-allotments, if any.
Class A Common shares outstanding immediately after the offering <sup>(1)</sup>	Class A common shares.  Class A common shares, if the underwriter exercises its option to purchase additional shares in full.
Use of proceeds	<p>We estimate that we will receive net proceeds of approximately \$ million from this offering assuming the underwriters' over-allotment option is not exercised, and approximately \$ million if the underwriters' option is exercised in full, in each case after deducting underwriting discounts and commissions and estimated expenses payable by us.</p> <p>We intend to use the net proceeds of this offering for general corporate purposes, which may include, among other things, the acquisition of containerships in accordance with our growth strategy, or prepaying debt. However, we do not currently have definitive plans for any debt prepayments nor have we identified any potential acquisitions, and we can provide no assurance that we will be able to complete any debt prepayment or the acquisition of any vessel that we are able to identify.</p> <p>Please read "Use of Proceeds."</p>
Listing	Our Class A common shares are currently listed on the New York Stock Exchange under the symbol "GSL."
Transfer agent	Computershare Trust Company, N.A.
Risk factors	Investment in our Class A common shares involves a high degree of risk. You should carefully read and consider the information set forth under the heading "Risk Factors" and all other information set forth in this prospectus before investing in our Class A common shares.
(1)	<p>The number of Class A common shares outstanding immediately after the offering is based on as of , 2019.</p> <p>Class A common shares outstanding</p>

## SUMMARY FINANCIAL DATA

The following table sets forth summary consolidated financial and other data of the Company for the years ended December 31, 2018, 2017 and 2016 and as of December 31, 2018 and 2017 which is derived from our audited consolidated financial statements included in our annual report on Form 20-F for the year ended December 31, 2018, filed with the SEC on March 29, 2019, incorporated by reference herein. The summary consolidated financial and other data of the Company as of December 31, 2016, 2015 and 2014 and for the years ended December 31, 2015 and 2014, is derived from our audited consolidated financial statements not incorporated by reference herein but publicly available at [www.sec.gov](http://www.sec.gov). The table also sets forth summary consolidated financial and other data of the Company as of June 30, 2019 and 2018 and for the six month periods ended June 30, 2019 and 2018 which is derived from our unaudited consolidated financial statements and the notes thereto, included in our Report on Form 6-K that was filed with the SEC on August 9, 2019, which is incorporated by reference herein.

The summary financial data set forth below should be read in conjunction with, and are qualified in their entirety by reference to, (i) our audited consolidated financial statements, including the related notes thereto, and “Item 5. Operating and Financial Review and Prospects,” as presented in our 2018 Annual Report, incorporated by reference herein, and (ii) our interim unaudited consolidated financial statements and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” as presented in our Report on Form 6-K, filed with the Commission on August 9, 2019, incorporated by reference herein. The summary historical financial information provided below does not purport to indicate results of operations as of any future date or for any future period.

## CONSOLIDATED FINANCIAL DATA

Summary Consolidated Statements of Income Data:	Six months ended June 30,		Year ended December 31,				
	2019	2018	2018	2017	2016	2015	2014
(Expressed in millions of U.S. dollars, except for per share data)							
<b>Statements of Income</b>							
<b>Operating revenues:</b>							
Time charter revenue	\$127.6	\$ 71.2	\$ 157.1	\$ 159.3	\$ 166.8	\$ 165.3	\$138.7
<b>Operating expenses:</b>							
Vessel operating expenses	(41.8)	(20.4)	(49.3)	(42.7)	(45.4)	(48.9)	(47.6)
Time charter and voyage expenses	(3.6)	(0.4)	(1.6)	(1.0)	(0.7)	(1.6)	(1.3)
Depreciation and amortization	(21.7)	(16.3)	(35.5)	(38.0)	(42.8)	(44.9)	(41.1)
Impairment of vessels	—	—	(71.8)	(87.6)	(92.4)	(44.7)	—
General and administrative expenses	(4.1)	(3.4)	(9.2)	(5.4)	(6.2)	(6.5)	(7.0)
<b>Total operating expenses</b>	<b>(71.2)</b>	<b>(40.5)</b>	<b>(167.4)</b>	<b>(174.7)</b>	<b>(187.5)</b>	<b>(146.6)</b>	<b>(97.0)</b>
<b>Operating income (loss)</b>	<b>56.4</b>	<b>30.7</b>	<b>(10.3)</b>	<b>(15.4)</b>	<b>(20.7)</b>	<b>18.7</b>	<b>41.7</b>
<b>Non-operating income (expense)</b>							
Interest income	0.8	0.6	1.4	0.5	0.2	0.1	0.1
Interest and other finance expenses	(38.1)	(21.5)	(48.7)	(59.4)	(44.8)	(48.2)	(43.9)
Gain on redemption of Series A Preferred Shares	—	—	—	—	—	—	8.6
Realized loss on interest rate derivative	—	—	—	—	—	—	(2.8)
Unrealized gain on interest rate derivative	—	—	—	—	—	—	1.9
Other income, net	1.2	—	0.3	0.1	0.2	0.6	0.6
<b>Income (loss) before income taxes</b>	<b>20.3</b>	<b>9.8</b>	<b>(57.3)</b>	<b>(74.2)</b>	<b>(65.1)</b>	<b>(28.8)</b>	<b>6.2</b>
Income taxes	—	(0.1)	—	—	—	—	(0.1)

Summary Consolidated Statements of Income Data:	Six months ended June 30,		Year ended December 31,				
	2019	2018	2018	2017	2016	2015	2014
	(Expressed in millions of U.S. dollars, except for per share data)						
<b>Net income (loss)</b>	<b>20.3</b>	<b>9.7</b>	<b>(57.3)</b>	<b>(74.2)</b>	<b>(65.1)</b>	<b>(28.8)</b>	<b>6.1</b>
Earnings allocated to Series B Preferred Shares	(1.5)	(1.5)	(3.1)	(3.1)	(3.1)	(3.1)	(1.1)
<b>Net income (loss) available to common shareholders</b>	<b>18.8</b>	<b>8.2</b>	<b>(60.4)</b>	<b>(77.3)</b>	<b>(68.2)</b>	<b>(31.9)</b>	<b>5.0</b>
Net income (loss) per Class A common share, in \$							
Basic and diluted	0.82	1.36	(7.42)	(12.89)	(11.39)	(5.36)	0.8
<b>Weighted average number of Class A common shares outstanding</b>							
Basic and diluted in millions	9.94	6.0	6.5	6.0	6.0	6.0	6.0
Net income per Class B common share, in \$							
Basic and diluted	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Weighted average number of Class B common shares outstanding</b>							
Basic and diluted in millions	Nil	0.9	0.9	0.9	0.9	0.9	0.9
Dividend per Class A common share in \$	—	—	—	—	—	0.02	—
<b>Weighted average number of Class C preferred shares outstanding</b>							
Basic and diluted in millions	13.0	Nil	1.6	Nil	Nil	Nil	Nil
Net income (loss) per Class C preferred share, in \$							
Basic and diluted income (loss)	0.4	Nil	(7.4)	Nil	Nil	Nil	Nil
<b>Statement of cash flow</b>							
Net cash from Operating Activities	\$ 36.6	\$ 20.7	\$ 47.7	\$ 66.9	\$ 71.6	\$ 62.3	\$ 60.9
Net cash provided by (used in) Investing Activities	(26.0)	(12.8)	24.3	(4.9)	(6.9)	(101.2)	(80.1)
Net cash (used in) provided by Financing Activities	(15.4)	(11.5)	(55.2)	(42.9)	(64.1)	59.2	27.9
	As of June 30,		As of December 31,				
	2019	2018	2018	2017	2016	2015	2014
<b>Balance sheet data (at period end)</b>							
Total current assets	99.5	76.5	99.0	77.4	57.1	57.6	36.7
Total vessels in operation	1,118.0	595.3	1,112.8	586.5	707.3	838.4	826.2
Total assets	1,236.3	671.8	1,233.5	675.9	777.2	904.9	873.7
Debt (current and non-current portion)	865.2	390.9	877.2	398.5	419.9	478.1	401.9
Series B and C Preferred Shares	—	—	—	—	—	—	—
Class A and B common shares	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Shareholders' equity	335.2	260.1	316.4	251.6	328.9	395.8	438.1
<b>Other data</b>							
Number of vessels in operation at period end	39	19	38	18	18	18	18
Ownership days	6,912	3,271	7,675	6,570	6,588	6,893	6,270
Utilization	96.9%	98.4%	98.7%	98.4%	98.4%	99.6%	98.0%

- (1) On November 15, 2018, we completed a strategic combination with Poseidon Containers, acquiring 20 containerships, one of which, the Argos, was contracted to be sold which sale was completed in December 2018 (the “Poseidon Transaction”). The consideration given for the acquisition of the net assets 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”). Each Series C preferred share carries 38.75 votes and they are convertible in certain circumstances to 12,955,187 Class A common shares. References herein to “GSL Fleet” are to the 19 ships that were owned by us prior to the consummation of the Poseidon Transaction, and references to “Poseidon Fleet” are to the 19 ships that were acquired by us upon consummation of the Poseidon Transaction, excluding the Argos.
- (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 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 prospectus give effect to the reverse stock split retroactively, for all periods presented.

#### **Non-U.S. GAAP Financial Measures**

To supplement our financial information presented in accordance with U.S. GAAP, we use certain “non-GAAP financial measures” as such term is defined in Regulation G promulgated by the SEC. Generally, a non-GAAP financial measure is a numerical measure of a company’s operating performance, financial position or cash flows that excludes or includes amounts that are included in, or excluded from, the most directly comparable measure calculated and presented in accordance with U.S. GAAP. We believe that the presentation of these measures provides investors with greater transparency and supplemental data relating to our financial condition and results of operations, and therefore a more complete understanding of factors affecting our business than U.S. GAAP measures alone. In addition, we believe that the presentation of these matters is useful to investors for period-to-period comparison of results as the items may reflect certain unique and/or non-operating items such as impairment charges, contract termination costs or items outside of our control.

We believe that the presentation of the following financial measures are useful to investors because they are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. Adjusted EBITDA, Adjusted EBITDA Margin and Contracted Adjusted EBITDA are not defined in U.S. GAAP and should not be considered to be an alternative to net income or any other financial metric required by such accounting principles.

#### ***Non-U.S. GAAP measures***

Adjusted EBITDA and Contracted Adjusted EBITDA are presented herein both on a historic basis and on a forward-looking basis in certain instances. We have not provided a reconciliation of any such forward looking non-U.S. GAAP financial measure to the most directly comparable U.S. GAAP measure because such U.S. GAAP financial measures on a forward-looking basis are not available to us without unreasonable effort.

#### ***Adjusted EBITDA***

Adjusted EBITDA represents net income available to common shareholders before interest income and interest and other financial expense, income taxes, depreciation and amortization and earnings allocated to preferred shares. Adjusted EBITDA is a non-U.S. GAAP quantitative measure used to assist in the assessment of our operations. We believe that the presentation of Adjusted EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry.

(Expressed in millions of U.S. dollars)

	Six months ended	
	June 30, 2019	June 30, 2018
Net income available to Common Shareholders	18.8	8.2
Adjust: Depreciation and amortization	21.7	16.3
Interest income	(0.8)	(0.6)
Interest and other financial expense	38.1	21.5
Income taxes	-	0.1
Earnings allocated to preferred shares	1.5	1.5
<b>Adjusted EBITDA</b>	<b>79.3</b>	<b>47.0</b>

#### **Adjusted EBITDA Margin**

Adjusted EBITDA Margin represents the Adjusted EBITDA for a period expressed as percentage of operating revenue for the same period.

(Expressed in millions of U.S. dollars)	Six months ended June 30, 2019
Operating revenues	127.6
Adjusted EBITDA	79.3
Adjusted EBITDA Margin	62.2%

#### **Contracted Adjusted EBITDA**

Contracted Adjusted EBITDA represents our contracted future revenue multiplied by the Adjusted EBITDA Margin.



#### CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus 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 prospectus include, but are not limited to, statements regarding our disclosure concerning our operations, cash flows, financial position, dividend policy, the anticipated benefits of our strategic transaction with Poseidon Containers, and the likelihood of success in acquiring additional ships to expand our business.

Forward-looking statements appear in a number of places in this prospectus and in our Annual Report on Form 20-F for the year ended December 31, 2018, filed with the Commission on March 29, 2019, as updated by annual, quarterly and other reports and documents we file with the Commission after the date of this prospectus and that are incorporated by reference herein.

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 prospectus. The risks described under “Risk Factors” are not exhaustive. Other sections of this prospectus 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 prospectus. We undertake no obligation to publicly update or revise any forward-looking statement to reflect circumstances or events after the date of this prospectus 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 Commission after the date of this prospectus.

## RISK FACTORS

*An investment in our Class A common shares involves a high degree of risk. Before making an investment in our Class A common shares, you should carefully consider all of the information included or incorporated by reference into this prospectus, including the risks described herein and in “Item 3. Key Information—D. Risk Factors” in our 2018 Annual Report, which is incorporated by reference herein. The occurrence of one or more of those risk factors could adversely impact our business, financial condition or results of operations.*

***We cannot assure you if and when we will pay dividends on our Class A common shares.***

We are not currently paying dividends on our Class A common shares. Subject to the limitations contained in the indenture governing our 2022 notes and other contractual obligations, we may resume the distribution of a portion of our cash flow to our shareholders, while retaining the remaining cash flow for costs such as drydockings, reinvestment in our business, funding ship or fleet acquisitions, making debt repayments and for other purposes, as determined by our board of directors. 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 ship 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 container shipping 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 ships or significant capital improvements;
- 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 ships, if any, and the beginning of payments under charters relating to those ships;
- 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 ship is disposed of, should a new charter not be agreed;
- unexpected repairs to, or required expenditures on, ships or dry-docking costs in excess of those anticipated;
- the loss of a ship;
- prevailing global and regional economic and political conditions;
- changes in interest rates;
- the effect of governmental regulations and maritime self-regulatory organization standards on the conduct of our business;

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- 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.

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.

***There may be a substantial number of our Class A common shares available for sale in the future that may adversely affect the market price of our Class A common shares.***

On the closing of the Poseidon Transaction, we issued 3,005,603 Class A common shares and 250,000 Series C Preferred Shares, which are convertible into 12,955,187 Class A common shares upon the occurrence of certain events. Further, in connection with the Poseidon Transaction, pursuant to an Amended and Restated Registration Rights Agreement, we registered for resale all Class A common shares, including those issuable on conversion of the Series C Preferred Shares, held by affiliates of Kelso, CMA CGM, George Giouroukos (our Executive Chairman) through Management Investor Co., Michael S. Gross (our former Chairman and a director) and MAAS Capital as of the closing of the Poseidon Transaction. In September 2019, Kelso agreed to convert its Series C Preferred Shares upon the Company's repayment of its 9.875% First Priority Secured Notes due 2022. The registration and availability of such a significant number of securities for trading in the public market may have a material adverse effect on the market price of our Class A common shares.

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

The price of our Class A common 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 container shipping 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 container shipping industry has been highly unpredictable and volatile. The market for common shares in companies operating in container shipping industry may be equally volatile.

***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 180 days after the date of an offering prospectus without the prior written consent of the underwriter(s).

***It may not be possible for investors to serve process on or enforce U.S. judgments against us.***

We and all of our subsidiaries are incorporated in jurisdictions outside the U.S. and substantially all of our assets and those of our subsidiaries are located outside the U.S. In addition, most of our directors and officers are non-residents of the U.S., and all or a substantial portion of the assets of these non-residents are located outside the U.S. As a result, it may be difficult or impossible for U.S. investors to serve process within the U.S. upon us, our subsidiaries or our directors and officers or to enforce a judgment against us for civil liabilities in U.S. courts. In addition, you should not assume that courts in the countries in which we or our subsidiaries are incorporated or where our assets or the assets of our subsidiaries are located (1) would enforce judgments of U.S. courts obtained in actions against us or our subsidiaries based upon the civil liability provisions of applicable U.S. federal and state securities laws or (2) would enforce, in original actions, liabilities against us or our subsidiaries based on those laws

***Increases in interest rates may cause the market price of our common shares to decline.***

An increase in interest rates may cause a corresponding decline in demand for equity investments in general and in particular for yield-based equity investments such as our common shares. Any such increase in interest rates or reduction in demand for our common shares resulting from other relatively more attractive investment opportunities may cause the trading price of our common shares to decline.

## USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately \$       million from this offering (approximately \$       million if the underwriters' option to purchase additional shares is exercised in full), in each case after deducting underwriting discounts and commissions and estimated expenses payable by us.

We intend to use the net proceeds of this offering for general corporate purposes, which may include, among other things, the acquisition of containerships in accordance with our growth strategy, or prepaying debt. However, we do not currently have definitive plans for any debt prepayments nor have we identified any potential acquisitions, and we can provide no assurance that we will be able to complete any debt prepayment or the acquisition of any vessel that we are able to identify.

## CAPITALIZATION

The following table sets out our cash and cash equivalents and our capitalization on an actual, on an adjusted and on an as further adjusted basis as of June 30, 2019:

- on a historical basis;
- on an adjusted basis to give effect to (i) the application of borrowings under our New Senior Loan described in footnote (3) below and (ii) the draw down of \$12.0 million related to the acquisition of the *GSL Grania* on September 9, 2019; and
- on an as further adjusted basis to give effect to (i) the issuance and sale of \$40 million of shares of Class A common stock in this offering at an offering price of \$ per share and (ii) the application of the net proceeds of this offering as described under “Use of Proceeds”. The information set forth in the table assumes that the underwriters’ option to purchase additional shares is not exercised. You should read the information below together with the sections of this prospectus entitled “Use of Proceeds,” and “Risk Factors”, in addition to “Management’s Discussion and Analysis of Financial Condition and Results of Operations” as well as the financial statements and related notes which are incorporated by reference in this prospectus.

(In Thousands of U.S. Dollars)	As of June 30, 2019		
	Actual	As Adjusted	As Further Adjusted
Total Cash <sup>(1)(4)</sup>	<u>\$ 85,340</u>	<u>\$ 85,340</u>	<u>\$ 124,940</u>
Debt (secured)			
Total Debt <sup>(2)(3)</sup>	<u>\$ 875,631</u>	<u>\$ 888,301</u>	<u>\$ 888,301</u>
Shareholders’ equity:			
Class A common shares-authorized 214,000,000 shares with a \$0.01 par value 9,942,950 shares issued and outstanding (as adjusted shares issued and outstanding)	99	99	99
Series B Preferred shares-authorized 16,100 shares with a \$0.01 par value 14,000 shares issued and outstanding	—	—	—
Series C Preferred shares-authorized 250,000 shares with a \$0.01 par value 250,000 shares issued and outstanding <sup>(5)</sup>	3	3	3
Additional paid-in capital <sup>(4)</sup>	512,379	512,379	551,979
Accumulated deficit	<u>(177,270)</u>	<u>(177,270)</u>	<u>(177,270)</u>
Total stockholders’ equity	<u>335,211</u>	<u>335,211</u>	<u>374,811</u>
<b>Total Capitalization</b>	<b><u>\$ 1,210,842</u></b>	<b><u>\$ 1,223,512</u></b>	<b><u>\$ 1,263,412</u></b>

- (1) Cash and cash equivalents, including restricted cash of \$9,941.
- (2) Aggregated principal amount outstanding, excluding unamortized deferred financing costs of \$8,146 and unamortized original issue discount on our 2022 Notes of \$2,254 as of June 30, 2019.
- (3) \$230.0 million has been drawn down under our New Senior Loan.
- (4) Additional paid- in-capital reflects the estimated net proceeds from this offering of \$40.0 million, after deducting estimated offering expenses. No allocation has been made to nominal value at \$0.01 per Class A common share.
- (5) Series C Preferred shares convert to 12,955,187 Class A common shares in certain circumstances.

## **DIVIDEND POLICY**

The declaration and payment of any dividend is 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, container shipping industry fundamentals, asset value trends and financial performance including cash flow, restrictions under our secured term loan and the indenture that governs our 2022 notes, 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.

For more information regarding our dividend policy, please see “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Dividend Policy” in our 2018 Annual Report, which is incorporated by reference herein.

## DILUTION

Dilution or accretion is the amount by which the offering price paid by the purchasers of our common shares in this offering will differ from the net tangible book value per common share after the offering. The net tangible book value is equal to the amount of our total tangible assets (total assets less intangible assets) less total liabilities (other than intangible liabilities). The historical net tangible book value as of June 30, 2019 was \$339.2 million in total and \$34.12 per share for the number of outstanding shares at that date, or \$14.81 per share assuming full conversion of Series C preferred shares into Class A common shares.

The as adjusted net tangible book value as of June 30, 2019 would have been \$ , or \$ per common share after the issuance and sale by us of common shares at \$ per share in this offering, after deducting estimated expenses related to this offering. This represents an immediate increase in net tangible book value of \$ per share to the existing shareholders and an immediate dilution in net tangible book value of \$ per share to new investors.

The following table illustrates the pro forma per share dilution and increase in net tangible book value as of June 30, 2019:

Public offering price per common share	\$
As adjusted net tangible book value per share before this offering	\$0.03
Increase in as adjusted net tangible book value attributable to new investors in this offering	\$
As further adjusted net tangible book value per share after giving effect to this offering	\$
Dilution per share to new investors	\$

The following table summarizes, as of June 30, 2019, on an as adjusted basis for this public offering, the difference between the number of common shares acquired from us, the total amount paid and the average price per share paid by the existing shareholders and the number of common shares acquired from us, the total amount paid and the average price per share paid by you as a new investor in this offering, based upon the public offering price of \$ per share.

	As Further Adjusted Shares Outstanding(1)		Total Consideration Amount (In USD Thousands)		Average Price Per Share
	Number	Percent		Percent	
Existing shareholders		%	\$	%	\$
New investors(*)		%	\$	%	\$
Total		%	\$	%	\$

(\*) Before deducting estimated expenses of this offering of \$ million.



## SELECTED FINANCIAL DATA

The following table sets forth selected consolidated financial and other data of the Company for the years ended December 31, 2018, 2017 and 2016 and as of December 31, 2018 and 2017 which is derived from our audited consolidated financial statements included in our annual report on Form 20-F for the year ended December 31, 2018, filed with the SEC on March 29, 2019, incorporated by reference herein. The selected consolidated financial and other data of the Company as of December 31, 2016, 2015 and 2014 and for the years ended December 31, 2015 and 2014, is derived from our audited consolidated financial statements not incorporated by reference herein but publicly available at [www.sec.gov](http://www.sec.gov). The table also sets forth selected consolidated financial and other data of the Company as of June 30, 2019 and 2018 and for the six month periods ended June 30, 2019 and 2018 which is derived from our unaudited consolidated financial statements and the notes thereto, included in our Report on Form 6-K that was filed with the SEC on August 9, 2019, which is incorporated by reference herein.

The selected financial data set forth below should be read in conjunction with, and are qualified in their entirety by reference to, (i) our audited consolidated financial statements, including the related notes thereto, and “Item 5. Operating and Financial Review and Prospects,” as presented in our 2018 Annual Report, incorporated by reference herein, and (ii) our interim unaudited consolidated financial statements and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” as presented in our Report on Form 6-K, filed with the Commission on August 9, 2019, incorporated by reference herein. The selected historical financial information provided below does not purport to indicate results of operations as of any future date or for any future period.

## CONSOLIDATED FINANCIAL DATA

Selected Consolidated Statements of Income Data:	Six months ended June 30,		Year ended December 31,				
	2019	2018	2018	2017	2016	2015	2014
(Expressed in millions of U.S. dollars, except for per share data)							
<b>Statements of Income</b>							
<b>Operating revenues:</b>							
Time charter revenue	\$127.6	\$ 71.2	\$ 157.1	\$ 159.3	\$ 166.8	\$ 165.3	\$138.7
<b>Operating expenses:</b>							
Vessel operating expenses	(41.8)	(20.4)	(49.3)	(42.7)	(45.4)	(48.9)	(47.6)
Time charter and voyage expenses	(3.6)	(0.4)	(1.6)	(1.0)	(0.7)	(1.6)	(1.3)
Depreciation and amortization	(21.7)	(16.3)	(35.5)	(38.0)	(42.8)	(44.9)	(41.1)
Impairment of vessels	—	—	(71.8)	(87.6)	(92.4)	(44.7)	—
General and administrative expenses	(4.1)	(3.4)	(9.2)	(5.4)	(6.2)	(6.5)	(7.0)
<b>Total operating expenses</b>	<b>(71.2)</b>	<b>(40.5)</b>	<b>(167.4)</b>	<b>(174.7)</b>	<b>(187.5)</b>	<b>(146.6)</b>	<b>(97.0)</b>
<b>Operating income (loss)</b>	<b>56.4</b>	<b>30.7</b>	<b>(10.3)</b>	<b>(15.4)</b>	<b>(20.7)</b>	<b>18.7</b>	<b>41.7</b>
<b>Non-operating income (expense)</b>							
Interest income	0.8	0.6	1.4	0.5	0.2	0.1	0.1
Interest and other finance expenses	(38.1)	(21.5)	(48.7)	(59.4)	(44.8)	(48.2)	(43.9)
Gain on redemption of Series A Preferred Shares	—	—	—	—	—	—	8.6
Realized loss on interest rate derivative	—	—	—	—	—	—	(2.8)
Unrealized gain on interest rate derivative	—	—	—	—	—	—	1.9
Other income, net	1.2	—	0.3	0.1	0.2	0.6	0.6
<b>Income (loss) before income taxes</b>	<b>20.3</b>	<b>9.8</b>	<b>(57.3)</b>	<b>(74.2)</b>	<b>(65.1)</b>	<b>(28.8)</b>	<b>6.2</b>
Income taxes	—	(0.1)	—	—	—	—	(0.1)

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<b>Net income (loss)</b>	<b>20.3</b>	<b>9.7</b>	<b>(57.3)</b>	<b>(74.2)</b>	<b>(65.1)</b>	<b>(28.8)</b>	<b>6.1</b>
Earnings allocated to Series B Preferred Shares	(1.5)	(1.5)	(3.1)	(3.1)	(3.1)	(3.1)	(1.1)
<b>Net income (loss) available to common shareholders</b>	<b>18.8</b>	<b>8.2</b>	<b>(60.4)</b>	<b>(77.3)</b>	<b>(68.2)</b>	<b>(31.9)</b>	<b>5.0</b>
Net income (loss) per Class A common share, in \$							
Basic and diluted	0.82	1.36	(7.42)	(12.89)	(11.39)	(5.36)	0.8
<b>Weighted average number of Class A common shares outstanding</b>							
Basic and diluted in millions	9.94	6.0	6.5	6.0	6.0	6.0	6.0
Net income per Class B common share, in \$							
Basic and diluted	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Weighted average number of Class B common shares outstanding</b>							
Basic and diluted in millions	Nil	0.9	0.9	0.9	0.9	0.9	0.9
Dividend per Class A common share in \$	—	—	—	—	—	0.02	—
<b>Weighted average number of Class C preferred shares outstanding</b>							
Basic and diluted in millions	13.0	Nil	1.6	Nil	Nil	Nil	Nil
Net income (loss) per Class C preferred share, in \$							
Basic and diluted income (loss)	0.4	Nil	(7.4)	Nil	Nil	Nil	Nil
<b>Statement of cash flow</b>							
Net cash from Operating Activities	\$ 36.6	\$ 20.7	\$ 47.7	\$ 66.9	\$ 71.6	\$ 62.3	\$ 60.9
Net cash provided by (used in) Investing Activities	(26.0)	(12.8)	24.3	(4.9)	(6.9)	(101.2)	(80.1)
Net cash (used in) provided by Financing Activities	(15.4)	(11.5)	(55.2)	(42.9)	(64.1)	59.2	27.9

	As of June 30,		As of December 31,				
	2019	2018	2018	2017	2016	2015	2014
<b>Balance sheet data (at period end)</b>							
Total current assets	99.5	76.5	99.0	77.4	57.1	57.6	36.7
Total vessels in operation	1,118.0	595.3	1,112.8	586.5	707.3	838.4	826.2
Total assets	1,236.3	671.8	1,233.5	675.9	777.2	904.9	873.7
Debt (current and non-current portion)	865.2	390.9	877.2	398.5	419.9	478.1	401.9
Series B and C Preferred Shares	—	—	—	—	—	—	—
Class A and B common shares	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Shareholders' equity	335.2	260.1	316.4	251.6	328.9	395.8	438.1
<b>Other data</b>							
Number of vessels in operation at period end	39	19	38	18	18	18	18
Ownership days	6,912	3,271	7,675	6,570	6,588	6,893	6,270
Utilization	96.9%	98.4%	98.7%	98.4%	98.4%	99.6%	98.0%

- (1) On November 15, 2018, we completed a strategic combination with Poseidon Containers, acquiring 20 containerships, one of which, the Argos, was contracted to be sold which sale was completed in December 2018 (the "Poseidon Transaction"). The consideration given for the acquisition of the net assets 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"). Each Series C preferred share carries 38.75 votes and they are convertible in certain circumstances to a total of 12,955,187 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 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 prospectus give effect to the reverse stock split retroactively, for all periods presented.

## THE INTERNATIONAL CONTAINER SHIPPING AND CONTAINERSHIP LEASING INDUSTRY

*Maritime Strategies International Ltd. (“MSI”) has provided certain statistical and graphical information contained in this prospectus under the caption “The International Container Shipping and Containership Leasing Industry.” 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 enquiries.*

### Industry Overview

Containerization is the most convenient and cost-effective way to transport a wide range of cargoes, predominantly a diverse selection of consumer, manufactured, and semi-manufactured goods. Furthermore, emissions per ton-mile of cargo carried compare favorably to other existing modes of transport. The first containerized cargoes were shipped in the mid-1950s; global containerized trade volumes for 2018 are estimated to be 208 million TEU.

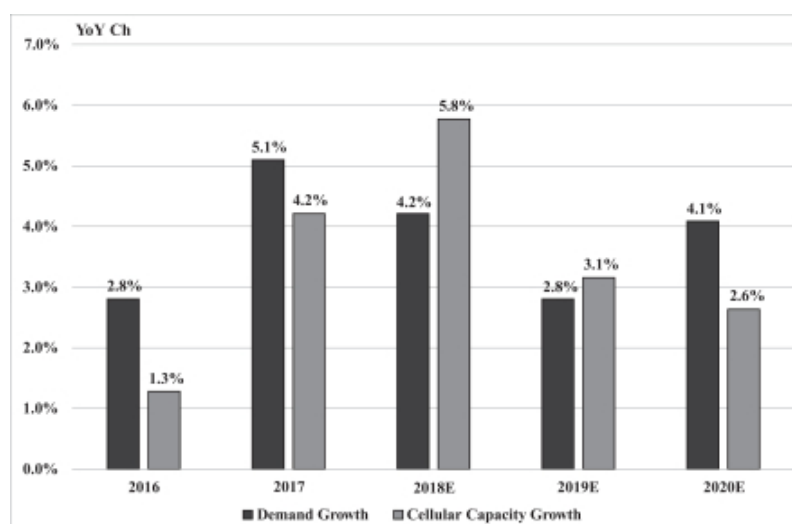
The containerized supply chain extends throughout the world. The Mainlane trades are those linking the major manufacturing economies in Asia with the major consumer economies in North America and Europe and the trans-Atlantic trade. However, over 70% of global containerized trade volumes are in the non-Mainlane trades, with intra-regional trades alone representing almost 39%. Indeed, the largest trade grouping comprises the intra-Asian trades connecting that region’s rapidly growing markets.

Growth in containerized trade is linked to consumer-led demand for manufactured goods and thereby to regional economic growth. Historically, underlying growth has been 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 outpace overall container trade growth and drive fast growth on certain trade routes.

From 1993 to 2008, containerized trade grew at a compound annual rate of over 9.0%, driven by China’s infrastructural investment growth and integration into the global trade system, macroeconomic and construction booms in the United States and Western Europe, the off-shoring of production, and the expansion of global supply chains. 2009, due to the global financial crisis and recession, was the only year of negative growth in the industry’s history, with volumes shrinking 8.0%. Volumes recovered in 2010, with growth of 15.0%.

Between 2011 and 2018 average compound annual growth of containerized was 3.5%. More recently, over the first six months of 2019 estimated growth in primary container trade was just over 2.4% as slower global macroeconomic growth and the impact of increased trade tensions weighed on volumes. A similar pace of expansion is expected in the second half of 2019, while containerized trade growth is forecast to accelerate in 2020.

The rapid expansion in containerized trade has also led to a rapid expansion in the global containership fleet, of which the vast majority of vessels are fully cellular containerships: vessels 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. 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 2018 at 6.1%, as the industry digested the legacy, pre-crisis orderbook. As at June 30, 2019, industry-wide fleet capacity stood at 22.3 million TEU, aboard a total of 5,165 vessels.

**Demand Growth v. Supply Growth, Including 2019 and 2020 Forecasts**

Containerships have been upsized over time to carry increasing cargo volumes and reduce unit costs. Whereas in 1995 the largest vessel in the global fleet had a nominal capacity of 5,344 TEU, as at June 30, 2019, the largest vessel had a nominal capacity of 21,413 TEU. Over the same period, average containership nominal capacity across the industry increased from 1,020 TEU to 4,344 TEU.

Within the container shipping industry, key participants include shippers, liner companies and charter-owners. Shippers are the senders and receivers of containerized cargo (Walmart is a typical example). Liner companies (also referred to as lines or operators) are logistics service providers responsible for the seaborne, and often also inland, transportation of containerized goods; they negotiate freight rates with shippers themselves, or with third parties such as freight forwarders/consolidators. Liner companies either operate vessels that they themselves own, or lease vessels from charter-owners. Charter-owners (also referred to as containership owners and containership lessors) provide the function of owning containerships and leasing, or chartering, them out to liner companies. In 1995, approximately 16.0% of operated capacity across the industry was provided by charter-owners. As at June 30, 2019, 54.0% of the industry-wide operated fleet by TEU capacity and 54.6% by number of ships, was provided by charter-owners. Within the sub-10,000 TEU fleet, 58.3% of the operated fleet by TEU capacity and 55.9% by number of ships was provided by charter-owners.

In the containership charter market, leases are most often structured as time charters. Under a time charter, with the exception of fuel (which is paid for by the lessee), the operating costs of the vessel—and freight-related risks—are borne by the lessor. Charter periods can vary in length: the spot market generally refers to charter fixtures of 12 months or less, while term charters cover longer fixtures, with periods of five years or more not uncommon. Charter terms of more than seven years are normally associated with the provision of hitherto off-balance-sheet finance supporting investment in newbuild vessels.

The containership market is currently undergoing a major structural shift as a result of changes to the global regulations that govern vessel Sulphur emissions. Sulphur Dioxide (SO<sub>x</sub>) is produced as a by-product of burning conventional bunker fuels, and successive rounds of legislation set by the International Maritime Organisation have focused upon reducing the associated air pollution. Under regulations in place prior to January 1, 2020, vessels can consume bunker fuel with a maximum Sulphur content of 3.5% (except in certain coastal areas, where the limit is 0.1% Sulphur content). From January 1, 2020, the maximum Sulphur content of bunker fuel will be reduced to 0.5%. This applies across the merchant shipping fleet, and not only to containerships.

Vessel operators have three broad options to comply with the new regulations. Each option will involve increased expenditure, and how different operators choose among the options will influence the overall supply of the containership fleet and the relative competitiveness between individual vessels.

First, vessel owners can choose to switch to alternative fuels. At present the primary such alternative is Liquefied Natural Gas (LNG), which produces no Sulphur Dioxide and as of Q3 2019 offered lower daily fuel costs than conventional bunker fuels. Installing LNG bunkering infrastructure is highly capital intensive, however, and retrofitting the technology onto existing vessels is perceived as economically non-viable. So far, the only global liner operator to have committed to this technology in a significant way is CMA CGM, which has an 18-vessel newbuilding plan of LNG-fueled tonnage.

Second, vessel operators can choose to install exhaust gas cleaning technology ('scrubbers') that removes (or 'scrubs') the Sulphur Dioxide content from a vessel's exhaust emissions. This has proven a popular option, as installing a scrubber will allow vessel operators to continue to burn High Sulphur Fuel Oil (HSFO) after January 1, 2020, capitalizing on the pricing arbitrage expected in the short to medium term between the price of High Sulphur and Low Sulphur fuels.

Installing a scrubber requires upfront capital expenditure, approximately \$3.0-6.0 million depending on vessel size and scrubber specification. The return on installing a scrubber derives from fuel expenditure savings, which in turn depend on the price differential between high- and low-Sulphur bunker fuel. In the container shipping sector, fuel is paid for by the liner operator. Consequently, containership-owners must be able to charge a charter rate premium to liner operators in order to justify investing in scrubbers. Industry uptake of scrubbers has exceeded initial expectations. As of June 30, 2019, 60 containerships totaling 0.3 million TEU were installed with scrubbers. This was equivalent to 1.1% of the containership fleet by number of vessels, and 1.3% of the fleet by TEU capacity. It is expected that around 35% of containerships by TEU capacity and around 15% by number of ships will eventually be scrubber-fitted. As it takes around six to eight weeks to install a scrubber on an existing vessel, during which time the vessel is taken out of service, an increase in vessels undergoing scrubber installation has the effect of temporarily reducing fleet supply.

Third, vessel operators can comply with the IMO 2020 regulations by consuming bunker fuel with 0.5% Sulphur content. This is the default option, and the large majority of small and mid-size containerships will switch to burning Low Sulphur Fuel Oil (LSFO) from January 1, 2020, onwards. Low Sulphur fuel is expected to cost more than high Sulphur fuel, at least in the short to medium term. The pricing spread is not yet clear, but forward curves suggest a differential of around \$200 per mt.

There are numerous implications from these changes. The compliance method chosen will become an additional source of differentiation between vessels, and vessel-specific fuel efficiency considerations are expected to be increasingly relevant. Further, if industry bunker expenditure does increase as expected, it is possible that liner companies will respond by slowing vessel operating speeds further, as relative fuel consumption is lower at lower speeds, and by chartering fuel efficient vessels where available. Slowing the global fleet by 1 knot would imply a reduction in effective supply of 6.7% (assuming trading patterns and port stays as at June 30, 2019).

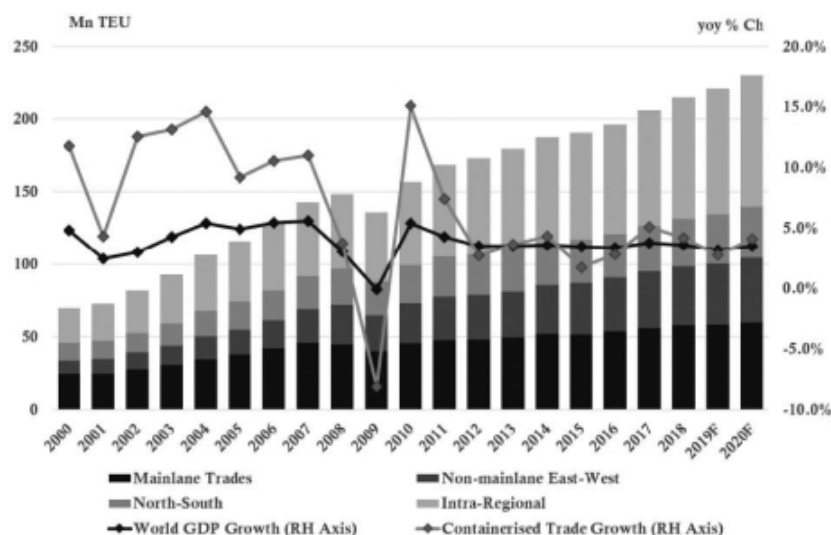
## **Demand**

Global container trade predominantly involves the movement of manufactured and semi-manufactured goods. Growth drivers include the increasing consumption of manufactured goods, the containerization of goods formerly transported by other vessel types (above all refrigerated cargoes), and the offshoring of manufacturing and extension of global supply chains. Consequently, historically containerized trade has tended to expand at a multiple of both global Gross Domestic Product ("GDP") growth and total seaborne trade growth.

The container trade growth-multiplier effect was disrupted in 2015 and 2016, when both seaborne and container trade grew slower than world GDP. In 2015 container trade grew by 1.7%, compared against world

GDP growth of 3.4%, and in 2016 container trade grew by around 2.8% and world GDP by around 3.4%. In 2017 the container trade growth multiplier strengthened notably and remained in positive territory in 2018. World GDP growth and container trade growth have faced headwinds in 2019, with container trade forecast to grow by 2.8% and world GDP growth by 3.2%. However, container trade growth is forecast to accelerate in 2020, with a return of the positive differential between containerized trade growth and GDP growth. In 2020 the IMF forecasts world GDP will grow by 3.5%, while containerized trade is forecast to grow by 4.1%.

**Growth of Containerized Trade, Including 2019 and 2020 Forecasts**



Traditionally, global container trade has been separated into four different trade groupings: the arterial East-West Trades (“Mainlanes”), the non-Mainlane East-West trades, North-South trades and intra-regional trades.

The Mainlane trades are the major East-West routes connecting Asia, North America and Europe: the Asia-Europe, Transpacific and Transatlantic trades. Of these, the Transpacific (commonly taken to refer to all cargoes moved between Asia and North America, regardless of whether they cross the Pacific or go via the Suez Canal) and Asia-Europe are the largest.

Cargoes on the Asia-Europe and, to some degree, on the Transpacific trades tend to be carried on the largest vessels (over 10,000 TEU) since the length and high cargo volumes of these trades, combined with well-developed port infrastructure, allow such vessels to maximize their economies of scale. Asia-Europe services across the industry deploy the fleet’s largest vessels, trending towards 18,000 TEU or larger, with an average ship size of 15,370 TEU. Excluding the bottom and top decile of vessels by nominal TEU capacity, vessels deployed on Asia-Europe services trades range in size from 10,034 to 20,388 TEU. On Transpacific services the average ship size is 9,000 TEU. Excluding the bottom and top decile of vessels by nominal TEU capacity, vessels deployed on Transpacific services trades range in size from 5,060 to 13,169 TEU.

Although during the mid-2000s the Asia-Europe and Transpacific trades saw rapid growth, particularly on the stronger Asian export leg, the compound annual growth rate for all the Mainlane trades has declined since the global financial crisis. The compound annual growth rate fell to just under 3.0% over the period 2010-2012, and just over 3.1% between 2013 and 2018. Growth over the six months to June 30, 2019 is estimated at 3.7%.

The non-Mainlane East-West trades are those which link the Middle East and Indian Subcontinent to Asia, Europe and North America. Of these, the most significant is the Westbound Asia-Middle East/Indian Subcontinent trade, which in 2018 represented nearly 5.5% of global volumes. While historically these trades have been served by smaller vessels than those deployed on the Mainlane trades, the combination of relatively high cargo volumes and port infrastructure development has resulted in the deployment of vessels of 10,000 TEU or larger on some service loops (with vessels on one current service reaching 21,000 TEU). The average vessel size on non-Mainlane East-West trades is 6,400 TEU. Excluding the bottom and top decile of vessels by nominal TEU capacity, vessels deployed on non-Mainlane East-West trades range in size from 1,708 to 11,010 TEU.

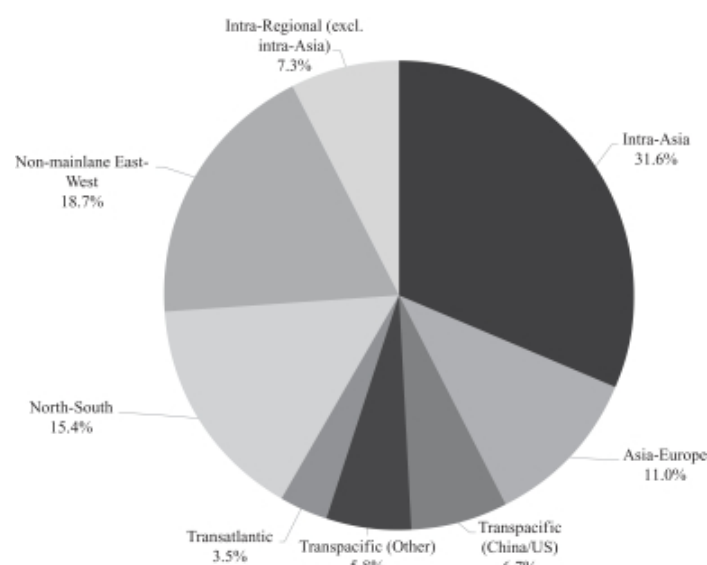
North-South trades are those which connect North America, Europe and Asia with Central and South America, Sub-Saharan Africa and Oceania. North-South trades grew by a compound annual rate of 3.1% from 2010 to 2018 across the industry and the largest of them – the Southbound Asia-Latin America trade – is projected to total 4.5 Mn TEU in 2019. Vessels serving these trades span the range of large feeders (around 2,700 TEU), up to 13,500 TEU vessels on selected Far East to West Africa trades. Average vessel size is 5,000 TEU. Excluding the bottom and top decile of vessels by nominal TEU capacity, vessels deployed on North-South trades range in size from 1,756 to 9,234 TEU.

Intra-regional trades are the largest trade grouping and include the intra-Asian, intra-European and intra-Latin America and Caribbean trades. Of these, the largest is the intra-Asian trade, representing approximately one third of global containerized volumes. Each intra-regional trade is made up of many different sub-trades, which may have very different characteristics. Consequently, intra-regional trades are served by a wide range of vessels, ranging from containerhips under 1,000 TEU up to vessels in excess of 5,200 TEU. However, for a majority of the intra-regional sub-trades either low freight volumes, short distances or port restrictions make them most suited to smaller vessels; in some cases only smaller vessels equipped with gear—i.e. those with their own cranes to load and unload containers—are viable. On intra-regional trades the average vessel size is 1,773 TEU. Excluding the bottom and top decile of vessels by nominal TEU capacity, vessels deployed on intra-regional trades range in size from 561 to 4,211 TEU.

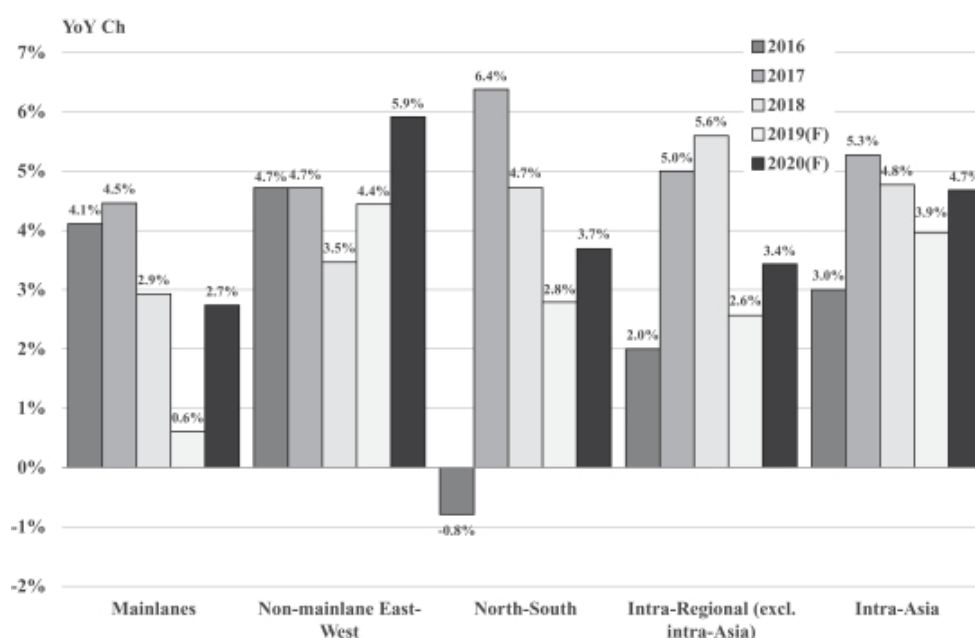
The chart below breaks down estimated global containerized volumes by trade grouping in 2018, while the subsequent chart shows estimated annual growth by trade grouping from 2016 through 2018, with forecast values for 2019 and 2020.



### Global Container Trade by Trade Grouping, Full Year 2018 Estimates



### Annual Container Trade Growth by Trade Grouping, Including 2019 and 2020 Forecasts



The pie chart illustrates the broad-based nature of global container trade, with limited exposure to any single trade-lane. This is significant in the context of the US-China trade conflict which began in 2018. The Transpacific trades represent 12.5% of overall volumes, while trade between China and the US (and vice-versa) represents 6.7% of global containerized volumes. Furthermore, a consequence of the trade conflict has been the

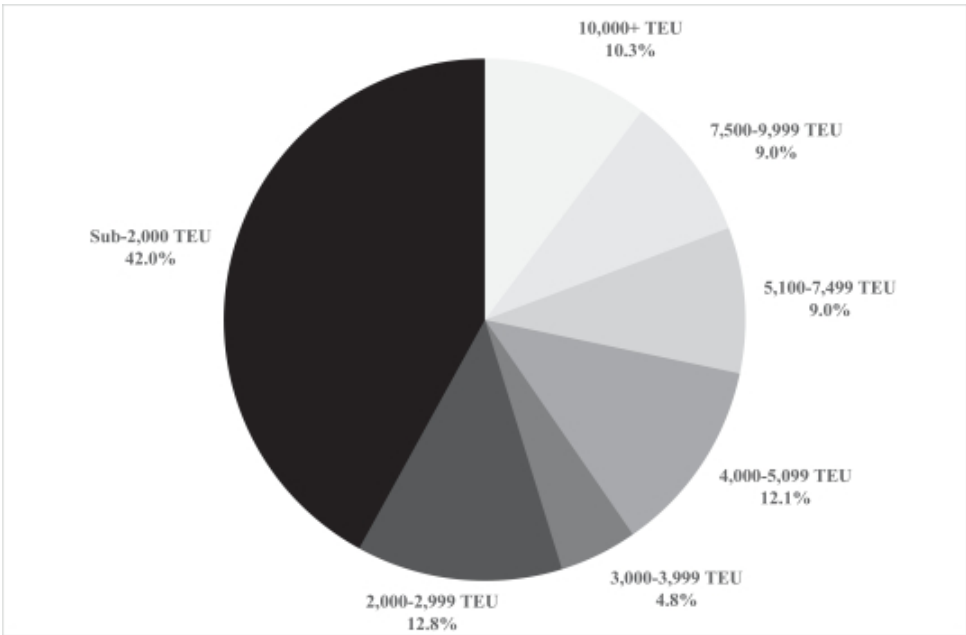
increased market share of non-Chinese manufacturers on the Asia-US trade via a process of cargo substitution. Over the first six months of 2019, US containerized imports from ASEAN countries grew by 23.0% (equal to an increase of 295,000 TEU), while imports from China and Hong Kong shrank by 5.3% (equal to a decrease of 290,000 TEU). Over the same period US imports from Japan, South Korea and Taiwan grew by 8.9% (equal to an increase of 93,000 TEU).

**Supply**

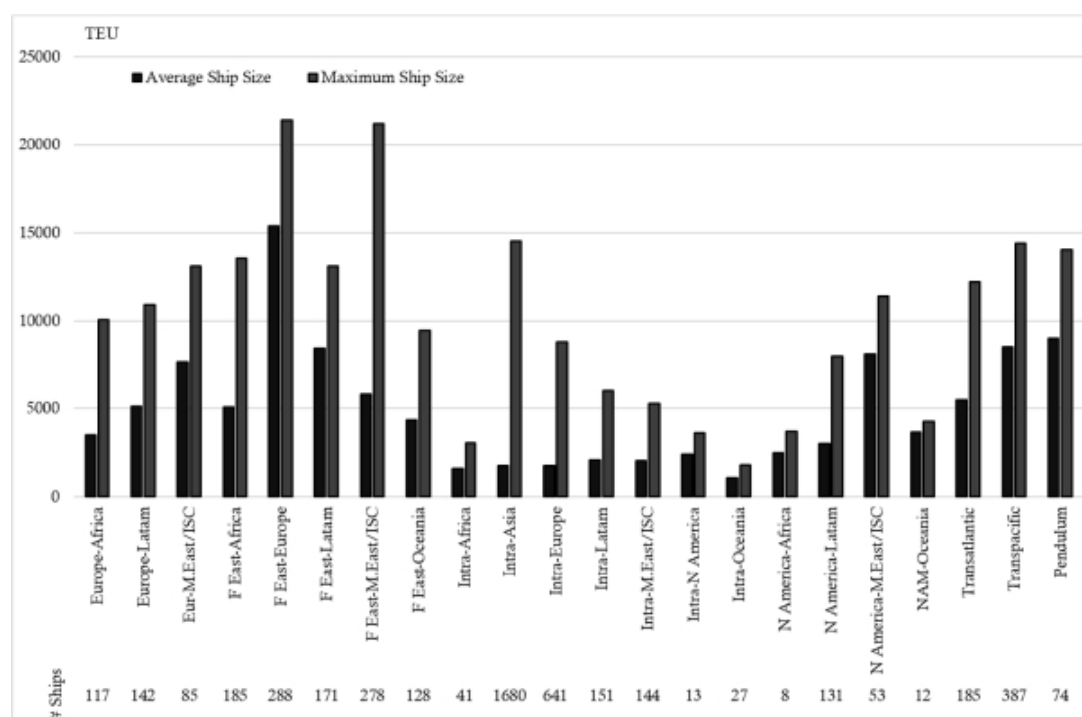
As at June 30, 2019, 5,165 containerships with a nominal capacity totaling 22.3 million TEU were on the water. A further 2.5 million TEU were on order, for delivery through 2022. ‘Nominal capacity’ refers to the maximum number of 20-foot containers that a vessel can carry, without regard to weight restrictions. A more realistic measure of the cargo carrying capacity of a containership is its homogenous intake at 14 mt per TEU.

Containerships range in size from under 500 TEU to over 23,000 TEU. There is considerable overlap in trading patterns for each size segment of the containership fleet and these patterns have evolved, and continue to evolve, over time. Since 2008, the tonnage cascade – which refers to the process of the deployment of larger vessels which displace smaller vessels which, in turn, displace even smaller vessels onto other tradelanes – has accelerated due to the top-heavy orderbook and comparatively weaker recent volume growth on the Mainlanes. As at June 30, 2019 76.0% of capacity over 10,000 TEU, was deployed on Mainlane trades. However, mid-sized and smaller tonnage remains core to global container shipping networks, especially on the non-Mainlane and large intra-regional trades such as intra-Asia.

**Containership Fleet Composition by # of Vessels, June 30, 2019**



### Containership Deployment by Trade, as at June 30, 2019



Deployment for the 5,100-7,499 TEU and 4,000-5,099 TEU fleet segments is split more evenly: for vessels in the 5,100-7,499 TEU segment the Mainlanes provide 31.0% of employment, non-Mainlane East-West and North-South trades combined a further 59.0%, and longer-haul regional routes the remaining 10.0%; for vessels in the 4,000-5,099 TEU ‘classic’ Panamax segment, Mainlane trades provide 19.0% of employment, non-Mainlane East-West trades 7.0%, North-South trades 33.0%, and regional and South-South routes the remaining 41.0%. Significant numbers of ‘classic’ Panamax vessels have been re-deployed to what were traditionally ‘feeder’ trades in recent years.

Non-Mainlane East-West and North-South trades provide employment to half of the 3,000-3,999 TEU fleet segment, with most of the remainder employed on regional routes. Vessels below 3,000 TEU (“feeder vessels”) are most commonly employed on intra-regional trades, which account for 79.0% of feeder deployment; North-South trades account for an additional 12.0%, with the remainder split between non-Mainlane East-West and specialist Mainlane routes.

Generally speaking, deployment on Mainlane trades is not limited by ‘hard’ physical size restrictions. This certainly applies to the major European, Middle Eastern and Far East ports, which can accommodate the largest vessels in the fleet. Whilst in theory some North American ports can also accommodate 18,000 TEU vessels, liner companies have been reluctant to deploy these larger vessels in North America to date.

Deployment on non-Mainlane trades is more often subject to physical constraints, such as shallow draft, length restrictions, and limited shore-side infrastructure. Factors such as these can be compounded by liner companies’ desire not to tie up their larger, strategic vessels in congested or otherwise inefficient ports. In emerging markets, under-developed shore-side infrastructure can also create a requirement for geared vessels with their own cranes to load and unload cargo. As at June 30, 2019, 10.0% of the global fleet (by TEU capacity)

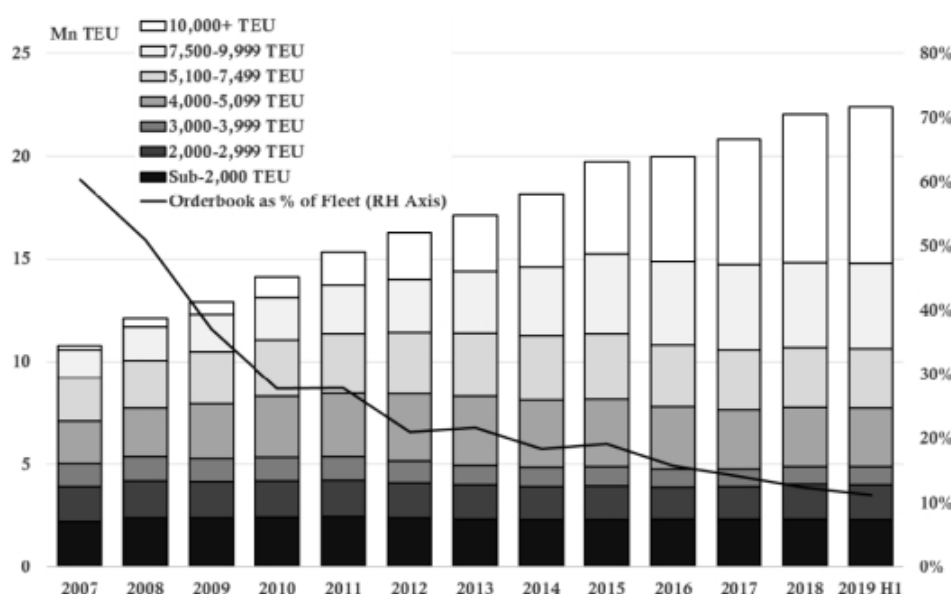
was geared, while geared tonnage represented only 2.4% of the industry-wide orderbook. The simple average age of the geared fleet across the industry was 15.1 years.

In addition to infrastructure considerations, some key restrictions to introducing larger vessels onto many regional services are commercial. Due to short voyage distances, frequent port calls and lower volumes, it can be challenging to both maintain a high-frequency service and keep vessel utilization at a profitable level when larger vessels are introduced. This difficulty is compounded when a route is served by many independent operators. On regional trades, the liner operator landscape remains highly fragmented.

Growth of the containership fleet has been driven by anticipated growth in containerized trade, together with up-sizing of vessels to achieve economies of scale. 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 2018 at 6.1%. On June 30, 2019, the fleet was 1.3% larger than at the end of 2018, and fleet growth over the remainder of 2019 and in 2020 is expected to be moderate.

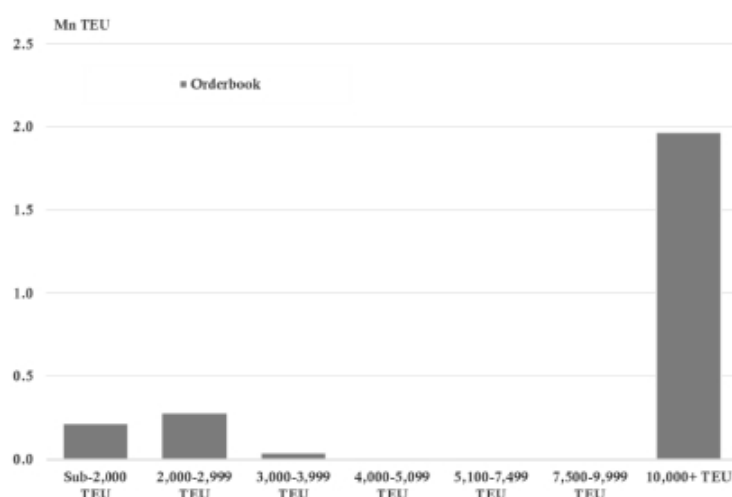
The orderbook-to-fleet ratio is a key indicator of the pace of fleet growth in future years. For containerships this measure peaked at over 60.0% in 2007. As at December 31, 2018, it was 12.3%, and by June 30, 2019, the global orderbook-to-fleet ratio had fallen to 11.2%.

### Historical Development of the Containership Fleet



In recent years, ordering has been heavily weighted towards larger vessels, and consequently the orderbook, both in absolute terms and as a percentage of the existing fleet, is highest in the segment for vessels over 10,000 TEU. As at June 30, 2019, the orderbook-to-fleet ratio across the industry for mid-size and smaller vessels (9,999 TEU and below) was 3.7%, and 2.6% for ships of 2,000 – 9,999 TEU. As of June 30, 2019, there were no vessels on order between 4,000-10,000 TEU, a segment of the fleet that accounts for 44.0% of the global fleet by TEU capacity. The lead time for ordering and delivering a new ship would likely be approximately two years.

### Estimated Capacity on Order by Segment, as at June 30, 2019



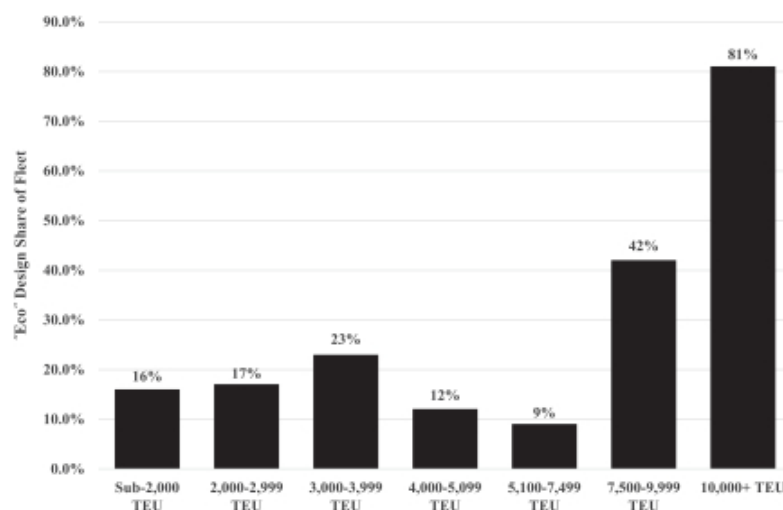
Containership newbuildings are either contracted by a liner company intending to operate the vessel, or by an independent charter-owner planning to charter it to a line. Charter-owners either order vessels with pre-arranged term charters to a liner company—often referred to as a “back-to-back” arrangement—or on a speculative basis, hoping to fix the vessel on the open market once it is delivered.

The sector has been capital-constrained since 2008. This is a product of the retrenchment of shipping banks (particularly those based in Europe) and the decline of the German KG environment (which is covered in the “Containership Leasing” section). While alternative capital providers, including private equity and Chinese leasing companies, have increased their activity within the sector, financial distress and a generally more stringent regulatory environment for the major shipping banks have restricted the funding available to the industry.

Consequently, since the global financial crisis, the ordering of new containerships has been by the liner companies themselves and by the relatively few charter-owners with access to capital. In recent years, speculative ordering has been rare, with most newbuilding commitments made by charter-owners made back-to-back with long-term charters to established liner operators. Chinese leasing companies have been increasingly active as a source of financing for top tier liner companies—largely as a substitute for conventional senior lending that would historically have been provided by European shipping banks.

The weighting of the orderbook towards larger vessels also implies that the near-term impact of the new generation of fuel-efficient “eco-ships”—referring to new designs of vessels which are configured to offer reduced fuel consumption and are optimized to operate at lower speeds—may be more pronounced in the larger size segments and under-represented in the mid-sized and smaller vessel segments. Furthermore, the contracting of such tonnage by liner companies or, on a back-to-back basis, by charter-owners implies that such vessels are unlikely to be a significant component of the spot charter market for some time. Consequently, it is expected that those eco-ships that do appear on the spot charter market will earn a premium but will be unlikely to more generally define vessel earnings until they account for a significantly larger proportion of the market.

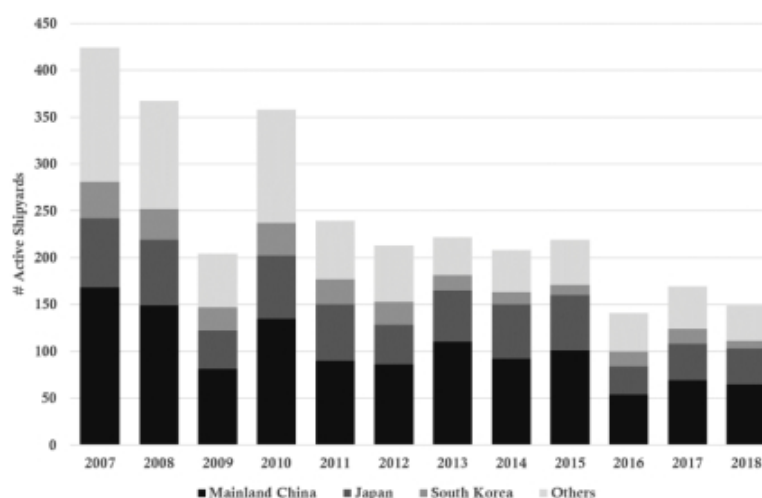
**“Eco” Design Share of Fleet by Sub-segment, as at June 30, 2019**



Vessel propulsion and fueling technology is expected to evolve in the future. However, alternate propulsion technologies are currently immature, and uncertainty hangs over which fuel types are likely to become market standards—or at least credible, and readily available alternates—over the longer term. This uncertainty prompts a wait-and-see approach and is a further brake on the ordering of new ships.

In the meantime, global shipyard capacity has seen consolidation and reduction since the Global Financial Crisis, with the number of active shipyards globally at the end of 2018 down by approximately 65% since the 2007 peak. This process of consolidation is expected to increase the pricing discipline of shipyards, potentially adding upward pressure to newbuild vessel prices.

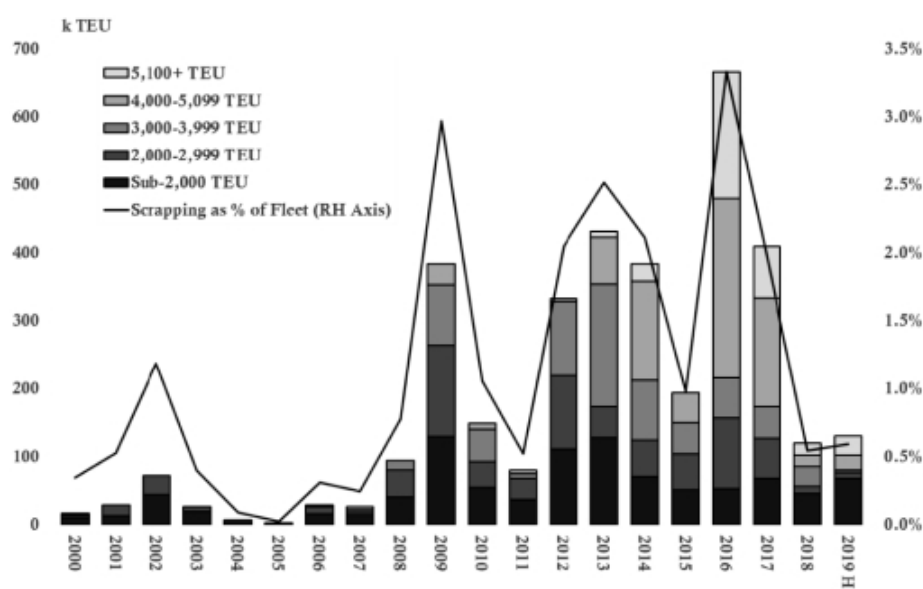
**Number of Active Shipyards by Region, 2007-2018**



In addition to deliveries of new ships from the orderbook, various factors influence effective supply (i.e. the carrying capacity of the containership fleet as it is deployed and operated): scrapping, vessel idling, and slow steaming.

Scrapping. From 2000 to 2008, strong markets meant that in aggregate only 300,000 TEU of capacity was scrapped in total across the industry. In 2009, the market downturn led owners to demolish 400,000 TEU that year alone. 2016 was a record year for scrapping, driven by a “right-sizing” of the Panamax fleet with the opening of wider locks in the Panama Canal: across the industry, 670,000 TEU of capacity was demolished, with ‘classic’ Panamax and smaller Post-Panamax vessels representing two thirds of the tonnage scrapped. 409,000 TEU were scrapped in 2017. Scrapping volumes fell to only 119,000 TEU in 2018 against a backdrop of healthier time charter earnings and firming asset values. The first six months of 2019 saw a resurgence in vessel scrapping, with 130,000 TEU demolished. All scrapping activity to date has been focused on the mid-sized and smaller vessel segments and as at June 30, 2019, the largest vessel ever scrapped was 6,627 TEU.

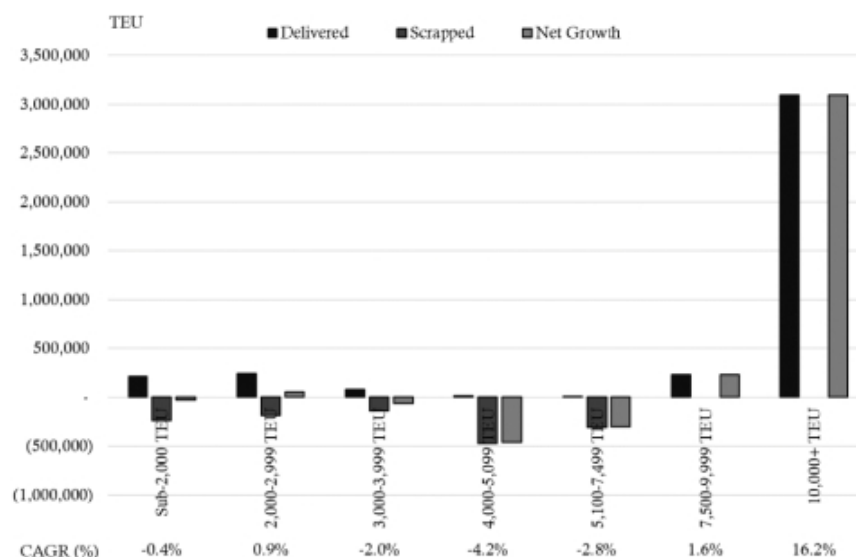
**Historical Scrapping Volumes, through June 30, 2019**



Furthermore, the regulatory environment continues to evolve in such areas as ballast water treatment and Sulphur emissions. Scrapping activity may be increased in due course if retro-fitting existing vessels for compliance were to imply non-economic capital expenditure, or older and more fuel-hungry vessel designs find themselves at a competitive disadvantage in a higher fuel price environment.

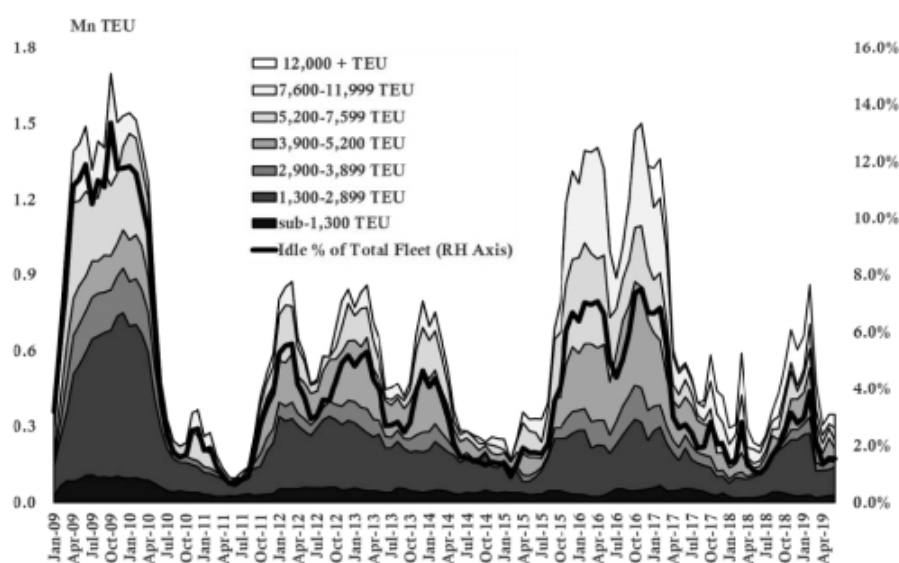
The combination of scrapping and limited newbuilding activity has led to very limited, and in some cases net-negative, fleet growth in most of the mid-size and smaller fleet segments across the industry in recent years.

### Net Fleet Growth by Segment, 2016 through June 30, 2019



**Vessel Idling.** In addition to scrapping capacity, the industry has responded to oversupply by idling vessels. Total idle capacity rose from 70,000 TEU in September 2008 to a peak of over 1.5 million TEU, representing 13.3% of the global fleet, in October 2009. Idle capacity subsequently fell to 110,000 TEU in mid-2011, before peaking again at 840,000 TEU in December 2012. Thereafter, the idle fleet across the industry has expanded and contracted in a cyclical fashion, while generally trending down. Idle fleet capacity at June 30, 2019 was 1.5%.

### Evolution of the Idle Fleet, through June 30, 2019



**Slow Steaming.** Slow steaming has also been a significant factor in restraining effective capacity growth. It was first introduced in 2008 as a response to high fuel prices as the relationship between vessel speed and fuel



consumption is non-linear. Slow steaming typically leads to additional vessels being deployed into an existing service, to maintain a given service frequency, while each vessel steams at a lower speed. It is most easily and effectively applied to longer trades and was pioneered on the Asia-Europe trade.

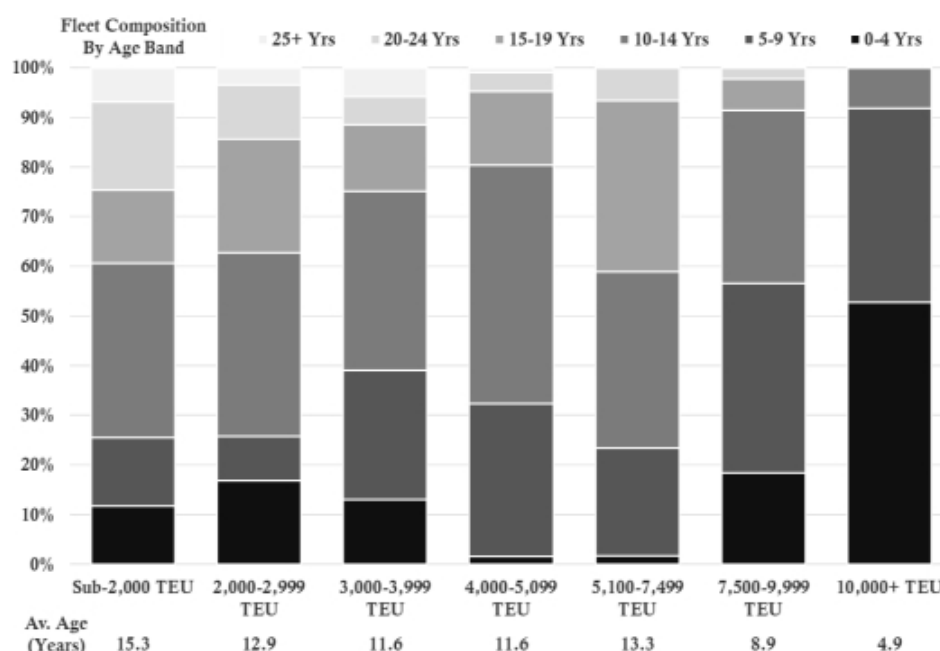
In 2007, a standard Asia-Europe service was maintained with eight vessels on an eight week rotation. By the end of 2013 eleven and twelve vessel strings, on eleven or twelve week rotations, had become the norm. Today, most services continue to turn in eleven or twelve weeks using eleven to twelve vessels, even as average vessel size has increased. High bunker prices have also seen slow steaming extended to other long distance, high-volume trades such as the Transpacific, Asia-Latin America and Asia-Middle East trades. While the nominal industry-wide capacity of the containership fleet expanded by 34.0% from 2008 to 2012, adjusting for slow steaming reduced this growth rate to 19.0%. Between 2012 and 2018, incremental slow steaming has been relatively limited. However, the service speeds of several Asia-Europe services have already been slowed in 2019, and it is possible that liner companies will use slow steaming more broadly as a response to higher fuel prices following the regulatory changes in January 2020.

### Containership Age Profile and Quality by Size Segment

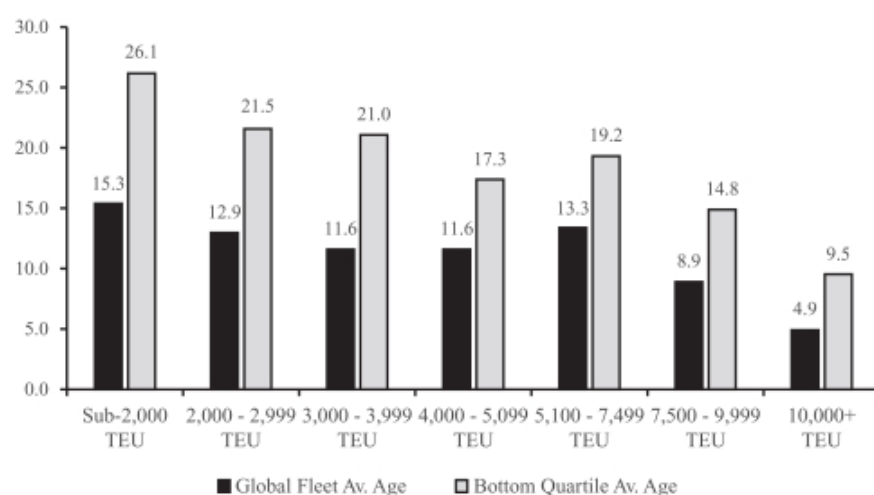
The global containership fleet spans a range of ship sizes. Within each size segment, ships vary by age, specification, and quality.

The weighting of the orderbook towards larger vessels, and comparative under-investment in mid-sized and smaller ships, mean that, on average, ships in the smaller size segments of the containership fleet are significantly older than those in the larger size segments. Approximately 69.0% of the fleet under 2,000 TEU by nominal capacity is more than ten years old and 24.0% is at least 20 years old. The age profile of the small containership fleet is expected to become ‘older’ in the near future. In contrast, no vessel over 10,000 TEU is more than 13 years old; no ship larger than 5,100 TEU is more than 24 years old.

**Age Profile of Containership Fleet by Size Segment, as at June 30, 2019**

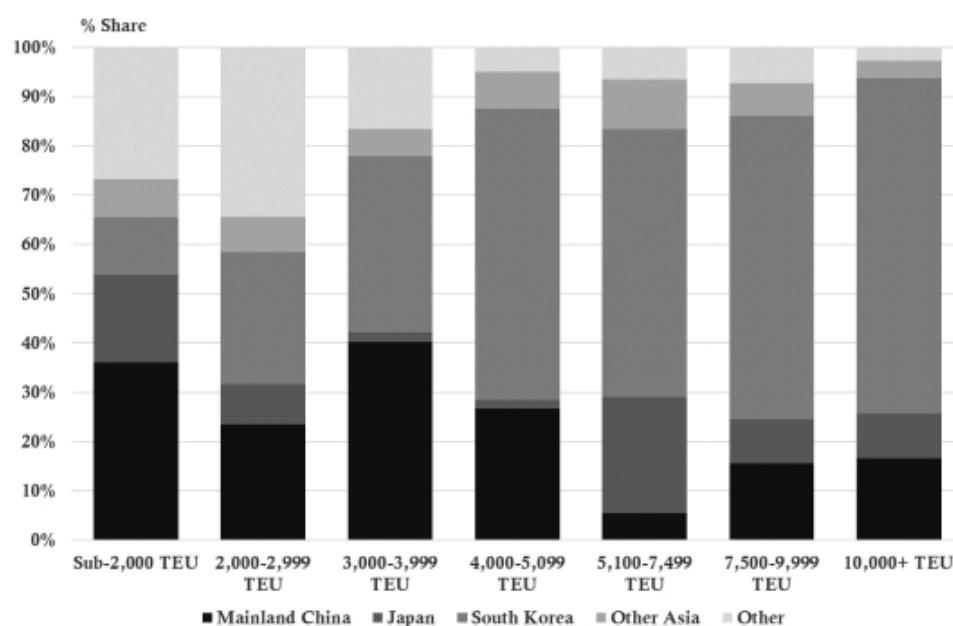


# Average Age of Overall Fleet and Average Age of Oldest Quartile of Containership Fleet by Size Segment (Years), as at June 30, 2019



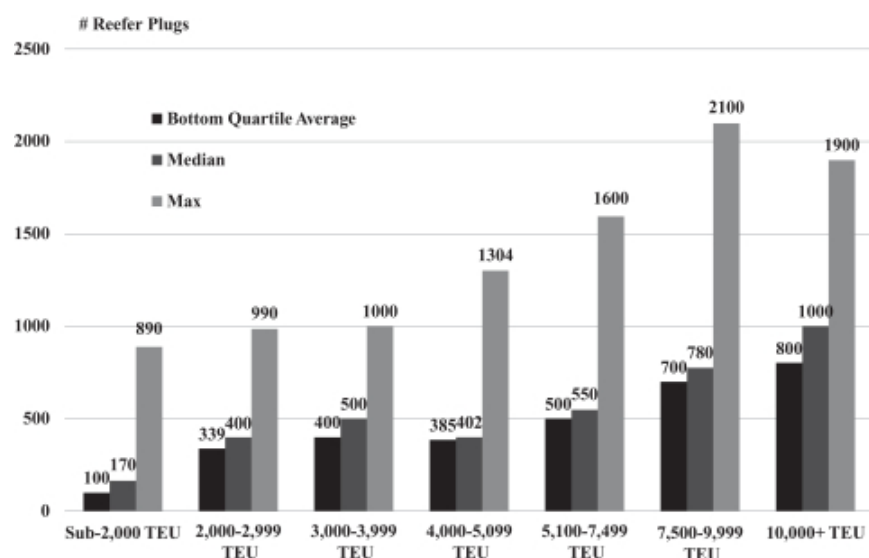
A popular proxy for vessel quality is yard and country of build. Historically (at least until the 2008-09 financial crisis) ships built at Japanese, South Korean, Taiwanese and European yards are considered to be of higher build-quality than those built at Mainland Chinese shipyards. While the gap in build quality has since narrowed, the large number of small and mid-size containerships built before 2008-09 means that this remains an important consideration for a sizeable proportion of the fleet.

## Country of Build of Containership Fleet Size by Size Segment, as at June 30, 2019



Another proxy for, and source of, differentiation across vessels is the number of reefer plugs on a vessel, which—along with installed power—determines the number of refrigerated containers that can be carried. As growth in the transport of refrigerated cargoes continues to outpace wider containerized trade growth, liner companies have an incentive to maximise the volume of lucrative reefer cargoes they can carry. This is especially the case on Latin America trade routes. The chart below shows the average number of reefer plugs by vessel size band, alongside the bottom quartile average and the vessel with the highest number of reefer points in each size band. There is clear differentiation between vessels with the highest reefer capacity and the average vessel in each size band.

**Reefer Plugs per Vessel of Containership Fleet by Size Segment, as at June 30, 2019**



## Slot Costs

A fundamental aspect of containership markets is that the relationship between vessel carrying capacity and daily fuel and operating costs is non-linear. This is usually expressed in terms of a vessel's slot cost, which is the daily cost to a liner company of each loaded container on a ship, assuming the vessel is full.

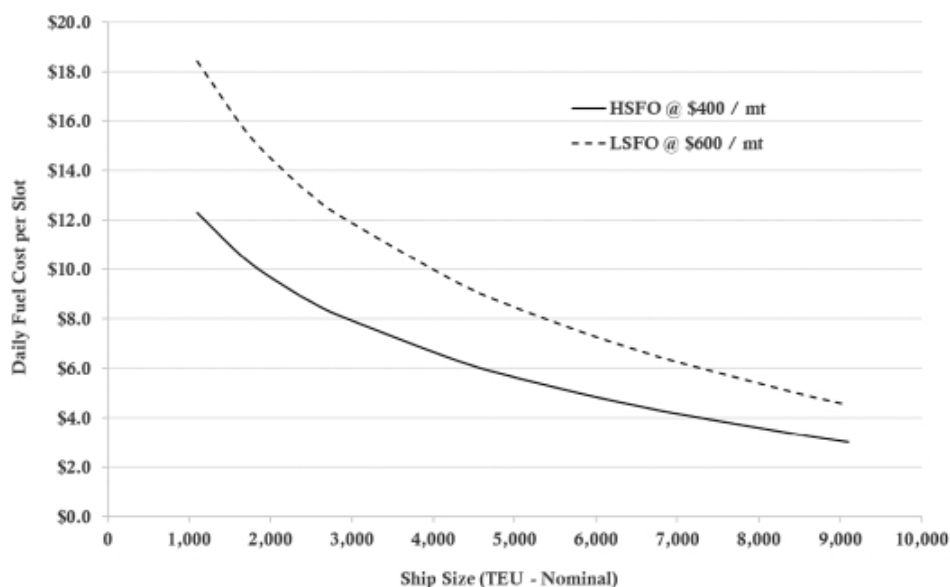
Ships with identical 'nominal' TEU capacities can in practice have different 'effective' TEU capacities (calculated on the basis of homogenous loads of 14 mt / TEU) since, all else equal, relatively 'wide' vessels exhibit superior stability and so are able to carry a larger number of laden containers than 'narrower' vessels. For this reason, 'widebeam' (including Post-Panamax) containerships tend to command a premium in terms of time charter rates versus their narrower beam (Panamax and smaller) peers. Similarly, in response to the high fuel price environment in 2013-14 shipyards began to produce more modern 'Eco' design containerships, with improved design and more fuel-efficient engines. As 'Eco' ships can offer substantial fuel savings relative to 'Pre-Eco' vessels of a similar size, they also tend to command both higher time charter earnings and resale values.

Slot costs can be calculated using the following formula, where the cargo-carrying capacity of a vessel is defined as the maximum number of 20 ft containers weighing 14 tons that a ship is able to carry (as opposed to its nominal TEU capacity).

$$\frac{\text{Fuel Cost (\$ per Day)} + \text{Charter Hire (\$ per Day)}}{\text{Loadable Capacity of Ship (No. TEU @ 14 mt)}} = \text{Slot Cost (\$ per TEU per Day)}$$

The greater the cargo-carrying capacity and fuel-efficiency of a ship, the lower the slot cost. The lower the slot cost, the more attractive a vessel is to liner companies in the charter market. Fuel efficiency is a function of both the size of the vessel and of the design features of an individual vessel. The chart below shows how the relationship between per-slot fuel costs and overall carrying capacity changes as vessel size increases. As vessel size increases, daily fuel costs per slot decrease.

**Illustrative Daily Fuel Cost per TEU Slot, by Ship Size**



In the chart, the relationship between daily fuel cost per slot and ship size is displayed under two different fuel price scenarios: one where ships consume high-Sulphur bunker fuel that costs an assumed \$400/mt, and one where ships burn low-Sulphur bunker fuel oil that costs an assumed \$600/mt. Under the higher fuel price scenario the fuel efficiency of larger vessels relative to smaller vessels increases. As fuel costs are expected to increase once new MARPOL Annex VI regulations (IMO 2020) come into force on 1 January, 2020, questions of fuel efficiency and their impact on slot costs will become ever more important to liner companies. Lower fuel costs per slot also translate to lower carbon and related emissions per slot, meaning vessels with lower slot costs will—all else equal—generate lower emissions per-TEU mile.

As shown in the slot cost calculation formula, vessel costs are a function of fuel costs and charter hire. For vessels of different sizes the fuel cost component can be calculated using assumptions about the speed at which vessels are operated (assumed to be 18 knots), the fuel consumption of vessels of different sizes at the assumed operating speed (measured in mt/day), the average time that vessels of different sizes spend at sea, and the price

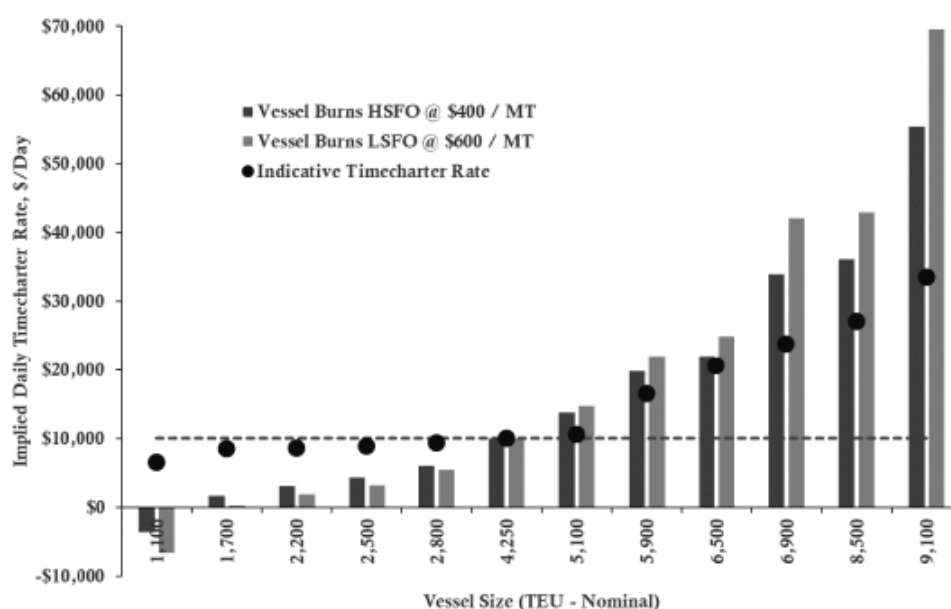
of fuel in \$/mt. For a theoretical vessel of 4,250 TEU this daily fuel cost amounts to around \$18,400 per day if the ship is burning high-Sulphur bunker fuel at the assumed cost of \$400/mt, and around \$27,500 if the ship is burning low-Sulphur bunker fuel at the assumed cost of \$600/mt.

As a hypothetical exercise, if it is assumed that the charter hire of a theoretical 4,250 TEU vessel is \$10,000 per day then the vessel's total costs when burning high-Sulphur bunker fuel amount to around \$28,400 per day. Assuming that the vessel can carry around 2,800 20 ft containers weighing 14 mt, this produces a daily slot cost of \$10.11 per slot.

Slot cost parity is an exercise that explores how time charter rates are affected if daily slot costs across vessels of different sizes are assumed to be equal. For each theoretical vessel, total daily costs are calculated by multiplying the vessel's carrying capacity by the assumed 'parity' daily slot cost (in this exercise \$10.11 per slot). If the calculated daily fuel cost for each theoretical vessel (using the methodology described above) is subtracted from this theoretical total cost, the remaining amount is the theoretical charter hire component for each vessel. Put another way, for each vessel this daily time charter rate is the rate that would imply overall slot cost parity with a 4,250 TEU vessel with a daily charter hire of \$10,000 per day.

The chart below compares this 'implied' slot cost parity time charter rate across different vessel sizes. The economies of scale associated with slot costs explain the greater relative time charter 'upside' commanded by larger vessels. Another feature revealed by slot cost parity is that as fuel costs rise, daily time charter rates can also increase for larger vessels while holding slot costs constant. For smaller vessels the implied time charter rate supporting slot cost parity decreases as fuel prices rise.

**Daily Time Charter Rate by Vessel Size Implying Overall Slot Cost Parity with 4,250 TEU Panamax, Compared with Indicative Market Time Charter Rate as of June 30, 2019**



It must be noted, however, that the potential economies associated with deploying larger vessels can only be unlocked if the utilization levels on those vessels (the percentage of available capacity actually occupied, market share and service frequency on a particular route) are high. Other factors include voyage length (larger vessels

tend to be most cost-efficient on longer trades) and physical constraints (ports need to be sufficiently deep, with appropriate berth length, and equipped with sufficient shore-side infrastructure to handle larger vessels). With these limitations in mind, liner companies look for the lowest possible slot cost on any possible trade, and size vessels accordingly—taking into account total available cargo volume, anticipated market share, and service frequency.

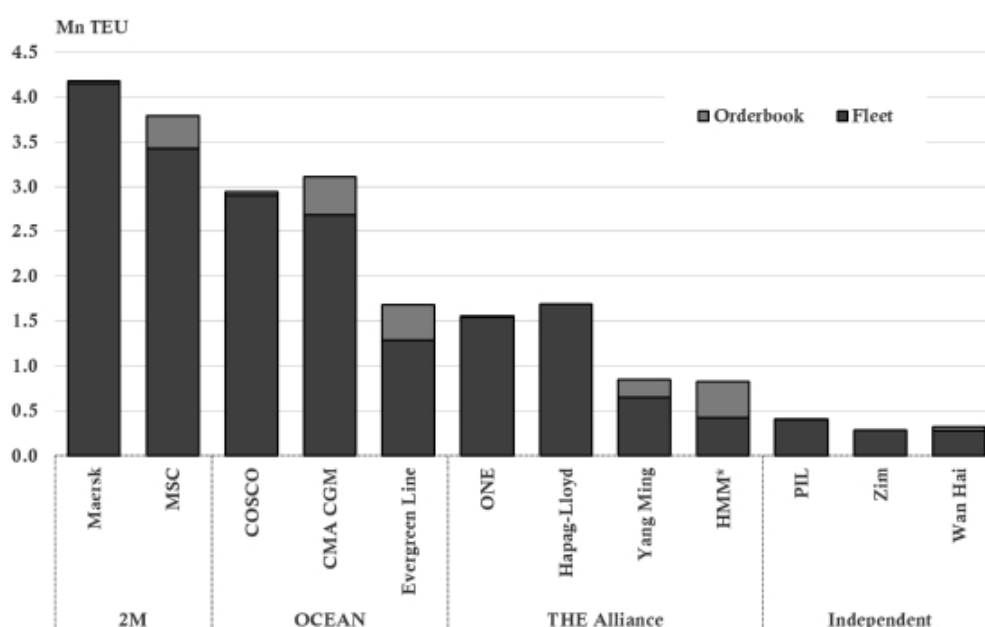
## Liner Industry Consolidation

An important development in the sector over the last few years has been a wave of consolidation between liner operators.

Significant recent mergers include: Hapag-Lloyd and CSAV in 2014; Hamburg Süd and CCNI in 2015; COSCON and CSCL (both Chinese state-owned carriers), to form COSCO Shipping, in 2016; CMA CGM and APL in 2016; Hapag-Lloyd and UASC in 2017; Maersk Line and Hamburg Süd in 2017; COSCO Shipping and OOCL in 2018; and the three major Japanese operators—MOL, NYK Line and K Line—to form Ocean Network Express (ONE) in 2018. This process of consolidation has reduced the number of global operators to eight (from 20, in 2016).

On the Mainlane trades the principal carriers operate in alliances, through which liners combine to operate joint services under vessel sharing arrangements. This allows for a more efficient service network, the offering of a greater range of direct port pairs, and management of capacity. As of 30 June, 2019, there were three alliances operating on the Mainlane trades: the 2M Alliance, the OCEAN Alliance and THE Alliance. Other major liner companies (such as Zim) may cooperate with an alliance on a trade-by-trade basis. Formal alliances do not operate outside of the Mainlane trades, although non-Mainlane trades do see other forms of cooperation between liner companies.

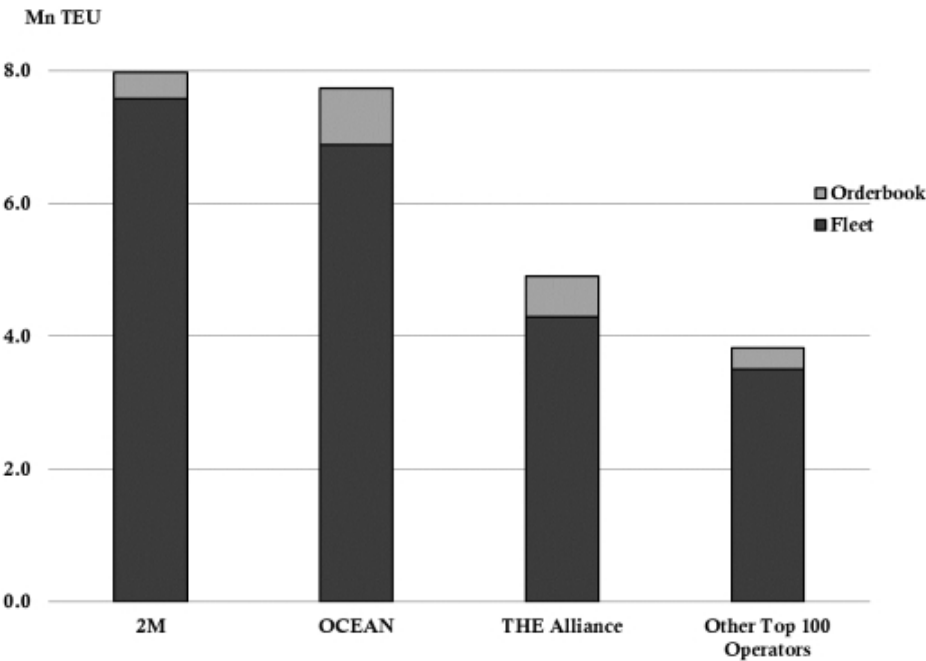
**Liner Company Alliance Members**



The chart above shows the effects of the pending entry of HMM into THE Alliance. HMM had previously operated a vessel sharing agreement on certain trades with the 2M Alliance, but was not a full alliance member.

As shown in the chart below, each of the alliances—which comprise nine companies in total—will control a larger volume of operating capacity than the aggregate of the remaining 91 out of the top 100 operators (on the basis of the current fleet and orderbook).

**Operating Capacity (Existing and On-Order as at June 30, 2019) of the Liner Company Alliances**

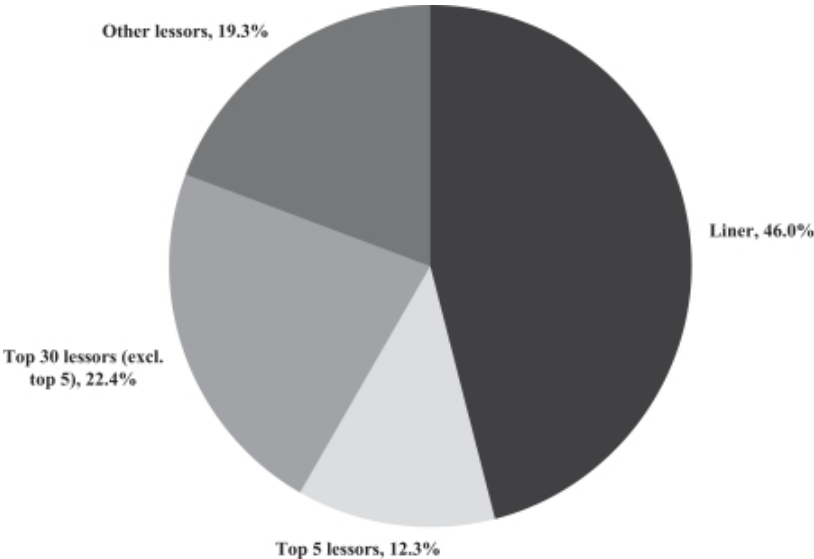


**Containership Leasing**

Fully cellular fleet ownership is split between liner companies and charter-owners. Liner companies are logistics service providers. They are responsible for the seaborne transportation of containerized cargo, its handling at load and discharge ports and also often inland transportation between those ports and the container’s origin/destination. While there are more than a hundred liner companies, over 67.0% of fully cellular capacity is controlled by the top five lines and 93.0% of capacity is controlled by the top twenty lines.

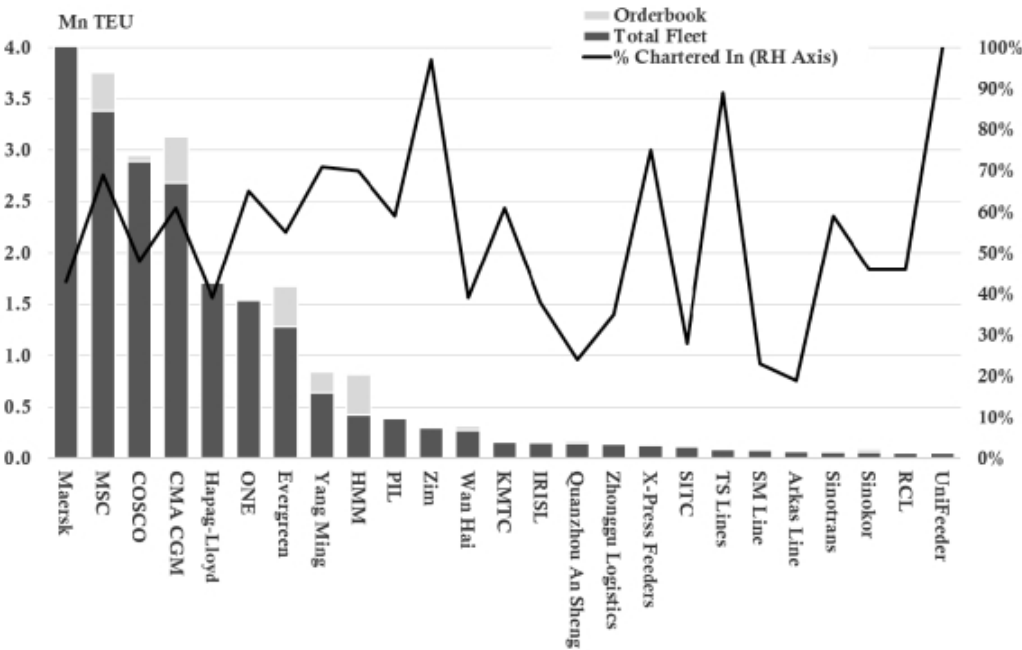
Liner companies have increasingly disaggregated vessel operation from vessel ownership. In a highly capital-intensive industry, chartering vessels allows liner companies to outsource their capital requirements while also giving them a platform to flex operating capacity up and down in line with fluctuations in demand. As at June 30, 2019, 55.0% of containership capacity deployed by the top 25 liners was chartered in from containership lessors. 54.0% of the total capacity operated by all liner companies was chartered in. Of the charter-owner fleet, 23.0% is provided by the top five charter-owners and 64.0% by the top 30. In 1995 it has been reported that only 16.0% of the liner fleet was chartered in.

Ownership of Containership Fleet Capacity, June 30, 2019



The chart below shows the fleet and orderbook of the top 25 liner companies, as well as highlighting the percentage of their capacity which is chartered in.

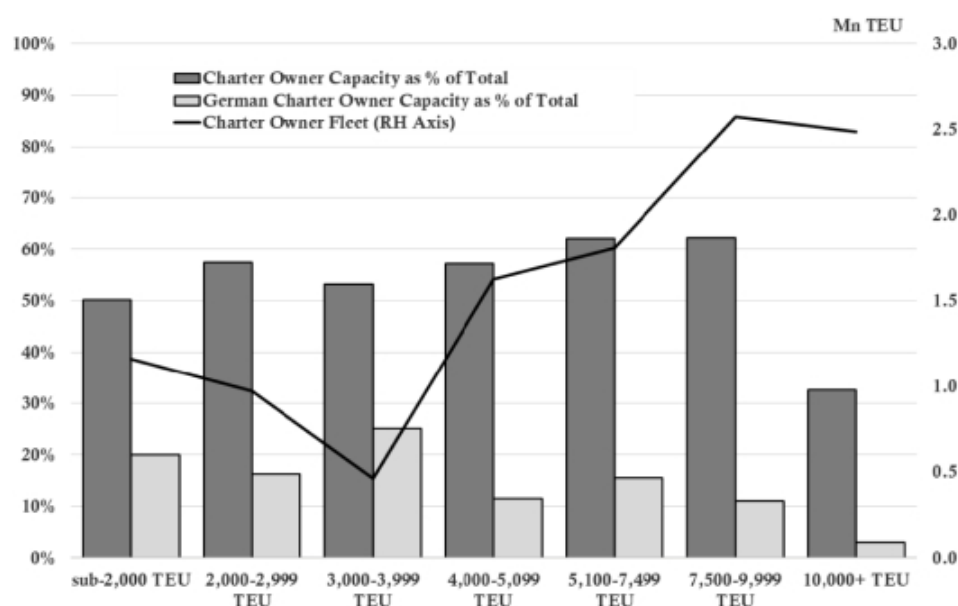
Fleet Profiles of the Top 25 Liner Companies, June 30, 2019





Charter-owners are represented throughout the containership fleet. However, they are particularly prominent in the market for smaller vessels, controlling over half the tonnage in every fleet segment below 3,900 TEU. Overall, the charter-owner fleet totaled over 12.0 million TEU as at June 30, 2019, of which nearly 4.6 million TEU was composed of vessels under 5,100 TEU.

**The Charter-owner Fleet by Vessel Size Segment, June 30, 2019**



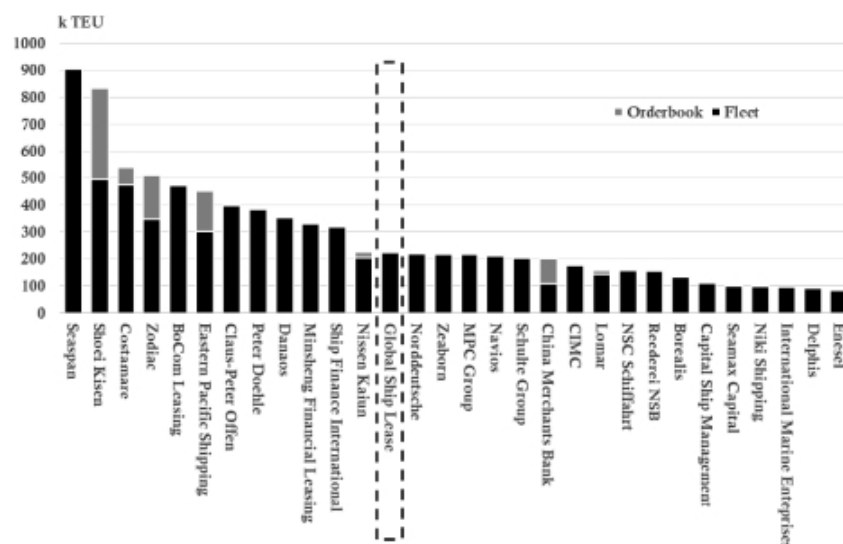
Historically, the German KG system was the principal source of funding for many German shipowners, allowing them to become leading providers of chartered containership tonnage.

A KG is 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 asset classes, including shipping assets. In addition to the returns from their investments, investors in ship-oriented KGs also gain various tax benefits; although since 2005 these tax benefits have been reduced.

However, since 2008 the KG environment for ship investments has been significantly constrained, with limited new capital raised. The resulting retrenchment of German owners—traditionally the providers of mid-sized and smaller tactical tonnage to the sector—has had a significant impact.

The top charter-owners are now far more mixed. However, both in terms of volume and as a percentage of the overall orderbook, the aggregate charter-owner orderbook is low by historic standards. As recently as the beginning of 2015, charter-owners accounted for nearly 70.0% of the outstanding industry-wide orderbook; as at June 30, 2019 the proportion stood at 47.0%.

**Fleet Profiles of the Top 30 Charter-Owners, June 30 2019**



### Contractual Dynamics and Economics of the Containership Leasing (Charter) Market

Liner companies charter vessels in from independent charter-owners. Charters can either be on a time charter or a bareboat basis.

Under a time charter, with the exception of fuel, which is paid for by the lessee, the operating costs of the vessel—including crewing and provisioning, maintenance and repair, lubricating oils and insurances—are borne by the lessor. The lessor must also cover capital expenditures associated with maintaining the vessel, including that for periodic drydocking. Time charters are broadly analogous to wet leases.

Under a bareboat charter, all operating expenses (including fuel) are borne by the lessee. The lessee must also typically cover required capital expenditures on the vessel during the lifetime of the lease. Bareboat charters are effectively financing transactions.

Shipping industry bodies, such as BIMCO (the “Baltic and International Maritime Council”), have developed standard contractual forms as the bases for time charter and bareboat charter agreements. These forms have been widely adopted by the industry.

Time charters tend to be more common than bareboat charters in the containership charter market.

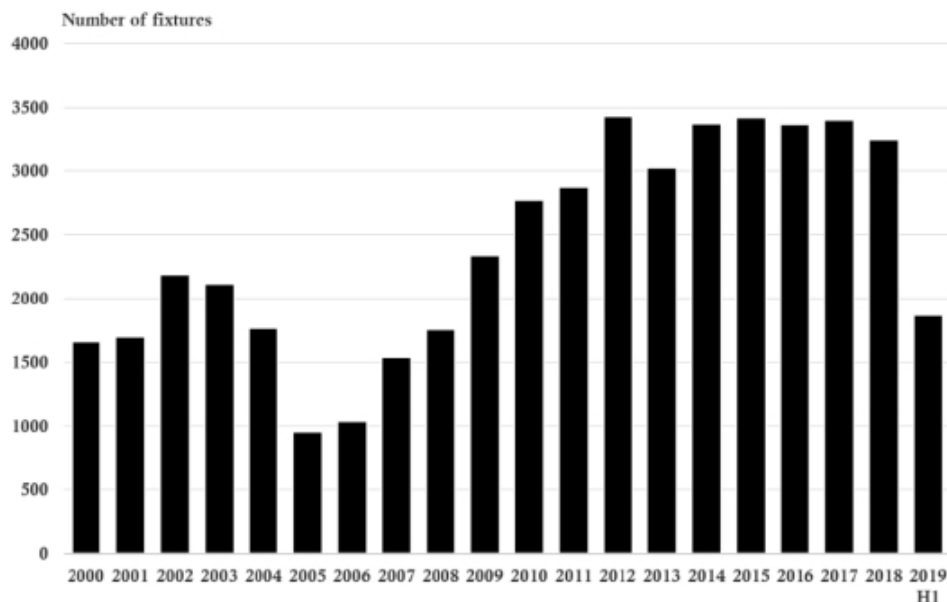
Charter periods can vary in length. The spot market generally refers to charters of 12 months or less. Term charters cover longer fixtures: periods of five years or more are not uncommon. Charters of over seven years tend to be more akin to a financing arrangement than tactical access to tonnage. Charter contracts with international liner operators tend to be denominated in U.S. dollars.

The containership charter market has evolved with the containership fleet, with a liquid charter market only developing for a given vessel size segment once the fleet of vessels on the charter market for that segment reaches a critical mass. This can be driven by charter-owners making speculative orders for the charter market (currently rare), liner companies selling vessels to charter-owners (either outright, or with a charter back), and from ships entering the charter market on expiry of their initial “financing” charters. Consequently, the charter market for the smaller sizes of containerships has a longer pedigree than for larger vessels. Today, there is a

liquid charter market for vessels up to around 8,500 TEU. Although there are larger ships on the charter market, transaction volumes are currently limited.

The volume of containership charter fixtures varies according to the demand for ships and the average length of charter. The chart below shows the evolution of reported containership fixtures. In 2005 and 2006 the total volume of charter fixtures fell as average charter length increased with firm industry conditions. Conversely, fixtures in 2012 reached their highest level ever, in part as a result of shorter charter periods due to the weaker industry conditions but also as a function of the larger charter-owner fleet. 2013 fixtures were estimated to have fallen marginally below 2012 levels, but since then the volume of fixtures activity has remained elevated. Fixture activity in 2017 was especially strong, but fell back in 2018. Fixture activity so far in 2019 has been healthy.

**Reported Annual Containership Fixture Activity, through June 30, 2019**

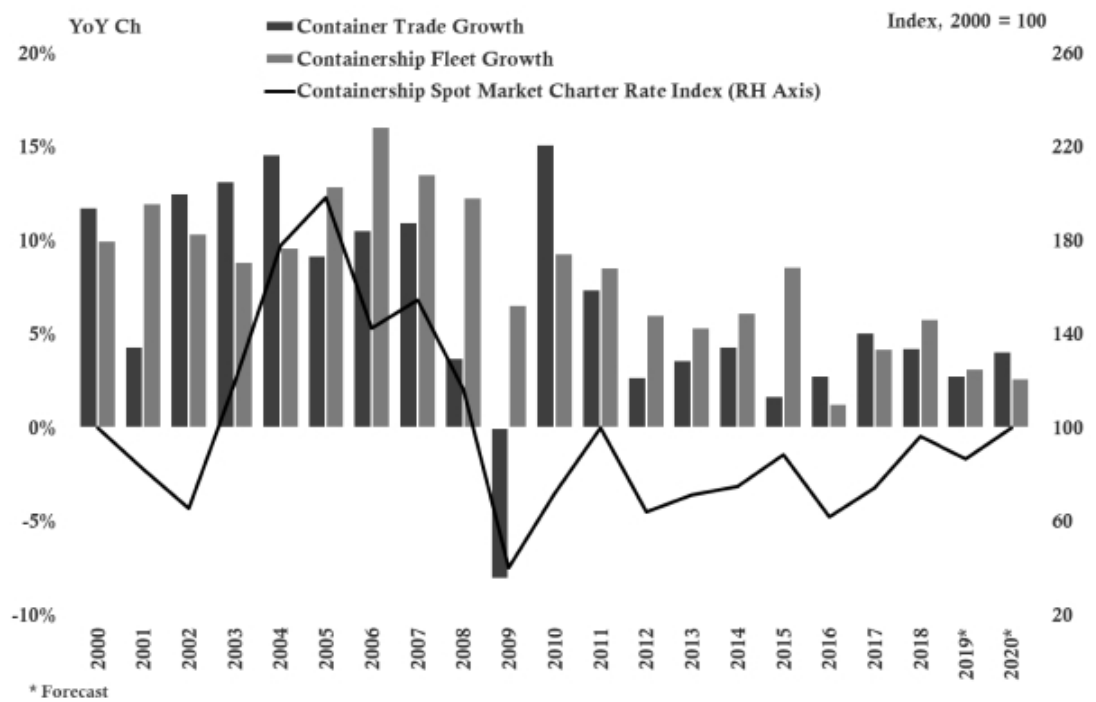


Average Length of Containership Fixtures, sub-8,500 TEU Vessels, Q1 1990-Q2 2019



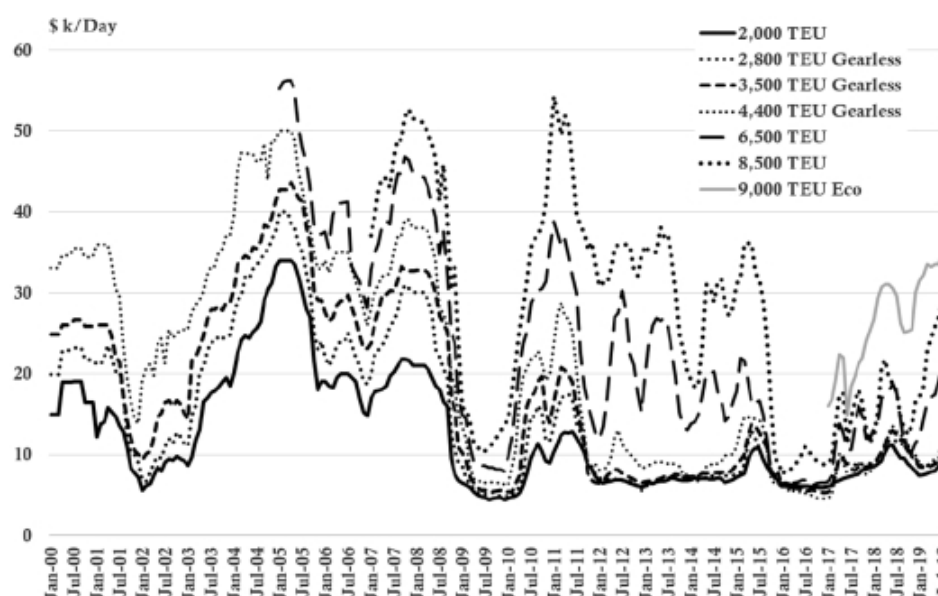
In the spot, or short-term, charter market, rates are driven by the dynamics of supply and demand (see the chart below), which may differ by fleet segment. Generally, when demand growth exceeds supply growth, earnings in the short-term charter market tend to improve. However, this trend can be distorted by additional factors such as slow steaming (which has the effect of reducing effective supply, without being reflected in supply-side growth statistics) and idle capacity (which exacerbates the impact of supply growth). As at June 30, 2019, idle capacity was limited (1.5%), while IMO 2020 is expected to catalyse incremental slow steaming.

**Containership Earnings in the Spot Charter Market  
are Shaped by Supply and Demand Fundamentals  
(2019 and 2020 Data are Forecast Values)**



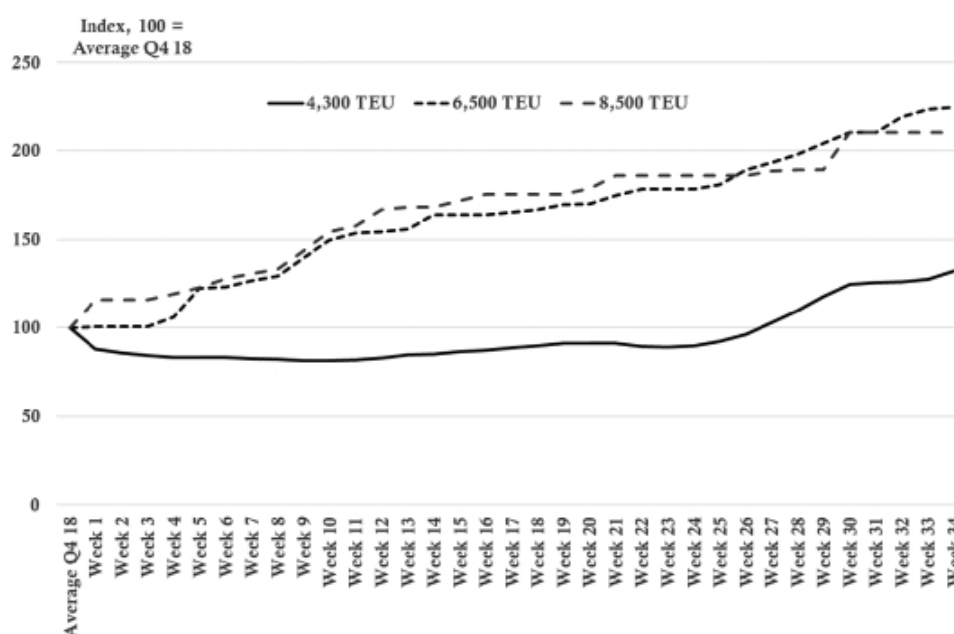
The Containership Spot Market Charter Rate Index used above is calculated using weighted average charter rates of vessels from 10 different fleet segments, with the weighting assigned according to the number of fixtures reported in each vessel size segment in a given year.

**Evolution of Containership Time Charter Rates  
in the Short-Term Charter Market, through July 31, 2019**



Spot market time charter rates have fluctuated since the market trough in Q4 2016. In most cases historically the time charter earnings of vessels of different sizes have moved in tandem, even if the larger vessels in less liquid markets see greater volatility and greater upside. Over the first half of 2019 this normal pattern did not hold, as spot time charter market earnings of larger vessels (above 5,500 TEU) increased strongly while earnings for smaller benchmarks saw little to no gain. This has been partly attributed to the impact of ‘scrubber’ installation prior to the MARPOL regulatory changes on January 1, 2020, which created the need for liner companies to charter in replacement tonnage to replace vessels removed from the fleet to have exhaust cleaning technology installed. As the vessels undergoing these installations tended to be large vessels (larger than 10,000 TEU) liner companies have tried to source relatively large vessels as their replacements. However, it is also illustrative of the finely balanced supply / demand dynamics in these size segments at present.

### Panamax and Post-Panamax Time charter Earnings Developments since Q4 2018



### Asset Values

Containership newbuilding prices are dictated by the global supply of, and overall demand across all shipping sectors for, shipyard capacity; also the input costs faced by the shipyards themselves (primarily steel, labor, equipment and energy).

The secondhand market for containerships has grown along with the container shipping industry, particularly as charter-owners have increased their share of the fleet, driving an increase in the number of transactions. Secondhand containership sales can either be on a charter-free basis, where the vessel is delivered as-is, or with a charter contract attached. The latter is particularly common when liner companies are selling a vessel: charter-owners often find a sale and leaseback structure attractive for the contracted cash flow during the leaseback period, while liner companies take an asset off their balance sheet and release equity. The economics of such a transaction are negotiated as a function of purchase price, charter rate, charter duration, expected residual value of the vessel and counterparty risk.

Sale and purchase activity within the sector is influenced both by sentiment and by the availability of capital.

# Sale and Purchase Transactions for Containerships, by Size of Vessel and by Type of Transaction, through June 30, 2019

	2017					2018					2019	
	Q1	Q2	Q3	Q4	TOT	Q1	Q2	Q3	Q4	TOT	Q1	Q2
<b>Sales</b>	<b>68</b>	<b>83</b>	<b>78</b>	<b>66</b>	<b>295</b>	<b>65</b>	<b>51</b>	<b>30</b>	<b>36</b>	<b>182</b>	<b>29</b>	<b>45</b>
<b>Resales</b>	<b>3</b>	<b>4</b>	<b>0</b>	<b>2</b>	<b>9</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>
<b>5,100+ TEU</b>	<b>12</b>	<b>14</b>	<b>8</b>	<b>0</b>	<b>34</b>	<b>3</b>	<b>17</b>	<b>5</b>	<b>5</b>	<b>30</b>	<b>7</b>	<b>7</b>
<b>4,000-5,099 TEU</b>	<b>7</b>	<b>23</b>	<b>28</b>	<b>12</b>	<b>70</b>	<b>2</b>	<b>8</b>	<b>5</b>	<b>8</b>	<b>23</b>	<b>3</b>	<b>11</b>
<b>2,000-3,999 TEU</b>	<b>31</b>	<b>24</b>	<b>19</b>	<b>22</b>	<b>96</b>	<b>17</b>	<b>14</b>	<b>7</b>	<b>3</b>	<b>41</b>	<b>1</b>	<b>7</b>
<b>1,000-1,999 TEU</b>	<b>16</b>	<b>17</b>	<b>15</b>	<b>29</b>	<b>77</b>	<b>35</b>	<b>11</b>	<b>9</b>	<b>18</b>	<b>73</b>	<b>12</b>	<b>14</b>
<b>Sub-1,000 TEU</b>	<b>2</b>	<b>5</b>	<b>8</b>	<b>2</b>	<b>17</b>	<b>8</b>	<b>1</b>	<b>4</b>	<b>2</b>	<b>15</b>	<b>6</b>	<b>6</b>
<b>Buyers</b>												
<b>German</b>	<b>3</b>	<b>1</b>	<b>4</b>	<b>4</b>	<b>12</b>	<b>10</b>	<b>8</b>	<b>4</b>	<b>8</b>	<b>30</b>	<b>0</b>	<b>9</b>
<b>Greek</b>	<b>3</b>	<b>25</b>	<b>4</b>	<b>7</b>	<b>39</b>	<b>9</b>	<b>3</b>	<b>3</b>	<b>10</b>	<b>25</b>	<b>10</b>	<b>6</b>
<b>Other Tramp</b>	<b>28</b>	<b>46</b>	<b>44</b>	<b>35</b>	<b>153</b>	<b>36</b>	<b>18</b>	<b>21</b>	<b>16</b>	<b>91</b>	<b>12</b>	<b>21</b>
<b>Liner</b>	<b>34</b>	<b>11</b>	<b>26</b>	<b>19</b>	<b>90</b>	<b>9</b>	<b>22</b>	<b>2</b>	<b>2</b>	<b>35</b>	<b>7</b>	<b>9</b>
<b>Sellers</b>												
<b>German</b>	<b>56</b>	<b>52</b>	<b>53</b>	<b>26</b>	<b>187</b>	<b>20</b>	<b>21</b>	<b>13</b>	<b>11</b>	<b>65</b>	<b>10</b>	<b>21</b>
<b>Other Tramp</b>	<b>13</b>	<b>18</b>	<b>20</b>	<b>37</b>	<b>88</b>	<b>35</b>	<b>21</b>	<b>12</b>	<b>17</b>	<b>85</b>	<b>10</b>	<b>17</b>
<b>Liner</b>	<b>2</b>	<b>13</b>	<b>5</b>	<b>2</b>	<b>22</b>	<b>9</b>	<b>2</b>	<b>5</b>	<b>8</b>	<b>24</b>	<b>10</b>	<b>7</b>
<b>Total Demo</b>	<b>53</b>	<b>37</b>	<b>30</b>	<b>21</b>	<b>141</b>	<b>8</b>	<b>5</b>	<b>7</b>	<b>40</b>	<b>60</b>	<b>8</b>	<b>21</b>

Charter-free containership values between 2003 and 2008 were at elevated levels, driven by strong industry conditions, elevated charter earnings, and high newbuilding prices. However, as the earnings environment deteriorated at the end of 2008, asset values also came under pressure. Since the financial crisis, secondhand prices have—with the brief exception of 2010 and 2011—remained significantly below pre-crisis levels.

The chart below shows the evolution of prices for newbuildings, five year old, ten year-old, fifteen year old and twenty year old vessels, using an unweighted index across vessel sizes from 500 TEU to 13,000 TEU.

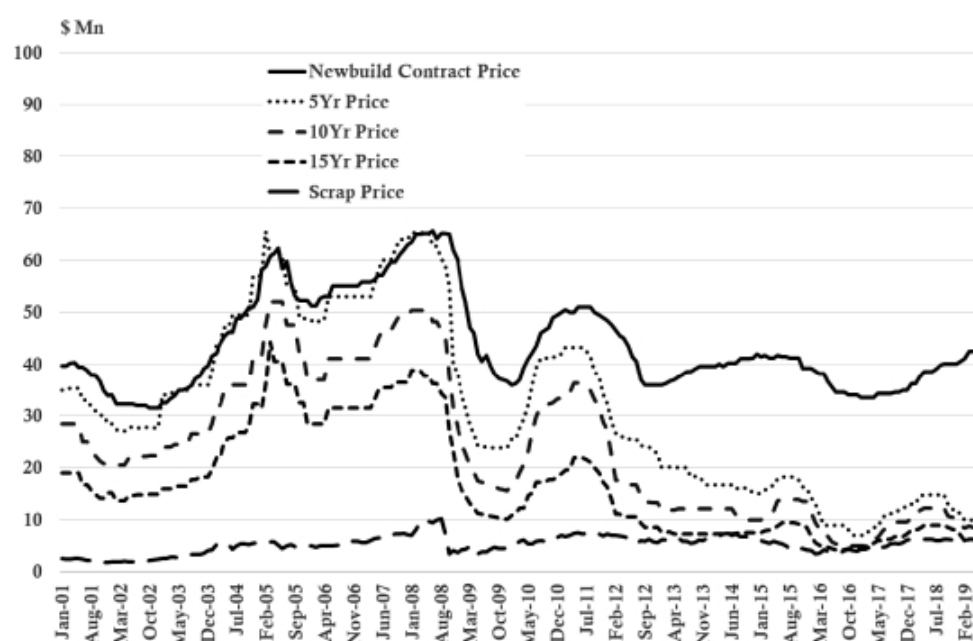


**Price Index for Newbuild, Five-year-old, Ten year-old,  
Fifteen-year-old, and Twenty-year-old vessels (100 = January 2000), through June 30, 2019**



As at June 30, 2019, the newbuilding price for a theoretical 3,500 TEU vessel was \$42.5 million, down from a 2008 peak of almost \$66.0 million, but up from a 2017 trough of \$33.5 million. The resale price for a 15 year-old vessel at the same point was a little under \$6.1 million, barely distinguishable from scrap value. Despite some recovery from the low-point in resale prices reached in 2016 (where a 15 year-old vessel reached \$4.2 million), prices remain low by historic standards and were lower than the previous market peak in September 2018, when prices reached \$9.0 million. The chart below shows the evolution of benchmark prices for a 3,500 TEU vessel.

### 3,500 TEU Vessel Price Benchmarks for Newbuildings, Existing Tonnage (Five Year Old, 10 Year Old and 15 Year Old Vessels) and Scrap, through June 30, 2019



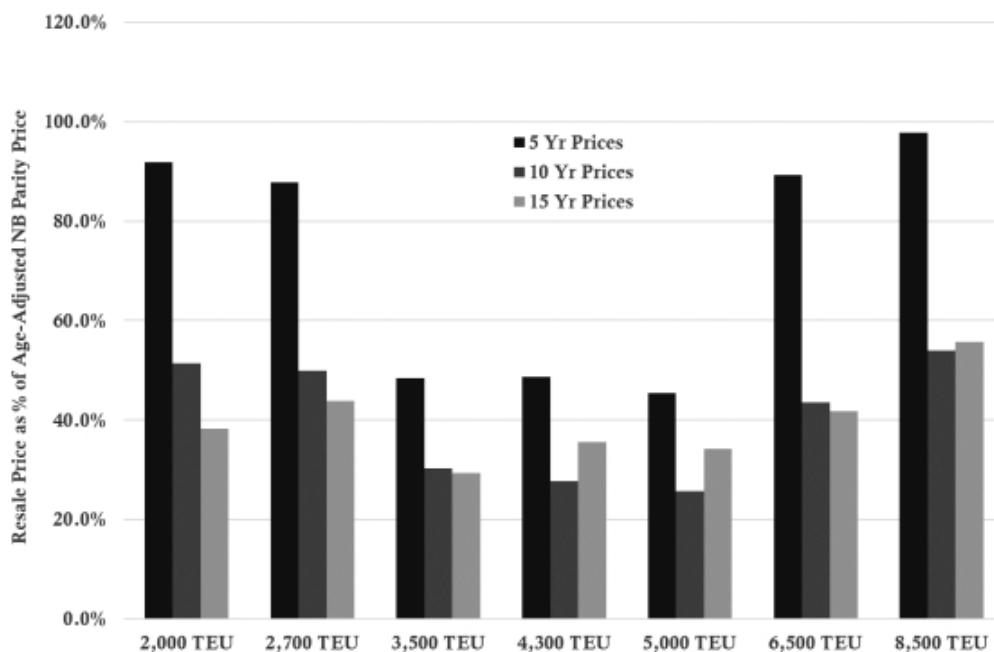
The resale price of vessels (particularly older units) is also affected by fluctuations in vessel demolition prices. Vessel demolition prices are driven by scrap steel markets in the Indian Subcontinent, where the large majority of vessels are sold for demolition. Demolition prices are volatile, with prices for the first half of 2019 averaging \$422 / ldt.

### Indian Subcontinent Containership Demolition Prices, \$/ldt, January 2000 to June 2019



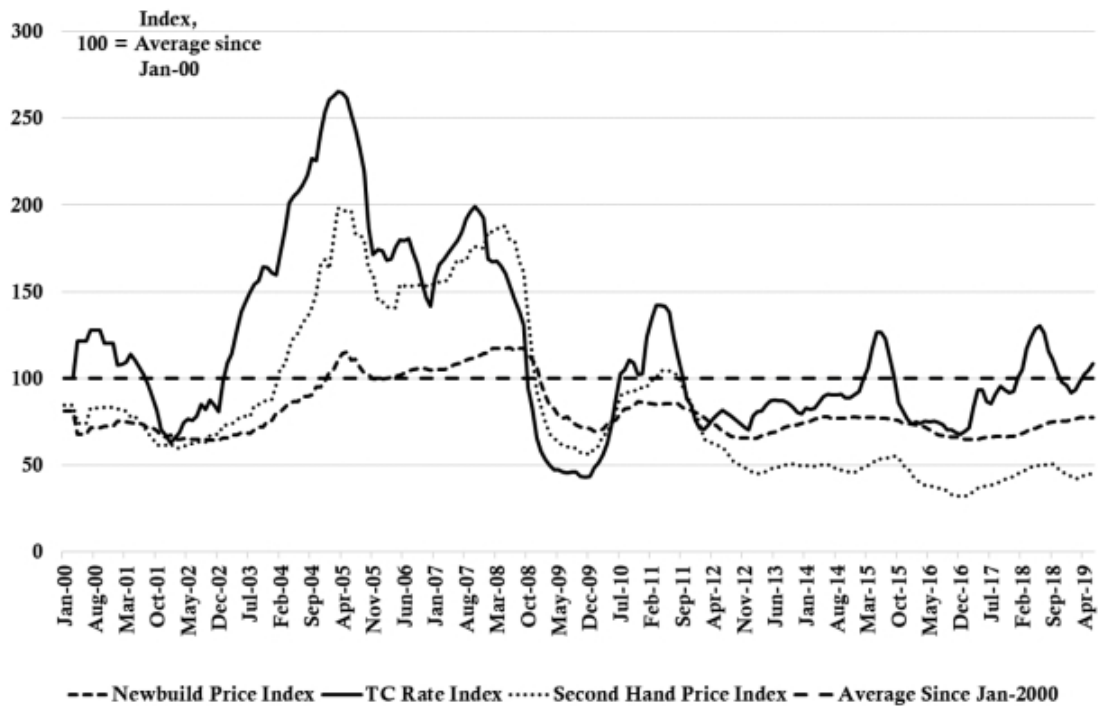
Another measure of the extent to which industry-wide vessel values are depressed in the current environment is age-adjusted newbuilding price parity. For any given vessel, this can be calculated by taking the newbuilding price prevailing in the market for a vessel with corresponding characteristics, depreciating that price on a straight line basis to scrap, and determining the point on the depreciation line matching the age of the vessel. The chart below illustrates this approach. Depreciation assumptions may vary, inter alia, by vessel type, vessel segment, and analyst.

**Implied Newbuilding Price Parity—Based on a 25 Year Depreciation Profile—for Illustrative Five, Ten and 15 Year Old Vessels v. Prevailing Secondhand Market Prices for Those Vessels, Estimated as at June 30, 2019**

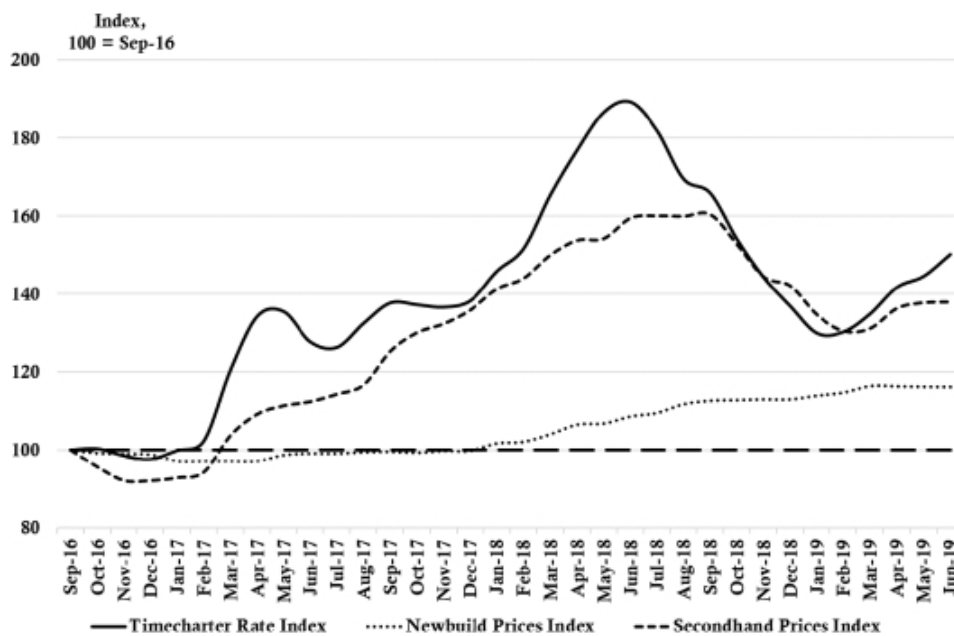


The charts below show the evolution of, and correlations between, newbuilding prices, second hand asset values, and earnings in the short term charter market over time. The first chart shows long term trends, while the second focuses on developments since the fundamentals-driven recovery commencing early-2017. Both charts also reflect the impact of seasonality and sentiment upon the sector.

**Spot Market Time Charter Rate, Newbuild Price  
and Secondhand Price Index Development, January 2000 through June 30, 2019**



**Asset Value and Spot Market Time Charter Rate Development, September 1, 2016 through June 30, 2019**



## BUSINESS

### Business Overview

Our legal and commercial name is Global Ship Lease, Inc. We are a Republic of the Marshall Islands corporation that owns a fleet of 41 mid-sized and smaller containerships which we charter out under fixed-rate charters to reputable container shipping companies.

### History and Development of the Company

We are a Republic of the Marshall Islands corporation that owns a fleet of mid-sized and smaller containerships which are chartered out under fixed-rate charters to reputable container shipping companies (“liner companies” or “liner operators”).

We were formed in 2007 to purchase and charter back 17 containerships owned or to be purchased by CMA CGM, then the third largest containership operator in the world by number of ships.

On November 15, 2018, we 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, 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 19 ships that we acquired as a result of the Poseidon Transaction, excluding the Argos. On the closing of the Poseidon Transaction, we issued to the Poseidon unitholders 3,005,603 Class A common shares and 250,000 Series C Preferred Shares, which are convertible to an aggregate of 12,955,187 Class A common shares in certain circumstances, and assumed the debt of Poseidon Containers, which amounted to \$509.7 million as of November 15, 2018.

Following the announcement of the Poseidon Transaction on October 29, 2018, we have agreed multiple new charters in an improving market over multi-year durations, to renew or replace expiring charters, that have resulted in material improvements to key performance metrics, such as:

- *Increased remaining contract duration:* Since the announcement of the Poseidon Transaction, we have agreed to 27 new charters with an aggregate contract duration of 68 years, resulting in TEU-weighted average remaining contract duration for our entire fleet, as of June 30, 2019 and including subsequent announcements of new charters and options to extend which are under our control, and assuming the mid-point of the redelivery period, of 2.9 years, or 3.3 years also including options to extend which are under the charterers’ control and assuming the latest redelivery date. The charter-attached value of our fleet of 41 vessels as of June 30, 2019 was \$1.34 billion.
- *Significant new contracted revenue:* Since announcing the Poseidon Transaction, we have entered into charters, both as charter renewals and for ship acquisitions, which are expected to generate \$511.9 million contracted revenue (measured over the term of the charter to the mid-point of redelivery including options to extend these new charters which are under our control). Contracted future revenue was \$835.4 million, as of June 30, 2019 and including subsequent agreements of new charters (assuming the mid-point of redelivery under charters and including options to extend which are under our control). We estimate that our contracted revenue represents 99% of Adjusted EBITDA for 2019, 89% for 2020 and 76% for 2021 on the assumption that ships coming off charter are re-employed at 10 year historical average rates, less 5% commissions.

In addition, in May 2019, we agreed to acquire three 2004-built 7,849 TEU containerships. Shortly after delivery in May 2019, the first ship, *GSL Eleni*, commenced a five-year charter with Maersk Line. The second ship, *GSL Grania*, was delivered in September 2019 and commenced a three-year charter with Maersk Line, with two consecutive one-year extensions at the charterer’s option. The remaining ship, *GSL Kalliopi*, is expected to be delivered in late September or early October 2019 and upon delivery is scheduled to commence a three-year charter with Maersk Line, with two consecutive one-year extensions at the charterer’s option.

As of the date of this prospectus, we owned 40 containerships and have agreed to acquire one further ship. Following the delivery of this ship, we will own 41 mid-sized and smaller containerships of which nine (representing 31% of our fleet by TEU capacity) are new-design, high-specification, fuel-efficient, and wide-beam. Our fleet, pro forma for the delivery of the remaining vessel we have agreed to acquire, has a total capacity of 224,162 TEU, making us the 13<sup>th</sup> largest non-operating owner of containerships as of June 30, 2019, according to MSI. Our fleet's average size is 5,467 TEU, with a TEU weighted average age of 11.9 years.

All of our ships are chartered out on time charters, representing contracted future revenue of \$835.4 million as of June 30, 2019, including subsequent new charters and options to extend which are under our control, and assuming the mid-point of redelivery, over a TEU-weighted average remaining term of 2.9 years. Contracted future revenue was \$916.4 million on the same basis, but also including options to extend which are under the charterers' control and assuming the latest redelivery date, over a TEU-weighted average remaining term of 3.3 years. By applying Adjusted EBITDA Margin of 62.2% for the six months ended June 30, 2019 to contracted future revenue, this would imply Contracted Adjusted EBITDA of \$519.6 million on our contracted future revenue of \$835.4 million (to the mid-point of redelivery and including options to extend charters which are under our control) and \$570.0 million on our contracted future revenue of \$916.4 million (also including options to extend which are under the charterers' control and assuming the latest redelivery). Adjusted EBITDA, Adjusted EBITDA Margin and Contracted Adjusted EBITDA are non-U.S. GAAP measures. For a description of Adjusted EBITDA, Adjusted EBITDA Margin and Contracted Adjusted EBITDA and a reconciliation of these measures to net income, the most directly comparable US GAAP financial measure, please see "Summary Financial Data—Non-U.S. GAAP Financial Measures."

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. As of June 30, 2019, there were 9,942,950 Class A common shares issued and outstanding, along with 250,000 Series C Preferred Shares, which are convertible into 12,955,187 Class A common shares in certain circumstances. All share and per share amounts disclosed in this prospectus give effect to the reverse stock split retroactively, for all periods presented.

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 is +44 (0) 20 3998 0063. Our website address is [www.globalshiplease.com](http://www.globalshiplease.com). The information included on our website is not incorporated herein by reference. From time to time, we may use our website and social media outlets as channels of distribution of material company information.

## **Our Competitive Strengths.**

We believe that we possess a number of competitive strengths that differentiate us and will allow us to capitalize on opportunities in the containership sector, including:

**Experienced Management Team.** Members of our management team, board of directors and Managers have extensive experience in the container shipping industry and have long-term relationships with companies, individuals and institutions within the wider shipping industry. Our Executive Chairman, George Giouroukos, has more than 25 years of leadership and shipping industry experience, while our Chief Executive Officer, Ian Webber, has 30 years of shipping industry experience, 12 of which serving as our Chief Executive Officer. We believe that we will be able to capitalize on the experience and relationships of our management, board of directors and Managers to identify future acquisitions and charter opportunities beyond those widely and publicly marketed, expand our customer base, and finance these acquisitions and refinance our debt. See “Item 6. Directors, Senior Management and Employees” in our 2018 Annual Report, which is incorporated herein by reference.

**Significant Contracted Revenue.** All of our ships are chartered out on time charters, representing contracted future revenue of \$835.4 million as of June 30, 2019, including subsequent new charters and options to extend which are under our control, and assuming the mid-point of redelivery, over a TEU-weighted average remaining term of 2.9 years. Contracted future revenue was \$916.4 million on the same basis, but also including options to extend which are under the charterers’ control and assuming the latest redelivery date, over a TEU-weighted average remaining term of 3.3 years. Our contracted revenue mostly consists of revenue generated by our larger ships as these have higher daily charter rates and longer charter durations provides substantial forward visibility on earnings. Our smaller, lower-earning ships are mostly employed on shorter term contracts, which we believe will provide upside earnings potential in what we anticipate will be a firming charter market after a protracted downturn. Since announcing the Poseidon Transaction, we have entered into charters, both as charter renewals and for ship acquisitions, which are expected to generate \$511.9 million contracted revenue (measured over the term of the charter to the mid-point of redelivery including options to extend these new charters which are under our control).

**Diversified Portfolio of Charterers.** As of June 30, 2019, charterers of our ships included Maersk Line, MSC, COSCO-OOCL, CMA CGM, Hapag-Lloyd and ZIM. In addition, our Commercial Manager has established relationships with, and has previously arranged charters with, many other reputable liner operators, such as ONE, Wan Hai, Evergreen and Seaboard Marine. We expect to continue to capitalize on our senior management’s and Commercial Manager’s long-standing relationships with leading liner companies. We believe that the experience of our senior management team, coupled with our Technical Manager’s extensive experience and reputation, will continue to assist us in securing high employment coverage for our ships to facilitate our future growth.

**Focused Fleet Composition.** Our fleet is focused on high specification, mid-sized and smaller ships, which we believe are undersupplied in the market and have multiple deployment opportunities. We own and operate 41 containerships, including the ship that will be delivered to us in late September or early October 2019, ranging in size between 2,207 TEU and 11,040 TEU, built at reputable shipyards, with high specifications, and which are well-maintained. Such mid-size and smaller ships are operationally flexible and are core to servicing multiple non-arterial, intermediate, and intra-regional container trades which, in aggregate, represented over 70% of global containerized trade volumes in 2018. Limited investment by the industry in recent years in mid-sized and smaller containerships has resulted in a small orderbook to be delivered over the next two-three years (the orderbook to fleet ratio for 2,000—10,000 TEU ships was 2.6% delivering over the next two to three years as of

June 30, 2019, versus an overall ratio of 11.2%) and an aging global fleet, with limited availability of latest-generation ships in these segments.

**Fleet with High Technical Specifications.** Value-adding attributes that render our ships attractive to our customers, the liner operators, include capacity to carry a large number of temperature-controlled containers (“reefers”), wide-beam and fuel-efficient designs, and onboard cranes (“gear”) for cargo handling. We believe that these features enable our fleet to achieve higher levels of employment and earnings against ships with lower specifications. 72% of our fleet capacity is made up of Post-Panamax containerships larger than 5,500 TEU, which provide enhanced ship stability and thus greater cargo carrying capacity. Cargo carrying capacity is an important selection criterion for liner operators as it reduces slot cost, which is calculated for any given ship as daily fuel cost plus daily charter hire divided by standardized loadable capacity. Nine of our Post-Panamax ships are also latest-generation, fuel efficient “Eco” ships, which further enhance slot cost economics for liner operators and command an earnings premium in the charter market versus non-Eco ships and have the potential to provide longer term charters. Fuel efficiency becomes even more valuable as fuel prices rise, as is anticipated with the introduction of industry-wide emission control regulations from January 2020 (“IMO 2020”), with which the vast majority of ships will comply by burning higher cost, low sulfur fuel. Furthermore, we believe there is a clear correlation between low slot costs and low emissions per TEU, favoring our low slot cost fleet.

**Capitalize on Cascade.** The shipping industry up-sizes ships over time in order to capture economies of scale by increasing the carrying capacity of ships. This up-sizing is also referred to as the “cascade,” and involves larger ships progressively displacing smaller ships into other trade lanes. Non-mainlane, intermediate, and intra-regional trades are of fundamental importance to global containerized trade – representing, in aggregate, over 70% of global containerized trade volumes in 2018 – and are predominantly served by mid-size and smaller ships, which we believe are supply-constrained. We also believe that our fuel-efficient, low slot cost ships position us to capitalize on cascading opportunities in these markets. As of June 30, 2019, according to MSI, 42.0% of the global fleet (by number of ships) was comprised of ships of 2,000 TEU or smaller, providing significant cascading opportunities for even the smallest ships in our fleet (2,200 TEU).

**Efficient Ship Operations.** We believe that our Technical Manager’s experience in the technical management of containerships, and their reputation in the shipping industry as operators with high safety and operating standards, are important in servicing our charterers, who depend on reliable ships and responsible containership owning companies to meet their exact and demanding ship scheduling requirements. Our Technical Manager has been managing ships successfully since 1994 and this depth of experience not only provides our customers with a high level of service quality and confidence but also gives us competitive average daily operating costs. Despite significant drydocking of our ships for regulatory surveys and upgrades, utilization for the six months ended June 30, 2019 was 96.9%. Utilization for the three months ended March 31, 2019, which was not affected by elevated levels of drydocking, was 99.8%. In addition, our Technical Manager has experience in upgrading ships, including reefer capacity and fuel efficiency and in the efficient design of scrubbers, all of which raise our ships to higher commercial standards enhancing their marketability and earning capacity.

**Growth Track Record.** We have a proven ability to grow by purchasing ships with pre-agreed charters that are immediately accretive to cashflow and earnings, while concurrently putting in place competitively-priced and conservatively-structured debt to facilitate such growth. Our Executive Chairman, George Giouroukos, has structured and concluded over 250 secondhand and newbuilding ship transactions. The strategic combination between GSL and Poseidon Containers in November 2018 also demonstrates our capacity to successfully execute transformative corporate transactions. We believe that our senior management team’s extensive knowledge of, and contacts within, the container shipping industry will allow us to continue to add value-accretive ships and charters to our portfolio.

**Multiple Financing Sources.** Access to cost-effective capital is important in the container shipping industry. As a publicly listed company with a business model primarily oriented towards providing medium-term



charters to reputable counterparties, we can potentially access equity and debt markets, both private and public, on a recurrent basis. In a capital-constrained environment, we believe that being a publicly listed company with a high level of transparency and reporting is an advantage in competing with other containership owning companies, which are predominantly private and do not have access to such diverse sources of capital. In addition, our management team has extensive and long-standing relationships with commercial banks that provide us with access to the traditional secured loan bank market. Specifically, since the Poseidon Transaction, our significantly expanded banking relationships now include Citi, Credit Agricole, Deutsche Bank, ABN Amro, DVB, CIT, Entrust, ATB and Hellenic Bank.

## **Our Business Strategies**

Our primary objective is to maximize value for our shareholders by pursuing the following strategies:

**Maintain Fleet Focus.** We intend to maintain our focus on containerships of 2,000 – 11,000 TEU, weighted towards wide-beam, high-reefer, fuel-efficient ships of 5,500 – 10,000 TEU. We believe the cost-return characteristics of ships in this size segment are attractive. Specifically, they are sought after by charterers given their operational flexibility and low slot costs and should thereby allow us to manage our fleet deployment effectively, locking in upside earnings potential for shareholders by securing longer-term charters generating contracted cashflows. Furthermore, due to scarce capital being disproportionately allocated to the construction of the largest containerships for the main East-West trades lanes, such as Asia – Europe, the order-book for containerships below 10,000 TEU is at historically low levels and, according to MSI, there are no ships on order in our area of focus, the 4,000 TEU and 9,999 TEU segment, which, combined with reasonable demand growth for container shipping services, particularly in the trade lanes where our ships are best deployed, is expected to result in continuing improvements in charter rates and hence asset values, over time. We expect supply to tighten further for these ship segments with the implementation on January 1, 2020 of the new industry-wide emission controls under IMO 2020, which we believe may prompt liner operators to slow down their ships in order to reduce fuel burn and thus costs, reducing effective supply.

**Optimize Charter Portfolio.** We intend to proactively manage our portfolio of charters to lock in upside earning potential, while also providing downside protection through charter cover. This provides significant forward visibility of stable cashflows, while preserving the flexibility to capitalize on potentially rising charter rates. We currently charter most of our high revenue producing ships under medium term time charters of between three to five years, with staggered maturities, while the remainder of the fleet, mostly our smaller ships, are on shorter term charters of less than 12 months to position us to benefit from market increases in charter rates. Additionally, we will continue to charter our ships to reputable charterers, such as our long-standing clients Maersk Line, MSC, COSCO-OOCL, CMA CGM, Hapag Lloyd and ZIM, and will continue to expand the number of leading liner companies chartering our ships in order to further diversify our portfolio of charters from customer, geographic and maturity perspectives.

**Moderate Leverage Level and Reduced Cost of Debt.** Our mandatory debt repayment profile will result in substantial debt reduction over the next few years. We believe that reducing our leverage and maintaining debt at a moderate level will enable us to reduce our overall cost of debt, enhance our financial flexibility and allow us to make opportunistic acquisitions consistent with our strategy. We expect to finance future ship acquisitions, with cash on hand, borrowings under new credit facilities, or subject to favorable market conditions, public debt or equity offerings, or a combination thereof.

**Implement Disciplined Growth.** We intend to continue to grow and renew our fleet mainly by acquiring second-hand containerships with high specifications and fuel efficiency, that are already employed on charters or that can be so employed immediately following their acquisition, as market conditions allow. When evaluating these future acquisitions, we will consider, among other things, fundamental developments in the container shipping industry, the value of the ship compared to historical levels, the cash flow expected to be earned by the ship in relation to its value, the credit quality of the charterer and duration and terms of charter contracts, its

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condition and technical specifications, as well as the overall diversification of our fleet and customer portfolio. We believe that attractive, counter-cyclical investment opportunities are available in the market. These may include both structured sale and leaseback transactions with liner companies and the acquisition of selected, attractively-priced ships, in the sale and purchase market. In addition, we will evaluate and consider strategic corporate acquisitions on a selective and prudent basis.

**Leverage Our Managers' Experience.** We intend to leverage our Technical Manager's expertise to continue to manage our ships efficiently and reliably at a low daily operating cost, as well as support future growth. We believe that our Technical Manager is able to oversee the technical management of our fleet at a cost than is lower than we could achieve in-house and which is competitive compared to other independent ship management companies. Additionally, we believe that our outsourced management arrangements provide scalability to facilitate growth without the incurrence of significant additional overheads. In addition, our Technical Manager has experience in upgrading the reefer capacity and fuel efficiency of ships, and in the efficient design of scrubbers, as well as other characteristics that raise our ships to higher commercial standards enhancing their marketability and earning capacity. Moreover, our Commercial Manager has direct relationships with liner companies as evidenced by multiple long-term contracts, including repeat business, secured since the completion of the Poseidon Transaction.

## Our Fleet

The following table summarizes key information about our fleet of 41 containerships as of September 16, 2019:

Ship Name	Capacity in TEUs	Lightweight (tons)	Year Built	Charterer	Earliest Charter Expiry Date	Latest Charter Expiry Date	Daily Charter Rate \$
CMA CGM Thalassa	11,040	38,577	2008	CMA CGM	4Q25	1Q26	47,200
UASC Al Khor <sup>(1)</sup>	9,115	31,764	2015	Hapag-Lloyd	1Q22	2Q22	34,000
Anthea Y <sup>(1)</sup>	9,115	31,890	2015	COSCO	2Q20	3Q20	39,200
Maira XL <sup>(1)</sup>	9,115	31,820	2015	COSCO	2Q20	3Q20	39,200
MSC Tianjin	8,667	34,243	2005	MSC	2Q24	3Q24 <sup>(2)</sup>	— <sup>(2)</sup>
MSC Qingdao	8,667	34,305	2004	MSC	2Q24	3Q24 <sup>(2)</sup>	— <sup>(2)</sup>
GSL Ningbo	8,667	34,243	2004	Maersk	3Q20	3Q20	12,400 <sup>(3)</sup>
GSL Kalliopi	7,849	29,245	2004	Maersk	3Q22	4Q24 <sup>(4)</sup>	— <sup>(4)</sup>
GSL Grania	7,849	29,261	2004	Maersk	3Q22	4Q24 <sup>(4)</sup>	— <sup>(4)</sup>
GSL Eleni	7,849	29,261	2004	Maersk	2Q24	3Q24 <sup>(4)</sup>	— <sup>(4)</sup>
Mary <sup>(1)</sup>	6,927	23,424	2013	CMA CGM	3Q23	4Q23	25,910
Kristina <sup>(1)</sup>	6,927	23,424	2013	CMA CGM	2Q24	3Q24	25,910
Katherine <sup>(1)</sup>	6,927	23,424	2013	CMA CGM	1Q24	2Q24	25,910
Alexandra <sup>(1)</sup>	6,927	23,424	2013	CMA CGM	1Q24	2Q24	25,910
Alexis <sup>(1)</sup>	6,882	23,919	2015	CMA CGM	1Q24	2Q24	25,910
Olivia I <sup>(1)</sup>	6,882	23,864	2015	CMA CGM	1Q24	2Q24	25,910
CMA CGM Berlioz	6,621	26,776	2001	CMA CGM	2Q21	4Q21	34,000
Agios Dimitrios	6,572	24,746	2011	MSC	3Q19	4Q23	12,500 <sup>(5)</sup>
Tasman	5,936	25,010	2000	ZIM	3Q19	3Q19 <sup>(6)</sup>	11,500 <sup>(6)</sup>
Dimitris Y	5,936	25,010	2000	ZIM	3Q19	3Q19 <sup>(7)</sup>	16,750 <sup>(7)</sup>
Ian H	5,936	25,128	2000	ZIM	1Q21	2Q21	14,500
Dolphin II	5,095	20,596	2007	HMM	3Q19 <sup>(8)</sup>	4Q19 <sup>(8)</sup>	7,700 <sup>(8)</sup>
Orca I	5,095	20,696	2006	Maersk	2Q20 <sup>(9)</sup>	2Q21 <sup>(9)</sup>	9,000 <sup>(9)</sup>
CMA CGM Alcazar	5,089	20,087	2007	CMA CGM	4Q20	2Q21	33,750
CMA CGM Château d'If	5,089	20,100	2007	CMA CGM	4Q20	2Q21	33,750
CMA CGM Jamaica	4,298	17,272	2006	CMA CGM	3Q22	1Q23	25,350
CMA CGM Sambhar	4,045	17,355	2006	CMA CGM	3Q22	1Q23	25,350
CMA CGM America	4,045	17,355	2006	CMA CGM	3Q22	1Q23	25,350

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GSL Valerie	2,824	11,971	2005	MSC	2Q20	3Q20	9,000
Athena	2,762	13,538	2003	MSC	1Q20	2Q20	9,000
Maira	2,506	11,453	2000	MSC	3Q19	3Q19	8,500 <sup>(10)</sup>
Nikolas	2,506	11,370	2000	MSC	1Q20	1Q20	9,000
Newyorker	2,506	11,463	2001	MSC	1Q20	1Q20	9,000
CMA CGM La Tour	2,272	11,742	2001	CMA CGM	4Q19	4Q19	15,300
CMA CGM Manet	2,272	11,742	2001	CMA CGM			15,300
CMA CGM Matisse	2,262	11,676	1999	CMA CGM			15,300
CMA CGM Utrillo	2,262	11,676	1999	CMA CGM	3Q19	3Q19	15,300 <sup>(11)</sup>
GSL Keta	2,207	11,731	2003	ANL	3Q19	3Q19	8,450 <sup>(12)</sup>
GSL Julie	2,207	11,731	2002	CMA CGM	3Q19	4Q19	7,200 <sup>(13)</sup>
Kumasi	2,207	11,731	2002	CMA CGM	4Q19	1Q21 <sup>(14)</sup>	9,800 <sup>(14)</sup>
Marie Delmas	2,207	11,731	2002	CMA CGM	4Q19	1Q21 <sup>(14)</sup>	9,800 <sup>(14)</sup>

- (1) Modern design, high reefer capacity fuel efficient ships.
- (2) Five year charter to MSC at implied Adjusted EBITDA of \$25.6 million per ship for the period.
- (3) Charterer has exercised the option to extend 12 months from September 21, 2019 at \$18,000 per day.
- (4) GSL Eleni delivered in May 2019; GSL Grania delivered in September 2019 and GSL Kalliopi is scheduled to be delivered in late September or early October 2019. GSL Eleni chartered for five years; GSL Grania and GSL Kalliopi are or will be chartered for three years plus two successive periods of one year at option of the charterer. Implied Aggregate Adjusted EBITDA of \$32.0 million for firm periods, increasing to \$47.0 million if all options are exercised.
- (5) Thereafter, we have the option, callable in 4Q19, to extend for four years at \$20,000 per day.
- (6) Thereafter, a new charter with Maersk Line for 30—38 months at an implied Adjusted EBITDA of \$5.3 million for the median period. Additional 12—month extension at charterer's option, for an additional \$4.4 million implied Adjusted EBITDA.
- (7) Thereafter in direct continuation 21-24 months to ZIM at \$14,500 per day.
- (8) Rate increases to \$11,500 per day from August 14, 2019.
- (9) Rate increases to \$10,000 per day from June 3, 2020.
- (10) Thereafter, 6-7 months to MSC at \$8,250 per day.
- (11) Thereafter, 6-7 months to CMA CGM at \$8,500 per day.
- (12) Thereafter 50-90 days to OOCL at \$8,700 per day.
- (13) \$ 7,200 per day between August 16, 2019 and October 16, 2019, at charterer's option, with an option in favor of charterer to extend from October 16, 2019 at \$8,500 per day for six months plus or minus 30 days.
- (14) We have has the option to extend to December 31, 2020 plus or minus 90 days, at \$9,800 per day.

## Employment of Our Fleet

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

The term for a time charter commences on the ship'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. Charters may be extended on mutually agreed terms, or the ship may be re-delivered by the charterer at the end of the charter period, within a pre-agreed time window (to allow for operational flexibility), in which case we would seek alternate employment with another charterer.

Our charters are with a number of different charterers and expire on different dates over a period of time. We believe the diversified charterer base reduces counterparty risk and 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 ship. 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 relevant period of the charter, although the charter rate can be reduced in certain circumstances where there are added costs to the charterer due to ship performance deficiencies in speed or fuel consumption. Hire can also be reduced, pro-rata for any cost savings that we may realize, if the ship is laid up or idled at the charterers' request.

### ***Operations and Expenses***

As owners, we are required to maintain each ship in class and in an efficient state of hull and machinery and are responsible for ship 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 ships.

### ***Right of First Refusal***

Pursuant to the terms of the initial time charters with CMA CGM, of which 13 are in place as of the date of this prospectus, CMA CGM has a right of first refusal to purchase the ship 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 ship, subject to CMA CGM's prior approval, which shall not be unreasonably withheld. CMA CGM has the right to reject a sale of a ship to owners whose business or shareholding is determined to be detrimental or contrary to its interest.

### ***Off-hire***

Under a time charter, when the ship 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. A ship generally will be deemed to be off-hire if there is an occurrence that affects the full working condition of the ship, 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 ship arrests; or
- our failure to maintain the ship 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 ship, which includes crewing, provision of lubricating oils, maintaining the ship, periodic drydocking and performing work required by regulations. The day-to-day crewing and technical management of our ships are provided by Technomar, our Technical Manager, pursuant to the terms of ship management agreements.

### ***Termination and Withdrawal***

Generally, if a ship is off-hire for a significant number of consecutive days, then the charterer may cancel the charter without any further consequential claims provided the ship 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 ship during an anticipated extended period of off-hire.

For a number of ships chartered to CMA CGM, if a ship'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 ship'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. OOCL does not have a similar right.

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 ship.

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

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

### **Ship Management**

For details regarding the technical and commercial management of our ships, please see "Item 4. Information on the Company—B. Business Overview—Ship Management" and "—Commercial Management" in our Annual Report on Form 20-F for the year ended December 31, 2018, which is incorporated herein by reference.

### **Insurance**

We arrange for insurance coverage for each of our ships, including hull and machinery insurance, protection and indemnity insurance and war risk insurance. We are responsible for the payment of all premiums. For more information regarding our insurance coverage, please see "Item 4. Information on the Company—B. Business Overview—Risk of Loss and Liability Insurance" contained in our Annual Report on Form 20-F for the year ended December 31, 2018, which is incorporated herein by reference.

### **Inspection by Classification Societies**

For details regarding inspection and classification of our ships, please see "Item 4. Information on the Company—B. Business Overview—Inspection by Classification Societies" contained in our Annual Report on Form 20-F for the year ended December 31, 2018, which is incorporated herein by reference.

### **Competition**

We operate in markets that are highly competitive. We expect to compete for ship purchases and charters based upon price, customer relationships, operating expertise, professional reputation and size, age and condition

of the ship. We also expect to compete with many other companies, both other owners and operators including CMA CGM and its subsidiaries, to, among other things, purchase newbuildings and secondhand ships 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 container shipping industry downturn, there have been an increased number of ships available for charter, including many from owners with strong reputations and experience. Excess supply of ships 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 ships. The kinds of permits, licenses and certificates required depend upon several factors, including the commodities transported, the waters in which the ship operates, the nationality of the ship's crew and the age of a ship. Not all of the permits, licenses and certificates currently required to operate the ships globally have been obtained by us or our Managers beforehand, they will be obtained in cases voyage requires it to operate them in these waters.

#### **Environmental and Other Regulations**

Government regulation significantly affects our business and the operation of our ships. For details regarding the environmental and government regulations affecting our business, please see "Item 4. Information on the Company—B. Business Overview -Environmental and Other Regulations" in our 2018 Annual Report and incorporated herein by reference.

#### **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 containerships. 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.

#### **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.

#### **Properties**

Other than our ships, we do not own any material property. Please see "Item 4. Information on the Company B. Business Overview—Our Fleet" for a description of our ships. Our ships serve as collateral under our debt agreements. For further information regarding our debt agreements and the security thereunder, please see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Indebtedness" contained in our 2018 Annual Report and incorporated herein by reference. We do not own any real property.

## MANAGEMENT

### Directors and Senior Officers

Our directors and executive officers as of the date of this prospectus and their ages as of the date of this prospectus are listed below:

<u>Name</u>	<u>Age</u>	<u>Position</u>
George Giouroukos	54	Executive Chairman
Michael S. Gross	58	Director
Alain Wils	76	Director
Philippe Lemonnier	59	Director
Michael Chalkias	49	Director
Henry Mannix III	40	Director
Alain Pitner	70	Director
Menno van Lacum	49	Director
Ian J. Webber	62	Chief Executive Officer
Thomas A. Lister	50	Chief Commercial Officer
Anastasios Psaropoulos	41	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. Since 2010, Mr. Gross has been the Chairman of the board of directors and Chief Executive Officer of Solar Senior Capital Ltd. Since 2007, Mr. Gross has served as the Chairman and Chief Executive Officer of Solar Capital Ltd, a finance company focusing on debt and equity investments in leveraged companies. 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 as 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 of Prime Marine, a leading international product tanker and gas carrier company, which has managed more than 95 ships since its inception, where he serves as Co-Chief Executive Officer. 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. FSL Trust currently owns a diversified portfolio of 18 ships. Mr. Chalkias has more than 25 years of experience in the shipping industry, during which he has accumulated broad experience in all aspects of the business and established strong relationships in the shipping industry. 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 involved with debt and equity instruments as well as structured financing. Over the course of his career, Mr. Chalkias has invested in many ships, primarily product tankers and gas carriers. 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 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 The Traxys Companies. 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 and commenced his career in 1997 at the Fortis Group in the Netherlands. In 1999, he joined 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 across different asset classes within the Transportation Sector. In 2009, Mr. van Lacum joined the Transportation Capital Group (“TCG”) as a Partner in the Netherlands. TCG is a private investment firm focusing primarily on the shipping industry. Mr. van Lacum holds a Master’s Degree in Economics from the University of Amsterdam, Netherlands.

**Ian J. Webber:** Mr. Webber has been our Chief Executive Officer since 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 containership operator and 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 to November 2018, was also our Chief Financial Officer. From 2005 until 2007, Mr. Lister was a Senior Vice President at DVB. 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 in international shipping groups. 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 a number of successful distressed assets acquisitions. 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.

From November 2008 until the completion of the Poseidon Transaction in November 2018, Vivek Puri was our Chief Technical Officer. His employment ended in April 2019.

From August 2008 to March 2017, Susan J. Cook was our Chief Financial Officer. From April 2017 to February 2019, she was a part-time advisor to the company.

### **Board of Directors and Executive Compensation**

For information regarding employment agreements and executive and director compensation, please see “Item 6. Directors, Senior Management and Employees—B. Compensation” contained in our 2018 Annual Report, incorporated by reference herein, and our Report on Form 6-K, filed with the Commission on August 9, 2019, incorporated by reference herein.

### **Board Practices**

For details regarding our board practices, including information regarding board committees, please see “Item 6. Directors, Senior Management and Employees—C. Board Practices” in our 2018 Annual Report and incorporated herein by reference.

### **Employees**

As of August 30, 2019, we had six employees and as of December 31, 2018, we had 12 employees. At each of December 31, 2017 and 2016, we had nine employees.

## CERTAIN RELATIONSHIPS AND 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 issuable on conversion of Series C Preferred Shares. 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 with the SEC a shelf registration statement to register the offer and resale of all securities covered by the Amended and Restated Registration Rights Agreement, which registration statement became effective on May 28, 2019. The Amended and Restated Registration Rights Agreement provides certain piggyback and demand registration rights. The Amended and Restated Registration Rights Agreement also provides that the shareholders party to it will not transfer any shares covered by the agreement for a period of six months following the closing of the Poseidon Transaction (with certain exceptions) and contains customary indemnification and other provisions.

### 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 agreed 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 ships 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 ship management services relating to containerships, or other ship 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 ship 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, agreed 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 7 calendar days in respect of a single ship transaction, or a period of 14 calendar days in respect of a multi-ship 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 agreed 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 ships, 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 ship, the potential charterer's demands for the ship'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.

#### **Technical and Commercial Management Agreements**

Our Executive Chairman, Mr. George Giouroukos, is a significant shareholder of Technomar, which provides day-to-day technical ship management services to us on all of our ships pursuant to technical ship management agreements. Mr. Giouroukos is also a significant shareholder of Conchart, which provides

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commercial management services for 23 of our ships and is exclusive broker for 18 of our ships. For more information regarding our management agreements with Technomar and Conchart, please see “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Ship Management Agreements” contained in our Annual Report on Form 20-F for the year ended December 31, 2018, filed with the Commission on March 29, 2018 and incorporated herein by reference.

**Kelso Letter Agreement**

In September 2019, we entered into an agreement with Kelso, whereby Kelso agreed to convert its outstanding Series C Preferred Shares into Class A common shares upon the repayment in full of our 9.875% First Priority Secured Notes due 2022.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding beneficial ownership of our common shares for (i) owners of more than five percent of our common shares and (ii) our directors and officers, of which we are aware as of the date of this prospectus.

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 or our Series C Preferred Shares, shown as beneficially owned, subject to applicable community property laws. As of the date of this prospectus, an aggregate of 9,942,950 Class A common shares were issued and outstanding, and no Class B common shares are issued and outstanding, all Class B common shares having converted to Class A common shares on January 2, 2019. In addition, there were an aggregate of 250,000 Series C Preferred Shares outstanding, all held by Kelso affiliates, which convert in limited circumstances to an aggregate of 12,955,187 Class A common shares. Upon the occurrence of any liquidation, dissolution or winding up of our affairs, holders of Series C Perpetual Shares shall be entitled to receive an amount equal to the amount payable in respect of the number of Class A common shares into which such Series C Preferred Shares would be convertible at such time, such amount to be determined as of the record date for determination of holders of Class A common shares entitled to receive such distribution or, if no such record date is established, as of the date of such distribution. Holders of Series C Preferred Shares are entitled to a dividend only should such a dividend be declared on our Class A common shares.

In September 2019, we entered into an agreement with Kelso, whereby Kelso agreed to convert its outstanding Series C Preferred Shares into Class A common shares upon the repayment in full of our 9.875% First Priority Secured Notes due 2022.

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. Each Series C Preferred Share is entitled to 38.75 votes on all matters submitted to a vote of the shareholders. The holders of Series C Preferred Shares vote together with the common shareholders as one class on all matters submitted to a vote of the shareholders.

<b><u>Name of Beneficial Owner</u></b>	<b><u>Amount of Beneficial Ownership of Class A Common Shares</u></b>	<b><u>Approximate Percentage of Outstanding Common Shares(1)</u></b>
George Giouroukos	1,969,188 <sup>(2)</sup>	19.80%
Michael S. Gross	1,344,094 <sup>(3)</sup>	13.52%
Alain Wils	1,312	0.01%
Philippe Lemonnier	0	0%
Henry Mannix III	155,750 <sup>(4)</sup>	1.57%
Michael Chalkias	0	0%
Ian J. Webber	55,312	0.56%
Thomas Lister	26,904	0.27%
Anastasios Psaropoulos	0	0%
All directors and executive officers as a group (11 individuals)	3,552,560	35.73%
CMA CGM S.A.	3,051,587 <sup>(5)</sup>	30.69%
MAAS Capital	1,036,415	10.42%
KIA VIII (Newco Marine) Ltd.	155,750 <sup>(4)</sup>	1.57%
KEP VI (Newco Marine) Ltd.	155,750 <sup>(4)</sup>	1.57%

- (1) Calculated based on 9,942,950 common shares outstanding as of the date of this prospectus.
- (2) Mr. Giouroukos, who serves as our Executive Chairman, owns and controls Management Investor Co., which is the record holder of 1,969,188 Class A common shares. As a result, Mr. Giouroukos may be deemed to beneficially own the shares held by Management Investor Co.
- (3) This information is derived from a Schedule 13D/A filed with the SEC on January 3, 2019. Michael S. Gross directly holds 566,880 shares of Class A Common Stock. Marathon Founders, LLC directly holds 777,214 shares of Class A Common Stock. As the Managing Member of Marathon Founders, LLC, Mr. Gross may be deemed to exercise voting rights and investment power over all securities of Global Ship Lease, Inc. held by Marathon Founders, LLC and thus may be deemed to beneficially own such shares.
- (4) This information is derived from a Schedule 13D filed with the SEC on November 26, 2018. Includes Class A common shares deemed to be beneficially owned by KIA VIII (Newco Marine) Ltd., or KIA VIII, and KEP VI (Newco Marine) Ltd., or KEP VI, by virtue of a voting agreement entered into among KEP VIII, KEP VI, CMA CGM S.A. and Michael S. Gross. KEP VI (Cayman, L.P., KEP VI (Cayman) GP Ltd., KIA VIII (International), L.P., KELSO GP VIII (Cayman) L.P., KELSO GP VIII (Cayman) Ltd., Frank T. Nickell, Thomas R. Wall, IV, George E. Matelich, Michael B. Goldberg, David I. Wahrhaftig, Frank K. Bynum, Jr., Philip Berney, Frank J. Loverro, James J. Connors, II, Stanley de J. Osborne, Church M. Moore, Christopher L. Collins, Anna Lynn Alexander, Howard A. Matlin, Stephen C. Dutton, Matthew S. Edgerton, John K. Kim and Henry Mannix III (the “Kelso Joint Filers”) may be deemed to share beneficial ownership of these Class A common shares. Each of the Kelso Joint Filers share investment and voting power with respect to any Class A common shares beneficially owned by KIA VIII and KEP VI but disclaim beneficial ownership of such Class A common shares.

In addition, there were an aggregate of 250,000 Series C Preferred Shares outstanding, all held by Kelso affiliates, which convert in limited circumstances to an aggregate of 12,955,187 Class A common shares. Each Series C Preferred Share is entitled to 38.75 votes on all matters submitted to a vote of the shareholders. The holders of Series C Preferred Shares vote together with the common shareholders as one class on all matters submitted to a vote of the shareholders. According to information contained in public filings, KEP VI (Newco Marine) Ltd. and KIA VIII (Newco Marine) Ltd., both affiliates of Kelso & Company, a U.S. private equity firm, hereafter referred to as Kelso, controls approximately 50.1% of the vote on any matter submitted to the vote of our common shareholders, through its ownership of Series C Preferred Shares and by virtue of the voting agreement with certain other of our shareholders.

- (5) This information is derived from a Schedule 13D/A filed with the SEC on January 14, 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.

As of August 31, 2019, we had 20 registered shareholders of record, eight of which were located in the United States and held an aggregate of 3,944,833 of our Class A common shares, representing 39.7% 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 3,146,005 of our Class A common shares as of August 31, 2019. 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.

Other than Kelso by virtue of its beneficial ownership of Series C Preferred Shares, our major shareholders, directors and executive officers do not have different voting rights.

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

## DESCRIPTION OF SHARE CAPITAL

### Authorized Capitalization

Under our Articles of Incorporation, as amended, our authorized share capital consists of:

- 214,000,000 Class A common shares, \$0.01 per share, of which 9,942,950 shares were issued and outstanding as of the date of this prospectus;
- 20,000,000 Class B common shares, par value \$0.01 per share, of which none were issued and outstanding as of the date of this prospectus;
- 15,000,000 Class C common shares, par value \$0.01 per share, of which none were issued and outstanding as of the date of this prospectus;
- 16,100 Series B Preferred Shares, par value \$0.01 per share, of which 14,000 shares were issued and outstanding as of the date of this prospectus; and
- 250,000 Series C Preferred Shares, par value \$0.01 per share, of which 250,000 shares were issued and outstanding as of the date of this prospectus.

### Share History

In each of 2016 and 2017, 4,266 Class A common shares were awarded to our directors under our 2015 Equity Incentive Plan, representing 20% of their base compensation.

On November 15, 2018, we completed the Poseidon Transaction. The consideration for the acquisition of the net assets was 3,005,603 Class A common shares and 250,000 Series C Preferred Shares. In addition, as a consequence of the completion of the Poseidon Transaction, all outstanding stock awards to officers and employees vested and 60,425 Class A common shares were issued in November 2018.

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 925,745 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 prospectus give effect to the reverse stock split retroactively.

### Memorandum and Articles of Association

The rights, preferences and restrictions attaching to each class of shares of our capital stock are described in the sections “Description of Capital Shares,” “Description of Preferred Shares,” and “Description of Depositary Shares” of the Amendment No. 1 to our registration statement on Form F-3 (File No. 333-197518) filed with the Commission on July 28, 2014 and hereby incorporated by reference into this prospectus. There have been no changes since that date, other than the issuance of the Series B Preferred Shares in August 2014 and Series C Preferred Shares in November 2018, 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. In the event of any liquidation, dissolution or winding up of our affairs, holders of the Series B Preferred Shares will have the right to receive the liquidation preference of \$2,500.00 per share of Series B Preferred Shares (equivalent to \$25.00 per depositary share or \$35.0 million in the aggregate) 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 the Series B Preferred Shares of the Company, 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. 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 depositary share). The rights, preferences and restrictions attaching to the Series B Preferred Shares are described in the section “Description of Series B Preferred Shares and Depositary Shares” of our prospectus supplement dated August 13, 2014 filed with the Commission on August 15, 2014 and hereby incorporated by reference into this prospectus. There have been no changes since that date. 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, and (ii) 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 (ii) being incorporated by reference to Exhibits 3.1 and 4.1, respectively, of Global Ship Lease, Inc.’s Report on Form 6-K (File No. 001-34153) filed on August 20, 2014), each of which is hereby incorporated by reference into this prospectus. There have been no changes since that date.

On November 15, 2018, we issued 250,000 Series C Preferred Shares of par value \$0.01 per share. The Series C Preferred Shares are convertible to an aggregate of 12,955,187 Class A common shares at the option of the holder on the date when our 9.875% First Priority Secured Notes due 2022 are no longer outstanding. In addition, the Series C Preferred Shares will convert automatically upon transfer to any person who is not an affiliate of the initial holder of such Series C Preferred Shares. In September 2019, we entered into an agreement with Kelso, whereby Kelso agreed to convert its outstanding Series C Preferred Shares into Class A common shares upon the repayment in full of our 9.875% First Priority Secured Notes due 2022. Upon the occurrence of any liquidation, dissolution or winding up of our affairs, holders of Series C Perpetual Shares shall be entitled to receive an amount equal to the amount payable in respect of the number of Class A common shares into which such Series C Preferred Shares would be convertible at such time, such amount to be determined as of the record date for determination of holders of Class A common shares entitled to receive such distribution or, if no such record date is established, as of the date of such distribution. Holders of Series C Preferred Shares are entitled to a dividend only should such a dividend be declared on our Class A common shares. If our Board of Directors declares a dividend or other distribution upon the then-outstanding Class A common shares, then the holders of the Series C Preferred Shares shall be entitled to receive the amount of dividends as would be payable in respect of the number of Class A common shares into which such Series C Preferred Shares would be convertible. Each Series C Preferred Share shall entitle the holder thereof to 38.75 votes on all matters submitted to a vote of shareholders. Except as otherwise provided in the Certificate of Designation for Series C Preferred Shares or required by law, the Series C Preferred Shares shall vote together with the Common Shares as one class in the election of directors of the Company and on all other matters submitted to a vote of the shareholders. The Series C Preferred Shares shall be perpetual and shall not be subject to mandatory redemption, sinking fund or other similar provisions. The rights, preferences and restrictions attaching to the Series C Preferred Shares are described in the Certificate of Designation for Series C Perpetual Preferred Shares of Global Ship Lease, Inc. (incorporated by reference to Exhibit A of Global Ship Lease, Inc.’s Report on Form 6-K (File No. 001-34153) filed on October 29, 2018) and hereby incorporated by reference into this prospectus. There have been no changes since that date.

In September 2019, we entered into an agreement with Kelso, whereby Kelso agreed to convert its outstanding Series C Preferred Shares into Class A common shares upon the repayment in full of our 9.875% First Priority Secured Notes due 2022.

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.

### **Listing**

Our Class A common shares have been listed on the NYSE under the symbol “GSL” since August 15, 2008. 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 August 14, 2014.

### **Registration Rights Agreements**

In connection with this offering, we have agreed to enter into a registration rights agreement with B. Riley FBR, Inc. (“B. Riley FBR”), one of the underwriters in this offering, or its affiliates, pursuant to which we will agree to register any shares of our Class A common stock held by B. Riley FBR or its affiliates following the completion of this offering to the extent such shares constitute “restricted” or “control” securities under applicable rules and regulations of the SEC (the “B. Riley Registration Rights Agreement”). We expect that the B. Riley Registration Rights Agreement will provide B. Riley FBR or its affiliates with certain piggyback and demand registration rights, and contain customary indemnification and other provisions.

We also have a registration rights agreement with certain of our major shareholders that was entered into at the time of the Marathon Merger, and that was subsequently amended and restated in October 2018. For a description of the Amended and Restated Registration Rights Agreement, see the section of this prospectus entitled “Certain Relationships and Related Party Transactions.”

## 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.

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 own 10% or more, directly or constructively, of the Class A 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 ship, or the performance of services directly related to the use of a ship (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 ships, 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 ships in the fleet is owned by a separate wholly owned subsidiary organized either in the Marshall Islands, Cyprus or Hong Kong. The U.S. Treasury Department recognizes the Marshall Islands, 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). We believe that we satisfied the 50% Ownership Test, up to and including 2008, due to being a wholly owned subsidiary of CMA CGM until the Marathon Merger on August 14, 2008, but believe that we currently may not 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. Moreover, the Class A common shares currently represent more than 50% of both the voting power and value of all classes of our shares. However, it is possible that the value of the class of Series B preferred shares may be greater than the value of the class of our Class A common shares. No assurance can be given that the Class A common shares will continue to represent more than 50% of both the voting power and value of all classes of our shares.

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. 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.

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. However, as a result of the Poseidon Transaction, our ownership has changed such that nonqualified shareholders may own, in the aggregate, 50% or more of the total value of our Class A common stock, causing the 5% Override Rule to apply. If the 5% Override Rule applies, we would fail the Publicly Traded Test, and would fail to qualify for the Section 883 exemption. Therefore, we do not expect to qualify for the Section 883 exemption for 2019. It is uncertain whether we will qualify, and continue to qualify, for the Section 883 exemption in future taxable years.

Such an ownership change, and certain other requirements for our stock to be treated as primarily and regularly traded on an established securities market, are outside of our control and, as a result, no assurances can be provided that our stock will be so treated for any year. Moreover, since the availability of the Section 883 exemption depends on other matters over which we have no control, we can give no assurances that we will, or will continue to, qualify for the Section 883 exemption.

If we were not to qualify for the Section 883 exemption in any year, U.S. income taxes may become payable, based on our U.S. source gross transportation income. Whilst this U.S. income tax should be recoverable from our charterers under the charter contracts, there could be a negative effect on our business, and there could be a decrease in earnings available for distribution to our shareholders.

#### *United States taxation of gain on sale of ships*

If we qualify for the Section 883 exemption, then gain from the sale of any ship 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 ships could be subject to U.S. federal income tax.

#### *Possibility of taxation as a U.S. corporation*

Section 7874 of the Code provides that a foreign corporation that acquires substantially all the properties of a U.S. corporation is generally treated as though it were a U.S. corporation for U.S. federal income tax purposes if, after the acquisition, (1) at least 80% (by vote or value) of the stock of the foreign corporation is owned by former shareholders of the U.S. corporation by reason of owning stock in the U.S. corporation, and (2) the foreign corporation’s expanded affiliate group does not have substantial business activities in the foreign corporation’s jurisdiction of organization. Although we believe that this rule should not apply to us in the context of the Marathon Merger, there is no definitive legal authority applying the principles of Section 7874 of the Code and, therefore, there can be no assurance that the IRS would not seek to challenge such a position, or that such a challenge would not be successful.

If we were to be treated as a U.S. corporation, our net income would be subject to U.S. federal corporate income tax, currently imposed at a rate of 21%. The imposition of this tax would likely have a negative effect on our business, financial condition and results of operations.

### **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.

Further, in a case not concerning PFICs, *Tidewater Inc. v. U.S.*, 2009-1 USTC ¶ 50,337, the Fifth Circuit held that a ship 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. Consequently, 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 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. trader 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/or 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.

If we are treated as a U.S. corporation pursuant to Section 7874 of the Code, non-U.S. holders generally will be subject to withholding tax at a rate of 30% on all dividends paid by us, unless a reduced rate of tax is available under a tax treaty or the dividends are exempt from withholding because they are effectively connected with a non-U.S. holder's conduct of a U.S. trade or business (and, in each case, the relevant certification requirements are satisfied).

### **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.

### **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 are 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.

## UNDERWRITING (CONFLICTS OF INTEREST)

Subject to the terms and conditions set forth in the underwriting agreement between us and the underwriters named below for which B. Riley FBR, Inc. is acting as the representative (the “Representative” or “B. Riley”), we have agreed to sell to the underwriters and the underwriters have agreed to purchase from us, \_\_\_\_\_ shares of our Class A common shares (“Common Stock”).

<u>Underwriter</u>	<u>Number of Shares</u>
B. Riley FBR, Inc.	
<b>Total</b>	[       ]

Under the terms of the underwriting agreement, the underwriters agreed to purchase shares of Common Stock from us at a price of \$ \_\_\_\_\_ per share, which will result in net proceeds to us, after deducting estimated expenses related to this offering, of approximately \$ \_\_\_\_\_ assuming no exercise of the option to purchase additional shares granted to the underwriters, and \$ \_\_\_\_\_ assuming full exercise of the option to purchase additional shares.

The underwriters propose to offer shares of Common Stock to the public, dealers, and institutional clients from time to time for sale in one or more transactions on the New York Stock Exchange at or below the public offering price set forth on the front cover page of this prospectus. The underwriters’ obligation to purchase the shares is subject to satisfaction of certain conditions, including, among others, the continued accuracy of representations and warranties made by us in the underwriting agreement, delivery of legal opinions and the absence of any material changes in our assets, business or prospects after the date of this prospectus. B. Riley FBR or its affiliates intends to hold shares of Common Stock with an aggregate purchase price of at least \$15 million following the consummation of this offering, and the Company has agreed to register the resale by B. Riley FBR or its affiliates of such shares of Common Stock, as described below under “Conflicts of Interest” and “Registration Rights.”

The following table shows the per share and total public offering price, underwriting discounts and commissions and proceeds to us, assuming both no exercise and full exercise of the underwriters’ option to purchase additional shares of our Common Stock. The public offering price set forth below indicates the maximum price per share that the underwriters will reoffer in this offering.

	<u>Per Share</u>	<u>Total</u>	
		<u>No Exercise</u>	<u>Full Exercise</u>
Public offering price	\$	\$	\$
Underwriting discounts and commissions	\$	\$	\$
Proceeds, before expenses, to us	\$	\$	\$

We estimate that the total expenses of the offering payable by us will be approximately \$ \_\_\_\_\_. We have agreed to reimburse the Representative for certain of their expenses, including reasonable fees of legal counsel in an amount not to exceed \$85,000.

Certain executive management members have expressed indications of interest to purchase an aggregate of not less than \$1.225 million of shares of Common Stock in this offering at the public offering price set forth on the front cover page of this prospectus. Such indications of interest are not binding agreements or commitments to purchase such shares and no binding agreement will be executed to purchase such shares prior to the effectiveness of this registration statement.

### **Option to Purchase Additional Shares**

We have granted to the underwriters an option to purchase up to \_\_\_\_\_ additional shares of our Common Stock at a price of \$ \_\_\_\_\_ per share. The underwriters may exercise this option in whole or in part at any time within 30 days after the date of the underwriting agreement. To the extent the underwriters exercise this option, the underwriters will be committed, so long as the conditions of the underwriting agreement are satisfied, to purchase a number of such additional shares.

### **Right of First Refusal**

In connection with this offering, we granted B. Riley FBR a right of first refusal, subject to completion of this offering, for a period of 12 months from the date of completion of this offering to act as (i) the lead underwriter in connection with any public offering of equity or equity-linked securities, subject to compliance with FINRA Rule 5110(f)(2); and (ii) initial purchaser and/or lead placement agent in any private offering of equity or equity-linked securities.

### **Stabilization**

In order to facilitate the offering of the Common Stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Common Stock. Specifically, the underwriters may sell more shares than it is obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the option. The underwriters can close out a covered short sale by exercising the option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the option. The underwriters may also sell shares in excess of the option, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriter is concerned that there may be downward pressure on the price of the Common Stock in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, the underwriter may bid for, and purchase, shares of Common Stock in the open market to stabilize the price of the Common Stock. These activities may raise or maintain the market price of the Common Stock above independent market levels or prevent or retard a decline in the market price of the Common Stock. The underwriters are not required to engage in these activities and may end any of these activities at any time.

These activities may have the effect of raising or maintaining the market price of our Common Stock or preventing or retarding a decline in the market price of our Common Stock. As a result of these activities, the price of our Common Stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on the New York Stock Exchange or otherwise and, if commenced, may be discontinued at any time.

Neither we nor the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our Common Stock. In addition, neither we nor the underwriters make any representation that it will engage in these stabilizing transactions or that any transaction, once commenced, will not be discontinued without notice.

### **Conflicts of Interest**

B. Riley FBR intends to reoffer shares of Common Stock to B. Riley Principal Investments, LLC, an entity under common control with B. Riley FBR, or, in the event the offering is oversubscribed, in lieu of purchasing in this offering, B. Riley Principal Investments, LLC may purchase such shares in a private placement at the same purchase of \$ \_\_\_\_\_ per share. Each of B. Riley FBR and B. Riley Principal Investments, LLC is a direct or indirect wholly-owned subsidiary of B. Riley Financial Inc. and such entities have a significant number of overlapping personnel who perform services for each. In addition, following the completion of this offering and subject to certain conditions, we agreed to grant B. Riley FBR or B. Riley Principal Investments the right to

appoint one (1) member to our Board of Directors until such time when B. Riley FBR and its affiliates hold less than 5% of the total voting power of our Common Stock. As a result of the ownership by B. Riley Principal Investments of the shares purchased in the offering or in a concurrent private placement and B. Riley FBR's, and B. Riley Principal Investments' right to appoint a member of our Board and the affiliation between such entities, B. Riley FBR may be deemed to be an affiliate of the Company. Accordingly, this offering is being made in compliance with the requirements of FINRA Rule 5121. The appointment of a "qualified independent underwriter" is not required in connection with this offering as a "bona fide public market," as defined in FINRA Rule 5121, exists for our Common Stock. Pursuant to FINRA Rule 5110(g)(1), except as permitted by FINRA Rule 5110(g)(2), the shares acquired by the affiliate of B. Riley FBR may not be sold, transferred, assigned, pledged or hypothecated, or be the subject of any hedging, short sale, derivative, put or call transaction that would result in the effective economic disposition of the securities until 180 days after the date of this prospectus.

B. Riley FBR and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, financing and brokerage activities. B. Riley FBR and its affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

In addition, in the ordinary course of their various business activities, B. Riley and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments. B. Riley FBR and its affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

### **Registration Rights**

We have agreed to enter into a registration rights agreement with B. Riley FBR or its affiliates, pursuant to which we will agree to register any shares of Common Stock held by B. Riley or its affiliates following the completion of this offering to the extent such shares constitute restricted securities under applicable rules and regulations of the SEC.

### **Lockup Agreement**

We and our directors and executive officers (collectively, the "Locked-Up Stockholders") have agreed with the underwriters, subject to certain exceptions, not to sell or transfer any Common Stock or securities convertible into, exchangeable for, exercisable for, or repayable with Common Stock, during the period from the date of this prospectus supplement until 90 days after the date of this prospectus supplement, except with the prior written consent of B. Riley FBR. Specifically, we and these other persons have agreed, with certain limited exceptions, not to directly or indirectly:

- offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, make any short sale or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into, exercisable or exchangeable for or that represent the right to receive Common Stock;
- enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Common stock;
- make any demand for or exercise any right with respect to, the registration of any Common Stock or any security convertible into or exercisable for Common Stock; or
- publicly disclose the intention to do any of the foregoing.

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The foregoing restrictions do not apply to transactions relating to (i) the exercise or conversion of any stock option or warrant to purchase Common Stock respectively, outstanding as of the date of this prospectus supplement, (ii) grants of employee stock options to purchase common stock pursuant to any of our benefit plans and any related issuances of Common Stock with respect to such awards, (iii) issuances of shares of Common

Stock pursuant to an existing stock purchase plan, (iv) the establishment of any contract, instruction or plan that satisfies all of the requirements of Rule 10b5-1 under the Exchange Act; provided that no sales of the securities shall be made pursuant to such plan prior to the expiration of the lockup period, or (v) transfers of common stock by will or intestate succession. The Locked-Up Stockholders are further permitted to transfer common stock by gift, or to any trust for the direct or indirect benefit of such Locked-Up Stockholders, or the immediate family of the Locked-Up Stockholders, provided the transferee agrees to hold the shares of common stock subject to the restrictions applicable to the transferor described above.

## **Canada**

The Common Stock may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Common Stock must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the underwriter is not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

## **United Kingdom**

The underwriter has represented and agreed that:

- it has not made or will not make an offer of the securities to the public in the United Kingdom within the meaning of section 102B of the Financial Services and Markets Act 2000 (as amended) (FSMA) except to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities or otherwise in circumstances which do not require the publication by us of a prospectus pursuant to the Prospectus Rules of the Financial Services Authority (FSA);
- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) to persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or in circumstances in which section 21 of FSMA does not apply to us; and
- it has complied with and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the securities in, from or otherwise involving the United Kingdom.

## **Switzerland.**

The securities will not be offered, directly or indirectly, to the public in Switzerland and this prospectus does not constitute a public offering prospectus as that term is understood pursuant to article 652a or 1156 of the Swiss Federal Code of Obligations.



## European Economic Area.

In relation to each Member State of the European Economic Area (the “EEA”) which has implemented the European Prospectus Directive (each, a “Relevant Member State”), an offer of our shares may not be made to the public in a Relevant Member State other than:

- to any legal entity which is a qualified investor, as defined in the European Prospectus Directive;
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the European Prospectus Directive), subject to obtaining the prior consent of the relevant dealer or dealers nominated by us for any such offer, or
- in any other circumstances falling within Article 3(2) of the European Prospectus Directive,

provided that no such offer of our shares shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the European Prospectus Directive or supplement prospectus pursuant to Article 16 of the European Prospectus Directive.

For the purposes of this description, the expression an “offer to the public” in relation to the securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe for the securities, as the expression may be varied in that Relevant Member State by any measure implementing the European Prospectus Directive in that member state, and the expression “European Prospectus Directive” means Directive 2003/71/EC (and amendments hereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State. The expression 2010 PD Amending Directive means Directive 2010/73/EU.

## Israel

In the State of Israel this prospectus shall not be regarded as an offer to the public to purchase shares of Common Stock under the Israeli Securities Law, 5728—1968, which requires a prospectus to be published and authorized by the Israel Securities Authority, if it complies with certain provisions of Section 15 of the Israeli Securities Law, 5728—1968, including, inter alia, if: (i) the offer is made, distributed or directed to not more than 35 investors, subject to certain conditions (the “Addressed Investors”); or (ii) the offer is made, distributed or directed to certain qualified investors defined in the First Addendum of the Israeli Securities Law, 5728—1968, subject to certain conditions (the “Qualified Investors”). The Qualified Investors shall not be taken into account in the count of the Addressed Investors and may be offered to purchase securities in addition to the 35 Addressed Investors. The company has not and will not take any action that would require it to publish a prospectus in accordance with and subject to the Israeli Securities Law, 5728—1968. We have not and will not distribute this prospectus or make, distribute or direct an offer to subscribe for our Common Stock to any person within the State of Israel, other than to Qualified Investors and up to 35 Addressed Investors.

Qualified Investors may have to submit written evidence that they meet the definitions set out in of the First Addendum to the Israeli Securities Law, 5728—1968. In particular, we may request, as a condition to be offered Common Stock, that Qualified Investors will each represent, warrant and certify to us and/or to anyone acting on our behalf: (i) that it is an investor falling within one of the categories listed in the First Addendum to the Israeli Securities Law, 5728—1968; (ii) which of the categories listed in the First Addendum to the Israeli Securities Law, 5728—1968 regarding Qualified Investors is applicable to it; (iii) that it will abide by all provisions set forth in the Israeli Securities Law, 5728—1968 and the regulations promulgated thereunder in connection with the offer to be issued Common Stock; (iv) that the shares of Common Stock that it will be issued are, subject to exemptions available under the Israeli Securities Law, 5728—1968: (a) for its own account; (b) for investment purposes only; and (c) not issued with a view to resale within the State of Israel, other than in accordance with the provisions of the Israeli Securities Law, 5728—1968; and (v) that it is willing to provide further evidence of

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its Qualified Investor status. Addressed Investors may have to submit written evidence in respect of their identity and may have to sign and submit a declaration containing, inter alia, the Addressed Investor's name, address and passport number or Israeli identification number.

We have not authorized and do not authorize the making of any offer of securities through any financial intermediary on our behalf, other than offers made by the underwriter and its affiliates, with a view to the final placement of the securities as contemplated in this document. Accordingly, no purchaser of the shares, other than the underwriter, is authorized to make any further offer of shares on our behalf or on behalf of the underwriter.

## **ENFORCEMENT OF CIVIL LIABILITIES**

We are organized under the laws of the Marshall Islands as a corporation. The Marshall Islands has a less developed body of securities laws as compared to the United States and provides protections for investors to a significantly lesser extent.

Most of our directors and officers and those of our subsidiaries are residents of countries other than the United States. Substantially all of our and our subsidiaries' assets and a substantial portion of the assets of our directors and officers are located outside the United States. As a result, it may be difficult or impossible for United States investors to effect service of process within the United States upon us, our directors or officers, or our subsidiaries or to realize against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States. However, we have expressly submitted to the jurisdiction of the U.S. federal and New York state courts sitting in the City of New York for the purpose of any suit, action or proceeding arising under the securities laws of the United States or any state in the United States.

In addition, there is uncertainty as to whether the courts of the Marshall Islands would (1) recognize or enforce against us or our directors or officers judgments of courts of the United States based on civil liability provisions of applicable U.S. federal and state securities laws; or (2) impose liabilities against us or our directors and officers in original actions brought in the Marshall Islands, based on these laws.

## LEGAL MATTERS

The validity of the common shares offered by this prospectus and certain other legal matters relating to United States and Marshall Islands law are being passed upon for us by Seward & Kissel LLP, New York, New York. The underwriters are being represented in this offering by Morgan, Lewis & Bockius LLP, Palo Alto, California.

## EXPERTS

The financial statements as of December 31, 2018 and for the year ended December 31, 2018 incorporated by reference into this Prospectus have been so incorporated in reliance on the report (which contains an explanatory paragraph disclosing that the Company has entered into significant contracts with CMA CGM, a related party and the main source of the Company's operating revenue, as described in Note 2(a) to the financial statements) of PricewaterhouseCoopers S.A., an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The financial statements as of December 31, 2017 and for each of the two years in the period ended December 31, 2017 incorporated by reference into this Prospectus have been so incorporated in reliance on the report (which contains an explanatory paragraph disclosing that the Company has entered into significant contracts with CMA CGM, a related party and the main source of the Company's operating revenue, as described in Note 2(a) to the financial statements) of PricewaterhouseCoopers Audit, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The industry information attributed to MSI throughout this prospectus, including under the headings "Prospectus Summary-Industry Overview" and "The International Container Shipping and Containership Leasing Industry", has been reviewed by MSI, which has confirmed to us that such information accurately describes the container shipping market.

## WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form F-1 under the Securities Act with respect to our common shares offered by this prospectus. For the purposes of this section, the term "registration statement" means the original registration statement and any and all amendments, including the schedules and exhibits to the original registration statement or any amendment. This prospectus does not contain all of the information set forth in the registration statement on Form F-1 we filed. Although we believe that we have accurately summarized the material terms of documents filed as exhibits to the registration statement, you should read those exhibits for a complete statement of their provisions. The registration statement on Form F-1, including its exhibits and schedules, may be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the public reference room by calling 1 (800) SEC-0330, and you may obtain copies at prescribed rates from the Public Reference Section of the SEC at its principal office in Washington, D.C. 20549. The SEC maintains a website (<http://www.sec.gov>) that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC.

### Information Incorporated by Reference

The Commission allows us to "incorporate by reference" information that we file with it. This means that we can disclose important information to you by referring you to those filed documents. The information incorporated by reference is considered to be a part of this prospectus, and information that we file later with the Commission prior to the termination of this offering will also be considered to be part of this prospectus and will automatically update and supersede previously filed information, including information contained in this document.

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We hereby incorporate by reference the documents listed below.

- Our Annual Report on [Form 20-F](#) for the year ended December 31, 2018, filed with the Commission on March 29, 2019, containing our audited consolidated financial statements for the most recent fiscal year for which those statements have been filed.
- Our Report of Foreign Private Issuer on [Form 6-K](#), filed with the Commission on May 31, 2019 (except for the commentary of the Company's Executive Chairman and Chief Executive Officer).
- Our Report of Foreign Private Issuer on [Form 6-K](#), filed with the Commission on August 9, 2019, which contains our management's discussion and analysis of financial condition and results of operations and unaudited interim consolidated financial statements and related notes for the six month period ended June 30, 2019.
- Our Report of Foreign Private Issuer on [Form 6-K](#), filed with the Commission on September 24, 2019 (except for any reference to, or information contained in, the Company's website and the statements attributed to the Company's Chairman and Chief Executive Officer contained in Exhibit 99.1 thereto).

You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus as well as the information we previously filed with the Commission and incorporated by reference, is accurate as of the dates on the front cover of those documents only. Our business, financial condition and results of operations and prospects may have changed since those dates.

You may request a free copy of the above-mentioned filings or any subsequent filing we incorporate by reference to this prospectus by writing or telephoning us at the following address:

Global Ship Lease, Inc.  
Attn: Ian J. Webber  
c/o Global Ship Lease Services Limited  
25 Wilton Road  
London SW1V 1LW  
United Kingdom  
+44 (0) 20 3998 0063  
[www.globalshiplease.com](http://www.globalshiplease.com)

### **Information provided by the Company**

We will furnish holders of our Class A common shares and Series C Preferred Shares with annual reports containing audited financial statements and a report by our independent registered public accounting firm. The audited financial statements will be prepared in accordance with United States generally accepted accounting principles and those reports will include a "Management's Discussion and Analysis of Financial Condition and Results of Operations" section for the relevant periods. As a "foreign private issuer," we are exempt from the rules under the Exchange Act prescribing the furnishing and content of proxy statements to shareholders. While we intend to furnish proxy statements to any shareholder in accordance with the rules of the NYSE, those proxy statements are not expected to conform to Schedule 14A of the proxy rules promulgated under the Exchange Act. In addition, as a "foreign private issuer," we are exempt from the rules under the Exchange Act relating to short swing profit reporting and liability.

**OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION**

We estimate the expenses in connection with the distribution of our common shares in this offering, other than underwriting discounts and commissions, will be as set forth in the table below. We will be responsible for paying the following expenses associated with this offering.

SEC Registration Fee	\$ 5,575.20
Printing and Engraving Expenses	\$ 50,000.00
Legal Fees and Expenses	\$ 150,000.00
Accountants' Fees and Expenses	\$ 150,000.00
NYSE Listing Fee	\$ 26,000.00
FINRA Fee	\$ 7,400.00
Miscellaneous Costs	\$ 11,024.80
Total	\$ 400,000.00

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## **\$40 Million of Class A Common Shares**



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# **Global Ship Lease, Inc.**

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## **PROSPECTUS**

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**B. Riley FBR**

, 2019

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## PART II: INFORMATION NOT REQUIRED IN THE PROSPECTUS

### Item 6. Indemnification of Directors and Officers

Section 5 of the Amended and Restated Registration Rights Agreement by and among the Registrant, KEP VI (Newco Marine), Ltd. and KIA VIII (Newco Marine), Ltd., CMA CGM S.A., Management Investor Co. and Anmani Consulting Inc., Marathon Founders, LLC, Michael S. Gross and Maas Capital Investments B.V. (each a “Shareholder” and collectively, the “Shareholders”) provides as follows:

5.1 Indemnification by the Company. The Company agrees to indemnify and hold harmless each Shareholder and each other holder of Registrable Securities, and each of their respective officers, employees, affiliates, directors, partners, members, managers, shareholders, attorneys and agents, and each person, if any, who controls (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) a Shareholder and each other holder of Registrable Securities, from and against any expenses, losses, judgments, claims, damages or liabilities, whether joint or several, arising out of or based upon any untrue statement (or allegedly untrue statement) of a material fact contained in any Registration Statement under which the sale of such Registrable Securities was registered under the Securities Act, any preliminary Prospectus or final Prospectus contained in the Registration Statement, any related free writing prospectus or any amendment or supplement thereto, or arising out of or based upon any omission (or alleged omission) to state a material fact required to be stated therein or necessary to make the statements therein not misleading, except to the extent that such expense, loss, claim, damage or liability arises out of or is based upon any untrue statement or allegedly untrue statement or omission or alleged omission made in such Registration Statement, preliminary Prospectus, final Prospectus, related free writing prospectus or any such amendment or supplement thereto in reliance upon and in conformity with information furnished to the Company, in writing, by such selling holder expressly for use therein.

5.2 Indemnification by Holders of Registrable Securities. Each selling holder of Registrable Securities will, with respect to any Registration Statement where Registrable Securities were registered under the Securities Act, indemnify and hold harmless the Company, each of its directors and officers, and each other person, if any, who controls the Company (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act), against any losses, claims, judgments, damages or liabilities, whether joint or several, to the extent that such losses, claims, judgments, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or allegedly untrue statement of a material fact contained in any Registration Statement under which the sale of such Registrable Securities was registered under the Securities Act, any preliminary Prospectus or final Prospectus contained in the Registration Statement, any related free writing prospectus or any amendment or supplement to the Registration Statement or arise out of or are based upon any omission or the alleged omission to state a material fact required to be stated therein or necessary to make the statement therein not misleading; provided, however, that such selling holder shall be subject to such liability only to the extent that the untrue statement or omission was made in reliance upon and in conformity with information furnished in writing to the Company by such selling holder expressly for use therein. The Company and the holders of Registrable Securities hereby acknowledge and agree that, unless a selling holder requests in writing that additional information be included in any Registration Statement under which the sale of such Registrable Securities was registered under the Securities Act, any preliminary Prospectus or final Prospectus, any related free writing prospectus or any amendment or supplement thereto, the only information furnished to the Company for use in any such document will consist of no more than those statements specifically relating to (a) the number of Registrable Securities beneficially owned by such selling holder and its Affiliates to be registered and/or sold in the registration and/or offering and (b) the name and address of such selling holder and other information with respect to such selling holder (excluding percentages) that appear in the footnotes to the selling stockholder section in any applicable preliminary Prospectus or final Prospectus. Each selling holder’s indemnification obligations hereunder shall be several and not joint and shall be limited to the amount of any net proceeds actually received by such selling holder from the sale of Registrable Securities which gave rise to such indemnification obligation.



**5.3 Conduct of Indemnification Proceedings.** Promptly after receipt by any person of any notice of any loss, claim, damage or liability or any action in respect of which indemnity may be sought pursuant to Section 5.1 or Section 5.2, such person (the “Indemnified Party”) shall, if a claim in respect thereof is to be made against any other person for indemnification hereunder, promptly notify such other person (the “Indemnifying Party”) in writing of the loss, claim, judgment, damage, liability or action; provided that any delay or failure to so notify the Indemnifying Party shall relieve the Indemnifying Party of its obligations hereunder only to the extent that the Indemnifying Party is actually and materially prejudiced by reason of such delay or failure. If the Indemnified Party is seeking indemnification with respect to any claim or action brought against the Indemnified Party, then the Indemnifying Party shall be entitled to participate in such claim or action, and, to the extent that it elects, retain counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party, and any others the Indemnifying Party may designate in such proceeding and shall pay the reasonable fees and disbursements of such counsel related to such proceeding. In any such proceeding, the Indemnified Party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (i) the Indemnified Party and the Indemnifying Party shall have mutually agreed to the retention of such counsel, or (ii) the named parties to any such proceeding (including any impleaded parties) include both the Indemnified Party and the Indemnifying Party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interest between them. The Indemnifying Party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent (which shall not be unreasonably withheld or delayed) or there is a final judgment for the plaintiff, the Indemnifying Party agrees to indemnify the Indemnified Party from and against any loss or liability by reason of such settlement or judgment. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, consent to entry of judgment or effect any settlement of any claim or pending or threatened proceeding in respect of which indemnity could have been sought hereunder by such Indemnified Party, unless such judgment or settlement includes an unconditional release of such Indemnified Party from all liability arising out of such claim or proceeding.

**5.4 Contribution.**

5.4.1 If the indemnification provided for in the foregoing Sections 5.1, 5.2 and 5.3 is unavailable to any Indemnified Party in respect of any loss, claim, damage, liability or action referred to herein, then each such Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such loss, claim, damage, liability or action in such proportion as is appropriate to reflect the relative benefits received by the Indemnified Parties on the one hand and the Indemnifying Parties on the other from the offering. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the Indemnified Party failed to give the notice required under Section 5.3, then each Indemnifying Party shall contribute to such amount paid or payable by such Indemnified Party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Indemnified Parties on the one hand and the Indemnifying Parties on the other in connection with the actions or omissions which resulted in such loss, claim, damage, liability or action, as well as any other relevant equitable considerations. The relative fault of any Indemnified Party and any Indemnifying Party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by such Indemnified Party or such Indemnifying Party and the parties’ relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

5.4.2 The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5.4 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding Section 5.4.1. The amount paid or payable by an Indemnified Party as a result of any loss, claim, damage, liability or action referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 5.4, no holder of Registrable Securities shall be required to contribute any amount in excess of the dollar amount of the net

proceeds (after payment of any underwriting fees, discounts, commissions or taxes) actually received by such holder from the sale of Registrable Securities which gave rise to such contribution obligation. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

Section 60 of the Associations Law of the Republic of the Marshall Islands provides as follows:

- (1) *Actions not by or in right of the corporation.* A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of no contest, or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had reasonable cause to believe that his conduct was unlawful.
- (2) *Actions by or in right of the corporation.* A corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director or officer of the corporation, or is or was serving at the request of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him or in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not, opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claims, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.
- (3) *When director or officer successful.* To the extent that a director or officer of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (1) or (2) of this section, or in the defense of a claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.
- (4) *Payment of expenses in advance.* Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid in advance of the final disposition of such action, suit or proceeding as authorized by the board of directors in the specific case upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the corporation as authorized in this section.
- (5) *Indemnification pursuant to other rights.* The indemnification and advancement of expenses provided by, or granted pursuant to, the other subsections of this section shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

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- (6) *Continuation of indemnification.* The indemnification and advancement of expenses provided by, or granted pursuant to, this section shall, unless otherwise provided when authorized or ratified, continue as a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.
- (7) *Insurance.* A corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation or is or was serving at the request of the corporation as a director or officer against any liability asserted against him and incurred by him in such capacity whether or not the corporation would have the power to indemnify him against such liability under the provisions of this section.

### **Item 7. Recent Sales of Unregistered Securities**

The following information gives effect to a one-for-eight reverse stock split of the Class A common shares of the Registrant that became effective on March 25, 2019. The following transactions were deemed to be exempt from registration under Section 4(a)(2) of the Securities Act. On November 15, 2018, the Registrant completed a strategic combination with Poseidon Containers Holdings LLC and K&T Marine LLC, acquiring 20 containerships, in which the consideration for the acquisition of the net assets was 3,005,603 Class A common shares and 250,000 Series C Preferred Shares.

### **Item 8. Exhibits and Financial Statement Schedules**

#### **(a) Exhibits**

The exhibits filed as part of this registration statement are listed in the index to exhibits immediately preceding such exhibits.

#### **(b) Financial Schedules**

The financial statements filed as part of this registration statement are listed in the index to the financial statements immediately preceding such financial statements, which index to the financial statements is incorporated herein by reference.

### **Item 9. Undertakings**

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b) (1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

**EXHIBIT INDEX**

Number	Description
1.1	<a href="#">Form of Underwriting Agreement</a>
3.1	<a href="#">Amended and Restated Articles of Incorporation of GSL Holdings, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form 8-A (File No. 001-34153) filed with the Commission on March 26, 2019).</a>
3.2	<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 Registrant's Current Report on Form 6-K, filed with the Commission on March 25, 2019).</a>
3.3	<a href="#">Second Amended and Restated Bylaws of GSL Holdings, Inc. (incorporated by reference to Exhibit 1 of the Registrant's Current Report on Form 6-K (File No. 001-34153) filed with the Commission on November 27, 2018).</a>
3.4	<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 Registrant's Current Report on Form 6-K (File No. 001-34153) filed with the Commission on August 20, 2014).</a>
3.5	<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 Registrant's Annual Report on Form 20-F filed with the Commission on March 29, 2019).</a>
4.1	<a href="#">Form of Common Share Certificate of the Company (incorporated by reference to Exhibit 4.1 of the Registrant's Form 6-K (File No. 001-34153) filed with the Commission on March 25, 2019).</a>
4.2	<a href="#">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 Registrant's Current Report on Form 6-K (File No. 001-34153) filed with the Commission on August 20, 2014).</a>
5.1	<a href="#">Opinion of Seward &amp; Kissel LLP as to the validity of the Class A common shares.</a>
8.1	<a href="#">Opinion of Seward &amp; Kissel LLP with respect to certain U.S. and Marshall Islands tax matters.</a>
10.1	<a href="#">Indenture, dated as of October 31, 2017, among Global Ship Lease, Inc., the guarantors party thereto and Citibank, N.A., London Branch, as trustee, security agent, paying agent, registrar and transfer agent (incorporated by reference to Exhibit 99.1 of the Registrant's Current Report on Form 6-K (File No. 001-34153) filed with the Commission on November 3, 2017).</a>
10.2	<a href="#">First Supplemental Indenture, dated December 20, 2018, by and among Global Ship Lease, Inc., the guarantors party thereto and Citibank, N.A., London Branch (incorporated by reference to Exhibit 99.1 to the Registrant's Report on Form 6-K (File No. 001-34153) filed with the Commission on December 20, 2018).</a>
10.3	<a href="#">Form of Notes (incorporated by reference to Exhibit 99.1 of the Registrant's Current Report on Form 6-K (File No. 001-34153) filed with the Commission on November 3, 2017).</a>
10.4	<a href="#">Facility Agreement, dated October 25, 2017, among Global Ship Lease, Inc., as borrower, the guarantors party thereto, Citibank, N.A., London Branch, as arranger, bookrunner and security agent, and Citibank Europe plc, UK Branch, as facility agent. (incorporated by reference to Exhibit 99.3 of the Registrant's Current Report on Form 6-K (File No. 001-34153) filed with the Commission on November 3, 2017).</a>

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- 10.5 [Intercreditor Agreement, dated as of October 31, 2017, among Global Ship Lease, Inc., the guarantors party thereto, Citibank, N.A., London Branch, as Notes trustee, Citibank Europe plc, UK Branch, as term agent, and the other parties from time to time party thereto \(incorporated by reference to Exhibit 99.4 of the Registrant's Current Report on Form 6-K \(File No. 001-34153\) filed with the Commission on November 3, 2017\).](#)
- 10.6 [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 Registrant's Registration Statement on Form F-1 \(File No. 333-147070\) filed with the Commission on November 1, 2007\).](#)
- 10.7 [Form of Guarantee made by CMA CGM S.A. for Global Ship Lease, Inc. \(incorporated by reference to Exhibit 10.11 of the Registrant's Registration Statement on Form F-1 \(File No. 333-147070\) filed with the Commission on November 1, 2007\).](#)
- 10.8 [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 with the Commission on March 25, 2008\).](#)
- 10.9 [Form of Ship Management Agreement entered into by CMA Ships and a Subsidiary of Global Ship Lease, Inc. \(incorporated by reference to Exhibit A-4 to Exhibit 2.1 of Marathon Acquisition Corp.'s Current Report on Form 8-K \(File No. 001-32983\) filed with the Commission on March 25, 2008\).](#)
- 10.10 [Form of Guarantee made by CMA CGM S.A. in favor of Global Ship Lease, Inc. and its Subsidiaries \(incorporated by reference to Exhibit 10.15 of the Registrant's Registration Statement on Form F-1 \(File No. 333-147070\) filed with the Commission on November 1, 2007\).](#)
- 10.11 [Loan Agreement dated August 30, 2017, made by and among Zeus One Marine LLC and Ikaros Marine LLC, as joint and several borrowers, the banks and financial institutions listed therein as lenders, and ABN AMRO Bank N.V., as agent, arranger, security trustee and swap bank \(incorporated by reference to Exhibit 4.14 of the Registrant's Annual Report on Form 20-F filed with the Commission on March 29, 2019\).](#)
- 10.12 [Amending and Restating Deed dated October 9, 2018, by and among Zeus One Marine LLC and Ikaros Marine LLC as joint and several borrowers, Tasman Marine LLC, Hudson Marine LLC and Drake Marine LLC as collateral owners, Poseidon Containers Holdings LLC as corporate guarantor, Odysseus Marine LLC as shareholder, the banks and financial institutions listed therein as lenders, and ABN Amro Bank N.V. as agent, arranger, swap bank and security trustee \(incorporated by reference to Exhibit 4.15 of the Registrant's Annual Report on Form 20-F filed with the Commission on March 29, 2019\).](#)
- 10.13 [Second Amending and Restating Deed dated October 25, 2018, by and among Zeus One Marine LLC and Ikaros Marine LLC as joint and several borrowers, Tasman Marine LLC, Hudson Marine LLC and Drake Marine LLC as collateral owners, Poseidon Containers Holdings LLC as corporate guarantor, Odysseus Marine LLC as shareholder, the banks and financial institutions listed therein as lenders, and ABN Amro Bank N.V. as agent, arranger, swap bank and security trustee \(incorporated by reference to Exhibit 4.16 of the Registrant's Annual Report on Form 20-F filed with the Commission on March 29, 2019\).](#)
- 10.14 [Facility Agreement, dated October 9, 2018, by and among THD Maritime Co. Limited as Borrower, Tasman Marine LLC, Hudson Marine LLC, Drake Marine LLC and Poseidon Containers Holdings LLC as joint and several guarantors, Amsterdam Trade Bank N.V. as mandated lead arranger, agent and security trustee and the financial institutions listed therein as lenders \(incorporated by reference to Exhibit 4.17 of the Registrant's Annual Report on Form 20-F filed with the Commission on March 29, 2019\).](#)
- 10.15 [Loan Agreement dated August 11, 2017 made by and among Crédit Agricole Corporate and Investment Bank, as lender, and Hector Marine LLC, Hephaestus Marine LLC and Pericles Marine LLC, as borrowers \(incorporated by reference to Exhibit 4.18 of the Registrant's Annual Report on Form 20-F filed with the Commission on March 29, 2019\).](#)

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- 10.16 [First Supplemental Agreement, dated October 24, 2018, by and among Hector Marine LLC, Hephaestus Marine LLC and Pericles Marine LLC as joint and several borrowers, Poseidon Containers Holdings LLC as corporate guarantor, Odysseus Marine LLC as share pledgor and Crédit Agricole Corporate and Investment Bank as lender \(incorporated by reference to Exhibit 4.19 of the Registrant's Annual Report on Form 20-F filed with the Commission on March 29, 2019\).](#)
- 10.17 [Facility Agreement dated August 11, 2017 made by and among Leonidas Marine LLC, as borrower, Poseidon Containers Holdings LLC, as guarantor, the financial institutions listed therein as lenders, and Wilmington Trust National Association as facility agent and security agent \(incorporated by reference to Exhibit 4.20 of the Registrant's Annual Report on Form 20-F filed with the Commission on March 29, 2019\).](#)
- 10.18 [First Supplemental Agreement, dated October 24, 2018, by and among Leonidas Marine LLC as borrower, Poseidon Containers Holdings LLC as guarantor, the financial institutions listed therein as lenders and Wilmington Trust, National Association as facility agent and security agent \(incorporated by reference to Exhibit 4.21 of the Registrant's Annual Report on Form 20-F filed with the Commission on March 29, 2019\).](#)
- 10.19 [Facility Agreement dated July 18, 2017 made by and among Athena Marine LLC, Aphrodite Marine LLC, Aris Marine LLC and Alexander Marine LLC, as joint and Several Borrowers, Poseidon Containers Holdings LLC, as guarantor, DVB Bank SE, Amsterdam Branch, as arranger, facility agent and security agent, and DVB Bank SE, as account bank \(incorporated by reference to Exhibit 4.22 of the Registrant's Annual Report on Form 20-F filed with the Commission on March 29, 2019\).](#)
- 10.20 [First Supplemental Agreement with respect to the DVB Facility \(as hereinafter defined\), dated October 24 2018, by and among Athena Marine LLC, Aphrodite Marine LLC, Aris Marine LLC and Alexander Marine LLC as joint and several borrowers, Poseidon Containers Holdings LLC as guarantor, Odysseus Marine LLC as shareholder, the banks and financial institutions listed therein as lenders, DVB Bank SE, Amsterdam Branch as facility agent, security agent and arranger, and DVB Bank SE as account bank \(incorporated by reference to Exhibit 4.23 of the Registrant's Annual Report on Form 20-F filed with the Commission on March 29, 2019\).](#)
- 10.21 [Facility Agreement, dated October 3, 2018, by and among Philippos Marine LLC, Aristoteles Marine LLC and Menelaos Marine LLC as joint and several borrowers, Poseidon Containers Holdings LLC and Triton Containers Holdings LLC as parent guarantors, the banks and financial institutions listed therein as lenders, Crédit Agricole Corporate and Investment Bank as arranger, facility agent and security agent \(incorporated by reference to Exhibit 4.24 of the Registrant's Annual Report on Form 20-F filed with the Commission on March 29, 2019\).](#)
- 10.22 [Junior Facility Agreement, dated October 3, 2018, by and among Philippos Marine LLC, Aristoteles Marine LLC and Menelaos Marine LLC as joint and several borrowers, Poseidon Containers Holdings LLC and Triton Containers Holdings LLC as guarantors, the banks and financial institutions listed therein as lenders, and Wilmington Trust, National Association as agent and security agent \(incorporated by reference to Exhibit 4.25 of the Registrant's Annual Report on Form 20-F filed with the Commission on March 29, 2019\).](#)
- 10.23 [Term Loan Facility, dated November , 2018, by and among Laertis Marine LLC, Telemachus Marine LLC and Penelope Marine LLC as joint and several borrowers and hedge guarantors, Poseidon Containers Holdings LLC, Odyssea Containers Holdings LLC and K&T Marine LLC, as guarantors, Deutsche Bank AG, as arranger, Deutsche Bank AG Filiale Deutschlandsgeschaft, as account bank, and Wilmington Trust, National Association, as facility agent and security agent \(incorporated by reference to Exhibit 4.26 of the Registrant's Annual Report on Form 20-F filed with the Commission on March 29, 2019\).](#)
- 10.24 [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 Registrant's Registration Statement on Form F-1 \(File No. 333-147070\) filed with the Commission on November 1, 2007\).](#)

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- 10.25 [2019 Omnibus Incentive Plan \(incorporated by reference to Exhibit I of the Registrant's Report on Form 6-K \(File No. 001-34153\) filed with the Commission on March 1, 2019\).](#)
- 10.26 [Amended and Restated Service Agreement of Ian J. Webber, dated June 1, 2018 \(incorporated by reference to Exhibit 4.34 of the Registrant's Annual Report on Form 20-F filed with the Commission on March 29, 2019\).](#)
- 10.27 [Deed of Amendment of Amended and Restated Service Agreement of Ian J. Webber, dated October 16, 2018 \(incorporated by reference to Exhibit 4.35 of the Registrant's Annual Report on Form 20-F filed with the Commission on March 29, 2019\).](#)
- 10.28 [Deed of Amendment of Amended and Restated Service Agreement of Thomas A. Lister, dated October 16, 2018 \(incorporated by reference to Exhibit 4.37 of the Registrant's Annual Report on Form 20-F filed with the Commission on March 29, 2019\).](#)
- 10.29 [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 Registrant's Current Report on Form 6-K \(File No. 001-34153\) filed on October 30, 2018\).](#)
- 10.30 [Deed of Commercial Advisory Services and Exclusive Brokerage Services Agreement, dated as of October 29, 2018, by and among Conchart Commercial Inc., Global Ship Lease Services Limited and Global Ship Lease, Inc. \(incorporated by reference to Exhibit 10.4 of the Registrant's Current Report on Form 6-K \(File No. 001-34153\) filed with the Commission on October 30, 2018\).](#)
- 10.31 [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 Registrant's Current Report on Form 6-K \(File No. 001-34153\) filed with the Commission on October 30, 2018\).](#)
- 10.32 [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 Registrant's Current Report on Form 6-K \(File No. 001-34153\) filed with the Commission on October 30, 2018\).](#)
- 10.33 [Form of Technical Management Agreement by and between Technomar Shipping Inc., on the one hand, and ship-owning subsidiaries of Global Ship Lease, Inc. \(incorporated by reference to Exhibit 10.3 of the Registrant's Current Report on Form 6-K \(File No. 001-34153\) filed with the Commission on October 30, 2018\).](#)
- 10.34 [Form of Commercial Management Agreement by and between Conchart Commercial Inc., and ship-owning subsidiaries of Global Ship Lease, Inc. \(incorporated by reference to Exhibit 4.44 of the Registrant's Annual Report on Form 20-F filed with the Commission on March 29, 2019\).](#)
- 10.35 [\\$37 Million Senior Secured Credit Facility, dated May 23, 2019, by and between the Company and Hellenic Bank Public Company Limited as Arranger, Facility Agent and Security Agent, and Original Lender\\*](#)
- 10.36 [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.](#)
- 10.37 [Junior Facility Agreement, dated September 19, 2019, by and among the companies listed in Part A of Schedule 1 as joint and several borrowers, Poseidon Containers Holdings LLC, Global Ship Lease, Inc., Hephaestus Marine LLC, Pericles Marine LLC and Zeus One Marine LLC as guarantors, the financial institutions listed in Part B of Schedule 1 as lenders, and Wilmington Trust \(London\) Limited as facility agent and security agent.](#)

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10.38	<a href="#"><u>Letter Agreement, dated September 23, 2019, by and between the Company, KIA VIII (Newco Marine) Ltd. and KEP VI (Newco Marine) Ltd.</u></a>
10.39	<a href="#"><u>Form of Registration Rights Agreement by and between the Company and B. Riley Principal Investments.</u></a>
21.1	<a href="#"><u>List of Subsidiaries.</u></a>
23.1	<a href="#"><u>Consent of PricewaterhouseCoopers Audit.</u></a>
23.2	<a href="#"><u>Consent of PricewaterhouseCoopers S.A.</u></a>
23.3	Consent of Seward & Kissel LLP (included in its opinion filed as <a href="#"><u>Exhibit 5.1</u></a> and <a href="#"><u>Exhibit 8.1</u></a> )
23.4	<a href="#"><u>Consent of Maritime Strategies International Ltd.</u></a>
24.1	<a href="#"><u>Powers of Attorney*</u></a>

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\* Previously filed.



## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in London, United Kingdom, on the 24 day of September, 2019.

### GLOBAL SHIP LEASE, INC.

By: /s/ Ian J. Webber

Name: Ian J. Webber

Title: Chief Executive Officer  
(Principal Executive Officer)

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on September 24, 2019.

<u>Signature</u>	<u>Title</u>
<u>/s/ George Giouroukos</u> George Giouroukos	Executive Chairman
<u>/s/ Michael S. Gross</u> Michael S. Gross	Director
<u>/s/ Alain Wils</u> Alain Wils	Director
<u>/s/ Philippe Lemonnier</u> Philippe Lemonnier	Director
<u>/s/ Michael Chalkias</u> Michael Chalkias	Director
<u>/s/ Henry Mannix III</u> Henry Mannix III	Director
<u>/s/ Alain Pitner</u> Alain Pitner	Director
<u>/s/ Menno van Lacum</u> Menno van Lacum	Director
<u>/s/ Ian J. Webber</u> Ian J. Webber	Chief Executive Officer (Principal Executive Officer)
<u>/s/ Thomas A. Lister</u> Thomas A. Lister	Chief Commercial Officer
<u>/s/ Anastasios Psaropoulos</u> Anastasios Psaropoulos	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

**Authorized Representative**

Pursuant to the requirements of the Securities Act of 1933, as amended, the undersigned, the duly authorized representative of the Registrant in the United States, has signed this registration statement in the city of Newark, state of Delaware, on September 24, 2019.

**PUGLISI & ASSOCIATES**

By: /s/ Donald J. Puglisi

Name: Donald J. Puglisi

Title: Managing Director

## GLOBAL SHIP LEASE, INC.

## Shares of Class A Common Stock, par value \$0.01 per share

## Underwriting Agreement

September [●], 2019

B. Riley FBR, Inc.  
299 Park Avenue, 21st Floor  
New York, NY 10171

Ladies and Gentlemen:

Global Ship Lease, Inc., a company incorporated in the Republic of the Marshall Islands (the “Company”), proposes to issue and sell to B. Riley FBR, Inc., the sole underwriter (the “Underwriter”), an aggregate of \_\_\_\_\_ shares of Class A Common Stock, par value \$0.01 per share, of the Company (the “Underwritten Shares”). In addition, the Company proposes to issue and sell, at the option of the Underwriter, up to an additional shares of Class A Common Stock of the Company (the “Option Shares”). The Underwritten Shares and the Option Shares are herein referred to as the “Shares”. The shares of Class A Common Stock to be outstanding after giving effect to the sale of the Shares are referred to herein as the “Stock”.

The Company hereby confirms its agreement with the Underwriter concerning the purchase and sale of the Shares, as follows:

1. Registration Statement. The Company has prepared and filed with the Securities and Exchange Commission (the “Commission”) under the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder (collectively, the “Securities Act”), a registration statement on Form F-1 (File No. 333-233198), including a prospectus, relating to the Shares. Such registration statement, as amended at the time it became effective, including the information, if any, deemed pursuant to Rule 430A, 430B or 430C under the Securities Act to be part of the registration statement at the time of its effectiveness (“Rule 430 Information”), is referred to herein as the “Registration Statement”; and as used herein, the term “Preliminary Prospectus” means each prospectus included in such registration statement (and any amendments thereto) before effectiveness, any prospectus filed with the Commission pursuant to Rule 424(a) under the Securities Act and the prospectus included in the Registration Statement at the time of its effectiveness that omits Rule 430 Information, and the term “Prospectus” means the prospectus in the form first used (or made available upon request of purchasers pursuant to Rule 173 under the Securities Act) in connection with confirmation of sales of the Shares. If the Company has filed an abbreviated registration statement pursuant to Rule 462(b) under the Securities Act (the “Rule 462 Registration Statement”), then any reference herein to the term “Registration Statement” shall be deemed to include such Rule 462 Registration Statement. Any reference in this underwriting agreement (this “Agreement”) to the Registration Statement, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 5 of Form F-1 under the Securities Act, as of the effective date of the Registration Statement or the date of such Preliminary Prospectus or the Prospectus, as the case may be. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Registration Statement and the Prospectus.

At or prior to the Applicable Time (as defined below), the Company had prepared the following information (collectively with the pricing information set forth on Annex A, if any, the “Pricing Disclosure Package”): a Preliminary Prospectus dated September, [●], 2019 and each “free-writing prospectus” (as defined pursuant to Rule 405 under the Securities Act) listed on Annex A hereto; any “bona fide electronic roadshow,” as defined in Rule 433 under the Securities Act.

“Applicable Time” means [●:●● P.M.], New York City time, on September [●], 2019.

2. Purchase of the Underwritten Shares.

(a) On the basis of the Company representations, warranties and agreements set forth herein and subject to the conditions set forth herein, the Company agrees to issue and sell the Underwritten Shares to the Underwriter as provided in this Agreement, and the Underwriter agrees to purchase at a price per share (the “Purchase Price”) of \$[●] from the Company the Underwritten Shares, *provided* that with respect to an aggregate of [●] Underwritten Shares allocated at the direction of the Company to certain members of management of the Company, the Underwriter shall purchase such Underwritten Shares at a purchase price of \$[●] per Share.

In addition, on the basis of the Company representations, warranties and agreements set forth herein and subject to the conditions set forth herein, the Company agrees to issue and sell the Option Shares to the Underwriter as provided in this Agreement, and the Underwriter shall have the option to purchase the Option Shares from the Company as provided in this Agreement, at the Purchase Price.

The Underwriter may exercise the option to purchase Option Shares at any time in whole, or from time to time in part, on or before the thirtieth day following the date of the Prospectus, by written notice from the Underwriter to the Company. Such notice shall set forth the aggregate number of Option Shares as to which the option is being exercised and the date and time when the Option Shares are to be delivered and paid for, which may be the same date and time as the Closing Date (as hereinafter defined) but shall not be earlier than the Closing Date nor later than the second business day (as hereinafter defined) after the date of such notice. Any such notice shall be given at least two business days prior to the date and time of delivery specified therein.

(b) The Company understands that the Underwriter intends to make a public offering of the Shares as soon after the effectiveness of this Agreement as in the judgment of the Underwriter is advisable, and initially to offer the Shares on the terms set forth in the Pricing Disclosure Package. The Company acknowledges and agrees that the Underwriter may offer and sell Shares to or through any affiliate of the Underwriter.

(c) Payment for the Shares shall be made by wire transfer in immediately available funds to the account specified by the Company in the case of the Underwritten Shares, at the offices of Seward & Kissel LLP at [●:●● A.M.], New York City time, on September [●], 2019, or at such other time or place on the same or such other date as the Underwriter and the

Company may agree upon in writing or, in the case of the Option Shares, on the date and at the time and place specified by the Underwriter in the written notice of the Underwriter's election to purchase such Option Shares. The time and date of such payment for the Underwritten Shares is referred to herein as the "Closing Date", and the time and date for such payment for the Option Shares, if other than the Closing Date, is herein referred to as the "Additional Closing Date".

(d) Delivery to the Underwriter for the Shares to be purchased on such date or the Additional Closing Date, as the case may be, shall be made against payment by the Underwriter for the Shares to be purchased on the Closing Date or the Additional Closing Date, as the case may be. Any transfer taxes payable in connection with the sale of such Shares shall be duly paid by the Company. Delivery of the Shares shall be made through the facilities of The Depository Trust Company ("DTC") unless the Underwriter shall otherwise instruct.

(e) On the Closing Date, the Company and the Underwriter (or its affiliate nominee) shall execute and deliver a Registration Rights Agreement, in the form to be agreed by the parties, to provide certain registration rights with respect to the Underwriter's resale of the Shares under the Securities Act that are held by the Underwriter for its own account following the Closing Date.

(f) Provided that the Underwriter and/or its affiliates purchase and hold for their own account at least an aggregate of \$15.0 million of Shares as of the Closing Date, the Company agrees that the Board of Directors of the Company (the "Board") shall take all necessary actions, effective immediately following the Closing Date to (i) increase the size of the Board to nine members and (ii) nominate and appoint one individual selected by the Underwriter (the "Appointee") as a director of the Company to fill the vacancy so created, such Appointee to serve as a Term II director with an initial term expiring at the Company's 2022 Annual Meeting of Shareholders; it being understood that the Underwriter shall have the continuing right to select and nominate one such Appointee for so long as the Underwriter and/or its affiliates hold 5% or more of the Company's outstanding voting power; and provided further, that such Appointee shall not be a citizen or resident of the United States to the extent determined necessary by the Board in order to preserve the Company's status as a Foreign Private Issuer; and provided further, that in the event such individual selected or nominated by the Underwriter is not elected as a director of the Company by the shareholders, the Company shall take all necessary actions to ensure that another individual selected and nominated by the Underwriter will be nominated or appointed as a director.

(g) The Company acknowledges and agrees that the Underwriter is acting solely in the capacity of an arm's length contractual counterparty to the Company with respect to the offering of Shares contemplated hereby (including in connection with determining the terms of the offering) and not as a financial advisor or a fiduciary to, or an agent of, the Company or any other person. Additionally, the Underwriter is not advising the Company or any other person as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction. The Company shall consult with its own advisors concerning such matters and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated hereby, and the Underwriter shall have no responsibility or liability to the Company with respect thereto. Any review by the Underwriter of the Company, the transactions contemplated hereby or other matters relating to such transactions will be performed solely for the benefit of the Underwriter and shall not be on behalf of the Company.

3. Representations and Warranties of the Company. The Company represents and warrants to each Underwriter that:

(a) Preliminary Prospectus. No order preventing or suspending the use of any Preliminary Prospectus has been issued by the Commission, and each Preliminary Prospectus included in the Pricing Disclosure Package, at the time of filing thereof, complied in all material respects with the Securities Act, and no Preliminary Prospectus, at the time of filing thereof, contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the Company makes no representation or warranty with respect to any statements or omissions made in reliance upon and in conformity with information relating to the Underwriter furnished to the Company in writing by such Underwriter expressly for use in any Preliminary Prospectus, it being understood and agreed that the only such information furnished by the Underwriter consists of the information described as such in Section 7(b) hereof.

(b) Pricing Disclosure Package. The Pricing Disclosure Package as of the Applicable Time did not, and as of the Closing Date and as of the Additional Closing Date, as the case may be, will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the Company makes no representation or warranty with respect to any statements or omissions made in reliance upon and in conformity with information relating to the Underwriter furnished to the Company in writing by such Underwriter expressly for use in such Pricing Disclosure Package, it being understood and agreed that the only such information furnished by the Underwriter consists of the information described as such in Section 7(b) hereof.

(c) Issuer Free Writing Prospectus. Other than the Registration Statement, the Preliminary Prospectus and the Prospectus, the Company (including its agents and representatives, other than the Underwriter in its capacity as such) has not prepared, used, authorized, approved or referred to and will not prepare, use, authorize, approve or refer to any “written communication” (as defined in Rule 405 under the Securities Act) that constitutes an offer to sell or solicitation of an offer to buy the Shares (each such communication by the Company or its agents and representatives (other than a communication referred to in clause (i) below) an “Issuer Free Writing Prospectus”) other than (i) any document not constituting a prospectus pursuant to Section 2(a)(10)(a) of the Securities Act or Rule 134 under the Securities Act or any document not constituting an offer pursuant to Rule 135 under the Securities Act and (ii) the documents listed on Annex A hereto, each electronic road show and any other written communications approved in writing in advance by the Underwriter, which approval shall not be unreasonably withheld or delayed. Each such Issuer Free Writing Prospectus complies in all material respects with the applicable requirements of the Securities Act, has been or will be (within the time period specified in Rule 433) filed in accordance with the Securities Act (to the extent required thereby) and does not conflict with the information contained in the Registration Statement or the Pricing Disclosure Package, and, when taken together with the Preliminary

Prospectus accompanying, or delivered prior to delivery of, such Issuer Free Writing Prospectus, did not, and as of the Closing Date and as of the Additional Closing Date, as the case may be, will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the Company makes no representation or warranty with respect to any statements or omissions made in each such Issuer Free Writing Prospectus or Preliminary Prospectus in reliance upon and in conformity with information relating to the Underwriter furnished to the Company in writing by such Underwriter expressly for use in such Issuer Free Writing Prospectus or Preliminary Prospectus and any amendment or supplement thereto, it being understood and agreed that the only such information furnished by the Underwriter consists of the information described as such in Section 7(b) hereof.

(d) [Intentionally Omitted.]

(e) Registration Statement and Prospectus. The Registration Statement has been declared effective by the Commission. No order suspending the effectiveness of the Registration Statement has been issued by the Commission, and, to the knowledge of the Company, no proceeding for that purpose or pursuant to Section 8A of the Securities Act against the Company or related to the offering of the Shares has been initiated or threatened by the Commission; as of the applicable effective date of the Registration Statement and any post-effective amendment thereto, the Registration Statement and any such post-effective amendment complied and will comply in all material respects with the applicable requirements of the Securities Act, and did not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading; and as of the date of the Prospectus and any amendment or supplement thereto and as of the Closing Date and as of the Additional Closing Date, as the case may be, the Prospectus will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the Company makes no representation or warranty with respect to any statements or omissions made in reliance upon and in conformity with information relating to the Underwriter furnished to the Company in writing by such Underwriter expressly for use in the Registration Statement and the Prospectus and any amendment or supplement thereto, it being understood and agreed that the only such information furnished by the Underwriter consists of the information described as such in Section 7(b) hereof.

(f) Incorporated Documents. The documents incorporated by reference in the Registration Statement, the Prospectus and the Pricing Disclosure Package, when they were filed with the Commission conformed in all material respects to the requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder (collectively, the “Exchange Act”), and none of such documents contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(g) Financial Statements. The financial statements (including the related notes thereto) of the Company and its consolidated subsidiaries included or incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus comply in all

material respects with the applicable requirements of the Securities Act and the Exchange Act, as applicable, and present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of the dates indicated and the results of their operations and the changes in their cash flows for the periods specified; such financial statements have been prepared in conformity with generally accepted accounting principles in the United States (“GAAP”) applied on a consistent basis throughout the periods covered thereby, except in the case of the unaudited financial statements, which are subject to normal year-end adjustments and do not contain certain footnotes permitted by the applicable rules of the Commission; and any supporting schedules included or incorporated by reference in the Registration Statement present fairly, in all material respects, the information required to be stated therein; and the other historical financial information of the Company and its consolidated subsidiaries included or incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus has been derived from the accounting records of the Company and its consolidated subsidiaries and presents fairly in all material respects the information shown thereby.

(h) No Material Adverse Change. Since the date of the most recent financial statements of the Company included or incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus, except as otherwise disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, (i) there has not been any change in the capital stock, any material change in short-term debt or long-term debt of the Company or any of its subsidiaries, or any dividend or distribution of any kind declared, set aside for payment, paid or made by the Company on any class of capital stock, or any material adverse change, or any development involving a prospective material adverse change, in or affecting the business, properties, management, financial position, stockholders’ equity or results of operations or prospects of the Company and its subsidiaries taken as a whole; (ii) neither the Company nor any of its subsidiaries has entered into any transaction or agreement (whether or not in the ordinary course of business) that is material to the Company and its subsidiaries taken as a whole or incurred any liability or obligation, direct or contingent, that is material to the Company and its subsidiaries taken as a whole; and (iii) neither the Company nor any of its subsidiaries has sustained any loss or interference with its business that is material to the Company and its subsidiaries taken as a whole and that is either from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor disturbance or dispute or any action, order or decree of any court or arbitrator or governmental or regulatory authority.

(i) Organization and Good Standing. The Company and each of its Significant Subsidiaries have been duly organized and are validly existing and in good standing under the laws of their respective jurisdictions of organization, are duly qualified to do business and are in good standing in each jurisdiction in which they are chartered or organized or the conduct of their respective businesses requires such qualification, and have all power and authority necessary to own or hold their respective properties and to conduct the businesses in which they are engaged, except where the failure to be so organized, existing, qualified or in good standing or have such power or authority would not reasonably be expected to, individually or in the aggregate, have a material adverse effect on the business, properties, management, financial position, stockholders’ equity or results of operations or prospects of the Company and its subsidiaries taken as a whole or on the performance by the Company of its obligations under this Agreement (a “Material Adverse Effect”). The Company does not own or control, directly or indirectly, any corporation, association or other entity other than the subsidiaries listed in Exhibit



21.1 to the Registration Statement (the “Significant Subsidiaries”), except for subsidiaries that, considered in the aggregate as a single subsidiary, would not constitute a “significant subsidiary” (as defined in Rule 1.02 of Regulation S-X under the Exchange Act).

(j) Capitalization. The Company has an authorized capitalization as set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus under the heading “Capitalization”; except as otherwise disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus: all the outstanding shares of capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable and are not subject to any pre-emptive or similar rights; except as described in or expressly contemplated by the Registration Statement, Pricing Disclosure Package and the Prospectus, there are no outstanding rights (including, without limitation, pre-emptive rights), warrants or options to acquire, or instruments convertible into or exchangeable for, any shares of capital stock or other equity interest in the Company or any of its subsidiaries, or any contract, commitment, agreement, understanding or arrangement of any kind relating to the issuance of any capital stock of the Company or any such subsidiary, any such convertible or exchangeable securities or any such rights, warrants or options; the capital stock of the Company conforms in all material respects to the description thereof contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus; and all the outstanding shares of capital stock or other equity interests of each subsidiary owned, directly or indirectly, by the Company have been duly authorized and validly issued, are fully paid and non-assessable (except as otherwise described in the Registration Statement, the Pricing Disclosure Package and the Prospectus), and are owned directly or indirectly by the Company, free and clear of any lien, charge, encumbrance, security interest, restriction on voting or transfer or any other claim of any third party, in each case, other than as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

(k) Due Authorization. The Company has full right, power and authority to execute and deliver this Agreement and to perform its obligations hereunder; and all action required to be taken for the due and proper authorization, execution and delivery by it of this Agreement and the consummation by it of the transactions contemplated hereby has been duly and validly taken.

(l) Underwriting Agreement. This Agreement has been duly authorized, executed and delivered by the Company.

(m) The Shares. The Shares to be issued and sold by the Company hereunder have been duly authorized by the Company and, when issued and delivered and paid for as provided herein, will be duly authorized and validly issued, will be fully paid and nonassessable and will conform in all material respects to the descriptions thereof in the Registration Statement, the Pricing Disclosure Package and the Prospectus; and the issuance of the Shares is not subject to any preemptive or similar rights.

(n) No Violation or Default. To the Company’s knowledge, neither the Company nor any of its subsidiaries is (i) in violation of its charter or by-laws or similar organizational documents; (ii) in default, and no event has occurred that, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term,

covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any property or asset of the Company or any of its subsidiaries is subject; or (iii) in violation of any law or statute applicable to the Company or any subsidiary or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority having jurisdiction over the Company or any of its subsidiaries, except, in the case of clauses (ii) and (iii) above, for any such default or violation that would not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect.

(o) No Conflicts. The execution, delivery and performance by the Company of this Agreement, the issuance and sale of the Shares by the Company and the consummation by the Company of the transactions contemplated by this Agreement will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, result in the termination, modification or acceleration of, or result in the creation or imposition of any lien, charge or encumbrance upon any property, right or asset of the Company or any of its subsidiaries pursuant to, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any property, right or asset of the Company or any of its subsidiaries is subject, (ii) result in any violation of the provisions of the charter or by-laws or similar organizational documents of the Company or any of its subsidiaries or (iii) result in the violation of any law or statute applicable to the Company or any subsidiary or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority having jurisdiction over the Company or any of its subsidiaries, except, in the case of clauses (i) and (iii) above, for any such conflict, breach, violation, default, lien, charge or encumbrance that would not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect.

(p) No Consents Required. No consent, approval, authorization, order, registration or qualification of or with any court or arbitrator or governmental or regulatory authority is required for the execution, delivery and performance by the Company of this Agreement, the issuance and sale of the Shares and the consummation of the transactions contemplated by this Agreement, except for (i) the registration of the Shares under the Securities Act, (ii) such consents, approvals, authorizations, orders and registrations or qualifications as may be required by the New York Stock Exchange (the “Exchange”), the Financial Industry Regulatory Authority, Inc. (“FINRA”) and under applicable state securities laws in connection with the purchase and distribution of the Shares by the Underwriter or (iii) such consents, approvals, authorizations, orders, licenses, registrations or qualifications as shall have been obtained or made prior to the Closing Date.

(q) Legal Proceedings. Except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, there are no legal, governmental or regulatory investigations, actions, suits, arbitrations or proceedings (“Actions”) pending to which the Company or any of its subsidiaries is a party or to which any property of the Company or any of its subsidiaries is the subject that, individually or in the aggregate, if determined adversely to the Company or any of its subsidiaries, would reasonably be expected to have a Material Adverse Effect; no such Actions are, to the knowledge of the Company, threatened or contemplated by any governmental or regulatory authority.

(r) Independent Accountants. PricewaterhouseCoopers S.A. and PricewaterhouseCoopers Audit, who have certified certain financial statements of the Company and its subsidiaries, are each an independent registered public accounting firm with respect to the Company and its subsidiaries within the applicable rules and regulations adopted by the Commission and the Public Company Accounting Oversight Board (United States) and as required by the Securities Act.

(s) Title to Real and Personal Property. The Company and its subsidiaries have good and marketable title to, or have valid rights to lease or otherwise use, all items of real and personal property (including, without limitation, all rights, title and interest in insurances, freights and hires, and charters) that are material to the respective businesses of the Company and its subsidiaries, in each case free and clear of all liens, encumbrances, claims and defects and imperfections of title except those that (i) are otherwise disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, (ii) do not materially interfere with the use made and proposed to be made of such property by the Company and its subsidiaries or (iii) could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

(t) Intellectual Property. The Company and its subsidiaries own or possess, or can acquire on reasonable terms, all material patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks and trade names currently employed by them in connection with the business now operated by them, and neither the Company nor any of its subsidiaries has received any notice of infringement of or conflict with asserted rights of others with respect to any of the foregoing which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a Material Adverse Effect on the Company and its subsidiaries, taken as a whole.

(u) Investment Company Act. The Company is not and, after giving effect to the offering and sale of the Shares and the application of the proceeds thereof received by the Company as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, will not be required to register as an “investment company” or an entity “controlled” by an “investment company” within the meaning of the Investment Company Act of 1940, as amended, and the rules and regulations of the Commission thereunder.

(v) Taxes. The Company and its subsidiaries have paid all federal, state, local and foreign taxes to the extent such taxes have become due and filed all tax returns required to be filed through the date hereof (except in any case in which failure to pay or file (as applicable) would not reasonably be expected to have a Material Adverse Effect, and except for any taxes being contested in good faith); and except as otherwise disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, there is no tax deficiency that has been asserted against the Company or any of its subsidiaries or any of their respective properties or assets (except for any tax deficiency that is currently being contested in good faith or as would not reasonably be expected to have a Material Adverse Effect).

(w) Licenses and Permits. The Company and its subsidiaries possess all licenses, sub-licenses, certificates, permits and other authorizations issued by, and have made all declarations and filings with, the appropriate federal, state, local or foreign governmental or regulatory authorities that are necessary for the ownership or lease of their respective properties or the conduct of their respective businesses as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, except where the failure to possess or make the same would not, individually or in the aggregate, have a Material Adverse Effect; and except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, neither the Company nor any of its subsidiaries has received notice of any revocation or modification of any such license, sub-license, certificate, permit or authorization or has any reason to believe that any such license, sub-license, certificate, permit or authorization will not be renewed in the ordinary course, in each case, except where such revocation or modification would not reasonably be expected to have a Material Adverse Effect.

(x) Vessel Certifications. Each of the vessels owned by the Company or any of its subsidiaries is classed by any of Lloyd's Register, DNV-GL & RINA and American Bureau of Shipping or other classification society of recognized international standing and each such vessel is in class with valid class and trading certifications.

(y) Vessel Registration. Each of the vessels owned by the Company or any of its subsidiaries has been duly registered as a vessel under the laws and regulations and flag of the applicable jurisdiction in the sole ownership of the Company or such subsidiary (the "Vessel Owner"), no other action is necessary to establish and perfect such Vessel Owner's title to and interest in such vessel (the "Owned Vessel") as against any charterer or third party and each such Vessel Owner has good and marketable title to the Owned Vessel, free and clear of all mortgages, pledges, liens, security interests and claims and all defects of the title of record except as set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus; and each such Owned Vessel is, as of the date hereof, in good standing with respect to the payment of past and current taxes, fees and other amounts payable under the laws of the jurisdiction where it is registered as would affect its registry with the ship registry of such jurisdiction except for failures to be in good standing which would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(z) No Labor Disputes. No labor disturbance by or dispute with employees of the Company or any of its subsidiaries exists or, to the knowledge of the Company, is contemplated or threatened, and the Company is not aware of any existing or imminent labor disturbance by, or dispute with, the employees of any of its or its subsidiaries' principal suppliers, contractors or customers, except in each case as would not reasonably be expected to have a Material Adverse Effect. Neither the Company nor any of its subsidiaries has received any notice of cancellation or termination with respect to any collective bargaining agreement to which it is a party.

(aa) Certain Environmental Matters. Except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus (i) the Company and its subsidiaries (x) are, and have at all times been, in compliance with all, and have not violated any, applicable federal, state, local and foreign laws (including common law), rules, regulations, requirements, decisions, judgments, decrees, orders and other legally enforceable requirements

relating to pollution or the protection of human health or safety, the environment, natural resources, hazardous or toxic substances or wastes, pollutants or contaminants, including, without limitation, the International Maritime Organization's International Convention for the Prevention of Pollution from Ships, the International Maritime Dangerous Goods Code, the International Management Code for the Safe Operation of Ships and Pollution Prevention, the International Convention on Civil Liability for Bunker Oil Pollution Damage, the International Convention on the Control of Harmful Anti-fouling Systems on Ships and the Maritime Labor Convention (collectively, "Environmental Laws"); (y) have received and are, and have at all times been, in compliance with all, and have not violated any, applicable permits, licenses, certificates or other authorizations or approvals required of them under any Environmental Laws to conduct their respective businesses; and (z) have not received notice of any actual or potential liability or obligation under or relating to, or any actual or potential violation of, any Environmental Laws, including for the investigation or remediation of any disposal or release of hazardous or toxic substances or wastes, pollutants or contaminants, and have no knowledge of any event or condition that would reasonably be expected to result in any such notice, and (ii) there are no costs or liabilities associated with Environmental Laws, or concerning hazardous or toxic substances or wastes, pollutants or contaminants, of or relating to the Company or its subsidiaries, except in the case of each of (i) and (ii) above, for any such matter as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and (iii) except as described in each of the Registration Statement, Pricing Disclosure Package and the Prospectus, (x) there is no proceeding that is pending, or that is known to be contemplated, against the Company or any of its subsidiaries under any Environmental Laws in which a governmental entity is also a party, other than such proceeding regarding which it is reasonably believed no monetary sanctions of \$100,000 or more will be imposed, (y) the Company and its subsidiaries are not aware of any facts or issues regarding compliance with Environmental Laws, or liabilities or other obligations under Environmental Laws or concerning hazardous or toxic substances or wastes, pollutants or contaminants, that could reasonably be expected to have a material effect on the capital expenditures, earnings or competitive position of the Company and its subsidiaries, and (z) none of the Company or its subsidiaries anticipates material capital expenditures relating to any Environmental Laws.

(bb) The Company and its subsidiaries do not maintain any "employee benefit plans" (within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) subject to Title I of ERISA.

(cc) Disclosure Controls. Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company and its subsidiaries maintain an effective system of "disclosure controls and procedures" (as defined in Rule 13a-15(e) of the Exchange Act). Such disclosure controls and procedures are designed to comply with the applicable requirements of the Exchange Act and to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms, including controls and procedures designed to ensure that such information is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure. The Company and its subsidiaries have carried out evaluations of the effectiveness of their disclosure controls and procedures as required by Rule 13a-15 of the Exchange Act.

(dd) Accounting Controls. The Company and its subsidiaries maintain systems of “internal control over financial reporting” (as defined in Rule 13a-15(f) of the Exchange Act) that are designed to comply with the applicable requirements of the Exchange Act and have been designed by, or under the supervision of, their respective principal executive and principal financial officers, or persons performing similar functions, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. The Company and its subsidiaries maintain internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management’s general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management’s general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Since the end of the Company’s most recent audited fiscal year, there has been (i) no material weakness in the Company’s internal control over financial reporting (whether or not remediated) and (ii) no change in the Company’s internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

(ee) Insurance. (i) The Company and each of its subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which they are engaged; (ii) all policies of insurance and fidelity or surety bonds insuring the Company or any of its subsidiaries or their respective businesses, assets (including vessels), employees, officers and directors are in full force and effect; (iii) the Company and its subsidiaries are in compliance in all material respects with the terms of such policies and instruments; (iv) there are no claims by the Company or any of its subsidiaries under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause that are reasonably expected to, individually or in the aggregate, have a Material Adverse Effect and neither the Company nor any of its subsidiaries have been refused any insurance coverage sought or applied for; and (v) neither the Company nor any of its subsidiaries has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business.

(ff) Cyber Security; Data Protection. The Company and its subsidiaries’ information technology assets and equipment, computers, systems, networks, hardware, software, websites, applications, and databases (collectively, “IT Systems”) are adequate for, and operate and perform in all material respects as required in connection with, the operation of the business of the Company and the subsidiaries as currently conducted, to the Company’s knowledge, free and clear of all material bugs, errors, defects, Trojan horses, time bombs, malware and other corruptants. The Company and its subsidiaries have implemented and maintained commercially reasonable controls, policies, procedures, and safeguards to maintain and protect their material confidential information and the integrity, continuous operation, redundancy and security of all IT Systems and data (including all personal, personally identifiable, sensitive, confidential or regulated data (“Personal Data”)) used in connection with their businesses, and there have been no breaches, violations, outages or unauthorized uses of or accesses to same, except for those that have been remedied without material cost or liability or

the duty to notify any other person, nor any incidents under internal review or investigations relating to the same. The Company and its subsidiaries are presently in compliance with all applicable laws or statutes and all judgments, orders, rules and regulations of any court or arbitrator or governmental or regulatory authority, internal policies and contractual obligations relating to the privacy and security of IT Systems and Personal Data and to the protection of such IT Systems and Personal Data from unauthorized use, access, misappropriation or modification, except as would not, individually or in the aggregate, have a Material Adverse Effect.

(gg) No Unlawful Payments. Neither the Company nor any of its subsidiaries nor any director or officer of the Company nor, to the knowledge of the Company, any employee of the Company or any director or officer of its subsidiaries or any agent, affiliate or other person acting on behalf of the Company or any of its subsidiaries has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made or taken an act in furtherance of an offer, promise or authorization of any direct or indirect unlawful payment or benefit to any foreign or domestic government official or employee, including of any government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office; (iii) violated or is in violation of any applicable provision of the Foreign Corrupt Practices Act of 1977, as amended, or any applicable law or regulation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, or committed an offence under the Bribery Act 2010 of the United Kingdom or any other applicable anti-bribery or anti-corruption law; or (iv) made, offered, agreed, requested or taken an act in furtherance of any unlawful bribe or other unlawful benefit, including, without limitation, any rebate, payoff, influence payment, kickback or other unlawful or improper payment or benefit. The Company and its subsidiaries have instituted, maintain and enforce policies and procedures designed to promote and ensure compliance with all applicable anti-bribery and anti-corruption laws.

(hh) Compliance with Anti-Money Laundering Laws. The operations of the Company and its subsidiaries are and have been conducted at all times in material compliance with applicable financial recordkeeping and reporting requirements, including those of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the applicable money laundering statutes of all jurisdictions where the Company or any of its subsidiaries conducts business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any governmental agency (collectively, the “Anti-Money Laundering Laws”) and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

(ii) No Conflicts with Sanctions Laws. Neither the Company nor any of its subsidiaries, directors or officers, nor, to the knowledge of the Company, any employee of the Company or any subsidiary or any agent, affiliate or other person acting on behalf of the Company or any of its subsidiaries is currently the target of any sanctions administered or enforced by the U.S. government, (including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury (“OFAC”) or the U.S. Department of State and including, without limitation, the designation as a “specially designated national” or “blocked

person”), the United Nations Security Council (“UNSC”), the European Union, Her Majesty’s Treasury (“HMT”) or other relevant sanctions authority (collectively, “Sanctions”), nor is the Company or any of its subsidiaries located, organized or resident in a country or territory that is the target of Sanctions, including Cuba, Iran, North Korea, Syria and Crimea (each, a “Sanctioned Country”); and the Company will not knowingly directly or indirectly use the proceeds of the offering of the Shares hereunder, or lend, contribute or otherwise knowingly make available such proceeds to any subsidiary, joint venture partner or other person or entity (i) to knowingly fund or facilitate any activities of or business with any person that, at the time of such funding or facilitation, is the target of Sanctions or (ii) to knowingly fund or facilitate any activities of or business in any Sanctioned Country. For the past five years, the Company and its subsidiaries have not knowingly engaged in and are not now knowingly engaged in any dealings or transactions with any person that at the time of the dealing or transaction is or was the target of Sanctions or with any Sanctioned Country in violation of applicable Sanctions.

(jj) No Restrictions on Subsidiaries. Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, no subsidiary of the Company is currently prohibited, directly or indirectly, under any agreement or other instrument to which it is a party or is subject, from paying any dividends to the Company, from making any other distribution on such subsidiary’s capital stock or similar ownership interest, from repaying to the Company any loans or advances to such subsidiary from the Company or from transferring any of such subsidiary’s properties or assets to the Company or any other subsidiary of the Company.

(kk) No Broker’s Fees. Neither the Company nor any of its subsidiaries is a party to any contract, agreement or understanding with any person (other than this Agreement) that would give rise to a valid claim against any of them or the Underwriter for a brokerage commission, finder’s fee or like payment in connection with the offering and sale of the Shares.

(ll) No Registration Rights. Except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, no person has the right to require the Company or any of its subsidiaries to register any securities for sale under the Securities Act by reason of the filing of the Registration Statement with the Commission, the issuance and sale of the Shares by the Company.

(mm) No Stabilization. The Company has not taken, directly or indirectly, without giving effect to activities of the Underwriter, as to which the Company makes no representation, any action designed to or that would reasonably be expected to cause or result in any stabilization or manipulation of the price of the Shares.

(nn) Forward-Looking Statements. No forward-looking statement (within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act) included in any of the Registration Statement, the Pricing Disclosure Package or the Prospectus has been made or reaffirmed without a reasonable basis or has been disclosed other than in good faith.

(oo) Statistical and Market Data. Nothing has come to the attention of the Company that has caused the Company to believe that the statistical and market-related data included in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus is not based on or derived from sources that are reliable and accurate in all material respects.



(pp) Sarbanes-Oxley Act. There is and has been no failure on the part of the Company or, to the knowledge of the Company, any of the Company's directors or officers, in their capacities as such, to comply in all material respects with any provision of the Sarbanes-Oxley Act of 2002, as amended and the rules and regulations promulgated in connection therewith (the "Sarbanes-Oxley Act"), that are in effect and which are applicable to the Company, including Section 402 related to loans and Sections 302 and 906 related to certifications.

(qq) Status under the Securities Act. At the time of filing the Registration Statement and any post-effective amendment thereto, at the earliest time thereafter that the Company or any offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) under the Securities Act) of the Shares and at the date hereof, the Company was not and is not an "ineligible issuer," as defined in Rule 405 under the Securities Act.

(rr) No Ratings. There are (and prior to the Closing Date, will be) no debt securities or preferred stock issued or guaranteed by the Company or any of its subsidiaries that are rated by a "nationally recognized statistical rating organization", as such term is defined under Section 3(a)(62) under the Exchange Act, other than the Company's 9.875% First Priority Secured Notes due 2022.

(ss) Exchange Listing. The Class A Common Stock, par value \$0.01 per share, of the Company is listed on the Exchange.

4. Further Agreements of the Company. The Company covenants and agrees with the Underwriter that:

(a) Required Filings. The Company will file the final Prospectus with the Commission within the time periods specified by Rule 424(b) and Rule 430A under the Securities Act; the Company will file any Issuer Free Writing Prospectus to the extent required by Rule 433 under the Securities Act; and the Company will furnish copies of the Prospectus and each Issuer Free Writing Prospectus (to the extent not previously delivered) to the Underwriter in New York City prior to [10:00 A.M.], [New York City] time, on the business day next succeeding the date of this Agreement in such quantities as the Underwriter may reasonably request.

(b) Delivery of Copies. The Company will deliver, if requested by the Underwriter, without charge, (i) to the Underwriter, two signed copies of the Registration Statement as originally filed and each amendment thereto, in each case including all exhibits and consents filed therewith and documents incorporated by reference therein; and (ii) to the Underwriter (A) a conformed copy of the Registration Statement as originally filed and each amendment thereto (without exhibits) and (B) during the Prospectus Delivery Period (as defined below), as many copies of the Prospectus (including all amendments and supplements thereto and documents incorporated by reference therein and each Issuer Free Writing Prospectus) as the Underwriter may reasonably request. As used herein, the term "Prospectus Delivery Period"

means such period of time after the first date of the public offering of the Shares as in the opinion of counsel for the Underwriter a prospectus relating to the Shares is required by law to be delivered (or required to be delivered but for Rule 172 under the Securities Act) in connection with sales of the Shares by the Underwriter or dealer.

(c) Amendments or Supplements, Issuer Free Writing Prospectuses. Before using, authorizing, approving, referring to or filing any Issuer Free Writing Prospectus, and before filing any amendment or supplement to the Registration Statement or the Prospectus, the Company will furnish to the Underwriter and counsel for the Underwriter a copy of the proposed Issuer Free Writing Prospectus, amendment or supplement for review and will not use, authorize, approve, refer to or file any such Issuer Free Writing Prospectus or file any such proposed amendment or supplement to which the Underwriter reasonably objects in a timely manner.

(d) Notice to the Underwriter. The Company will advise the Underwriter promptly, and confirm such advice in writing (which may be by electronic mail) (i) when any amendment to the Registration Statement has been filed or becomes effective; (ii) when any supplement to the Prospectus, any Issuer Free Writing Prospectus or any amendment to the Prospectus has been filed or distributed; (iii) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or the receipt of any comments from the Commission relating to the Registration Statement or any other request by the Commission for any additional information; (iv) of the issuance by the Commission or any other governmental or regulatory authority of any order suspending the effectiveness of the Registration Statement or preventing or suspending the use of any Preliminary Prospectus, any of the Pricing Disclosure Package, the Prospectus or the initiation or threatening of any proceeding, if the Company gains knowledge of such proceeding, for that purpose or pursuant to Section 8A of the Securities Act; (v) of the occurrence of any event or development within the Prospectus Delivery Period as a result of which the Prospectus, any of the Pricing Disclosure Package, or any Issuer Free Writing Prospectus as then amended or supplemented would include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing when the Prospectus, the Pricing Disclosure Package, or any such Issuer Free Writing Prospectus is delivered to a purchaser, not misleading; and (vi) of the receipt by the Company of any notice with respect to any suspension of the qualification of the Shares for offer and sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, if the Company gains knowledge of such proceeding; and the Company will use its reasonable best efforts to prevent the issuance of any such order suspending the effectiveness of the Registration Statement, preventing or suspending the use of any Preliminary Prospectus, any of the Pricing Disclosure Package or the Prospectus or suspending any such qualification of the Shares and, if any such order is issued, will use its reasonable best efforts to obtain as soon as possible the withdrawal thereof

(e) Ongoing Compliance. (1) If during the Prospectus Delivery Period (i) any event or development shall occur or condition shall exist as a result of which the Prospectus as then amended or supplemented would include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances existing when the Prospectus is delivered to a purchaser, not misleading or (ii) it is necessary to amend or supplement the Prospectus to comply with applicable law, the Company

will promptly notify the Underwriter thereof and forthwith prepare and, subject to paragraph (c) above, file with the Commission and furnish to the Underwriter and to such dealers as the Underwriter may designate, such amendments or supplements to the Prospectus (or any document to be filed with the Commission and incorporated by reference therein) as may be necessary so that the statements in the Prospectus (or any document to be filed with the Commission and incorporated by reference therein) as so amended or supplemented will not, in the light of the circumstances existing when the Prospectus is delivered to a purchaser, be misleading or so that the Prospectus will comply with applicable law and (2) if at any time prior to the Closing Date (i) any event or development shall occur or condition shall exist as a result of which the Pricing Disclosure Package as then amended or supplemented would include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances existing when the Pricing Disclosure Package is delivered to a purchaser, not misleading or (ii) it is necessary to amend or supplement the Pricing Disclosure Package to comply with applicable law, the Company will promptly notify the Underwriter thereof and forthwith prepare and, subject to paragraph (c) above, file with the Commission (to the extent required) and furnish to the Underwriter and to such dealers as the Underwriter may designate, such amendments or supplements to the Pricing Disclosure Package as may be necessary so that the statements in the Pricing Disclosure Package as so amended or supplemented will not, in the light of the circumstances existing when the Pricing Disclosure Package (or any document to be filed with the Commission and incorporated by reference therein) is delivered to a purchaser, be misleading or so that the Pricing Disclosure Package will comply with applicable law.

(f) Blue Sky Compliance. If required by applicable law, the Company will qualify the Shares for offer and sale under the securities or Blue Sky laws of such jurisdictions as the Underwriter shall reasonably request and will continue such qualifications in effect so long as required for distribution of the Shares; provided that the Company shall not be required to (i) qualify as a foreign corporation or other entity or as a dealer in securities in any such jurisdiction where it would not otherwise be required to so qualify, (ii) file any general consent to service of process in any such jurisdiction or (iii) subject itself to taxation in any such jurisdiction if it is not otherwise so subject.

(g) Earning Statement. The Company will make generally available to its security holders and the Underwriter as soon as practicable an earnings statement that satisfies the provisions of Section 11(a) of the Securities Act and Rule 158 of the Commission promulgated thereunder covering a period of at least twelve months beginning with the first fiscal quarter of the Company occurring after the “effective date” (as defined in Rule 158) of the Registration Statement

(h) Clear Market. For a period of 90 days after the date of the Prospectus, the Company will not (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, or file with the Commission a registration statement under the Securities Act relating to, any shares of Stock or any securities convertible into or exercisable or exchangeable for Stock, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Stock or

any such other securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Stock or such other securities, in cash or otherwise, without the prior written consent of the Underwriter, other than (1) the Shares to be sold hereunder, (2) any shares of Stock of the Company awarded, issued upon the exercise of options or purchase rights, issued upon vesting of equity awards and/or settlement of other awards granted under the Company's equity incentive plan, (3) the grant of stock options, restricted stock awards, restrictive stock units or any other awards under the Company's equity incentive plan, (4) the filing by the Company of registration statements on Form S-8 with respect to benefit plans described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, (5) the issuance of shares of Class A Common Stock upon the exercise of an option or warrant or the conversion of a security outstanding, including the shares of Series C Preferred Stock of the Company as of the date hereof and (6) the filing of a registration statement by the Company in accordance with its obligations under the Registration Rights Agreement to which it is a party, dated October 28, 2019.

(i) Use of Proceeds. The Company intends to apply the net proceeds from the sale of the Shares as described in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus under the heading "Use of Proceeds".

(j) No Stabilization. The Company will not take, directly or indirectly, without giving effect to activities by the Underwriter, as to which the Company makes no representation, any action designed to or that would reasonably be expected to cause or result in any stabilization or manipulation of the price of the Stock.

(k) Reports. For a period of one year from the date of this Agreement, so long as the Company is subject to the reporting requirements of either Section 13 or Section 15(d) of the Exchange Act, the Company will furnish to the Underwriter, as soon as commercially reasonable after they are available, copies of all reports or other communications (financial or other) furnished to holders of the Shares, and copies of any reports and financial statements furnished to or filed with the Commission or any national securities exchange or automatic quotation system; provided the Company will be deemed to have furnished such reports and financial statements to the Underwriter to the extent they are filed on the Commission's Electronic Data Gathering, Analysis, and Retrieval system or any successor system.

(l) Record Retention. The Company will, pursuant to reasonable procedures developed in good faith, retain copies of each Issuer Free Writing Prospectus that is not filed with the Commission in accordance with Rule 433 under the Securities Act.

5. Certain Agreements of the Underwriter. The Underwriter hereby represents and agrees that:

(a) It has not and will not use, authorize use of, refer to or participate in the planning for use of, any "free writing prospectus", as defined in Rule 405 under the Securities Act (which term includes use of any written information furnished to the Commission by the Company and not incorporated by reference into the Registration Statement and any press release issued by the Company) other than (i) a free writing prospectus that contains no "issuer information" (as defined in Rule 433(h)(2) under the Securities Act) that was not included

(including through incorporation by reference) in the Preliminary Prospectus or a previously filed Issuer Free Writing Prospectus, (ii) any Issuer Free Writing Prospectus listed on Annex A or prepared pursuant to Section 3(c) or Section 4(c) above (including any electronic road show approved in advance by the Company), or (iii) any free writing prospectus prepared by such underwriter and approved by the Company in advance in writing (each such free writing prospectus referred to in clauses (i) or (iii), an “Underwriter Free Writing Prospectus”).

(b) It has not used, and will not use without the prior written consent of the Company, any free writing prospectus that contains the final terms of the Shares unless such terms have previously been included in a free writing prospectus filed with the Commission.

(c) It is not subject to any pending proceeding under Section 8A of the Securities Act with respect to the offering (and will promptly notify the Company if any such proceeding against it is initiated during the Prospectus Delivery Period).

6. Conditions of Underwriter’s Obligations. The obligation of the Underwriter to purchase the Underwritten Shares on the Closing Date or the Option Shares on the Additional Closing Date, as the case may be, as provided herein is subject to the performance by the Company of its covenants and other obligations hereunder and to the following additional conditions:

(a) Registration Compliance; No Stop Order. No order suspending the effectiveness of the Registration Statement shall be in effect, and no proceeding for such purpose or pursuant to Section 8A under the Securities Act shall be pending before or threatened by the Commission; the Prospectus and each Issuer Free Writing Prospectus shall have been timely filed with the Commission under the Securities Act (in the case of an Issuer Free Writing Prospectus, to the extent required by Rule 433 under the Securities Act) and in accordance with Section 4(a) hereof; and all requests by the Commission for additional information shall have been complied with to the reasonable satisfaction of the Underwriter.

(b) Representations and Warranties. The representations and warranties of the Company contained herein shall be true and correct on the date hereof and on and as of the Closing Date or the Additional Closing Date, as the case may be; and the statements of the Company and its officers made in any certificates delivered pursuant to this Agreement shall be true and correct on and as of the Closing Date or the Additional Closing Date, as the case may be.

(c) No Material Adverse Change. No event or condition of a type described in Section 3(h) hereof shall have occurred or shall exist, which event or condition is not described in the Pricing Disclosure Package (excluding any amendment or supplement thereto) and the Prospectus (excluding any amendment or supplement thereto) and the effect of which in the judgment of the Underwriter makes it impracticable or inadvisable to proceed with the offering, sale or delivery of the Shares on the Closing Date or the Additional Closing Date, as the case may be, on the terms and in the manner contemplated by this Agreement, the Pricing Disclosure Package and the Prospectus.

(d) Officer's Certificate. The Underwriter shall have received on and as of the Closing Date or the Additional Closing Date, as the case may be, a certificate, on behalf of the Company, of an executive officer of the Company, (i) confirming that such officers have carefully reviewed the Registration Statement, the Pricing Disclosure Package and the Prospectus and, to the knowledge of such officers, the representations of the Company set forth in Sections 3(b) hereof are true and correct, (ii) confirming that the other representations and warranties of the Company in this Agreement are true and correct and that the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date or the Additional Closing Date, as the case may be, and (iii) to the effect set forth in paragraphs (a) and (c) above.

(e) Comfort Letters. (i) On the date of this Agreement and on the Closing Date or the Additional Closing Date, as the case may be, PricewaterhouseCoopers S.A. and PricewaterhouseCoopers Audit shall have furnished to the Underwriter, at the request of the Company, letters, dated the respective dates of delivery thereof and addressed to the Underwriter, in form and substance reasonably satisfactory to the Underwriter, containing statements and information of the type customarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained or incorporated by reference in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus; provided, that the letters delivered on the Closing Date or the Additional Closing Date, as the case may be, shall use a "cut-off" date no more than three business days prior to such Closing Date or the Additional Closing Date, as the case may be.

(f) Certificate of the Chief Financial Officer. On the date of this Agreement and on the Closing Date or the Additional Closing Date, as the case may be, the Company shall have furnished to the Underwriter a certificate, dated the respective dates of delivery thereof and addressed to the Underwriter, of its chief financial officer with respect to certain financial data contained in the Pricing Disclosure Package and the Prospectus providing "management comfort" with respect to such information, in form and substance reasonably satisfactory to the Underwriter.

(g) Opinion and 10b-5 Statement of Counsel for the Company. Seward & Kissel LLP, counsel for the Company, shall have furnished to the Underwriter, at the request of the Company, their written opinion and 10b-5 statement, dated the Closing Date or the Additional Closing Date, as the case may be, and addressed to the Underwriter, in form and substance to be agreed by the parties.

(h) Opinion of Local Counsel. The Underwriter shall have received on and as of the Closing Date or the Additional Closing Date, as the case may be, an opinion of Seward & Kissel LLP, Marshall Islands corporate counsel for the Company, with respect to such matters as the Underwriter may reasonably request, in form and substance to be agreed by the parties.

(i) No Legal Impediment to Issuance and/or Sale. No action shall have been taken and no statute, rule, regulation or order shall have been enacted, adopted or issued by any federal, state or foreign governmental or regulatory authority that would, as of the Closing Date or the Additional Closing Date, as the case may be, prevent the issuance or sale of the Shares by the Company; and no injunction or order of any federal, state or foreign court shall have been issued that would, as of the Closing Date or the Additional Closing Date, as the case may be, prevent the issuance or sale of the Shares by the Company.

(j) Good Standing. The Underwriter shall have received on and as of the Closing Date or the Additional Closing Date, as the case may be, satisfactory evidence of the good standing of the Company and its subsidiaries in their respective jurisdictions of organization and their good standing in such other jurisdictions as the Underwriter may reasonably request, in each case in writing or any standard form of telecommunication from the appropriate governmental authorities of such jurisdictions.

(k) Exchange Listing. The Shares to be delivered on the Closing Date or the Additional Closing Date, as the case may be, shall have been approved for listing on the Exchange, subject to notice of issuance.

(l) Lock-up Agreements. The “lock-up” agreements, each substantially in the form of Exhibit A hereto, between the Underwriter and certain shareholders, officers and directors of the Company relating to sales and certain other disposition of shares of Stock or certain other securities, shall be delivered to the Underwriter on or before the date hereof and shall be in full force and effect on the Closing Date or the Additional Closing Date, as the case may be.

(m) Kelso Letter Agreement. As of the date hereof, the Representative shall have received a fully executed copy of the Letter Agreement by and between the Company, KIA VIII (Newco Marine) Ltd. and KEP VI (Newco Marine) Ltd.

(n) Additional Documents. On or prior to the Closing Date or the Additional Closing Date, as the case may be, the Company shall have furnished to the Underwriter such further certificates and documents as the Underwriter may reasonably request.

All opinions, letters, certificates and evidence mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof only if they are in form and substance reasonably satisfactory to counsel for the Underwriter.

#### 7. Indemnification and Contribution.

(a) Indemnification of the Underwriter by the Company. The Company agrees to indemnify and hold harmless the Underwriter, its affiliates, directors and officers and each person, if any, who controls the Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages and liabilities (including, without limitation, out-of-pocket legal fees and other expenses reasonably incurred in connection with any suit, action or proceeding or any claim asserted, as such fees and expenses are incurred), joint or several, that arise out of, or are based upon, (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, not misleading, or (ii) any untrue statement or alleged untrue statement of a material fact contained in the Prospectus (or any amendment or supplement thereto), any Issuer Free Writing Prospectus, any “issuer information” filed or required to be filed pursuant to Rule 433(d) under the Securities Act, any

road show as defined in Rule 433(h) under the Securities Act (a “road show”) or any Pricing Disclosure Package (including any Pricing Disclosure Package that has subsequently been amended), or caused by any omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, in each case except insofar as such losses, claims, damages or liabilities arise out of, or are based upon, any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any information relating the Underwriter furnished to the Company in writing by such Underwriter expressly for use therein, it being understood and agreed that the only such information furnished by the Underwriter consists of the information described as such in subsection (b) below.

(b) Indemnification of the Company. Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, its directors, its officers who signed the Registration Statement and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the indemnity set forth in paragraph (a) above, but only with respect to any losses, claims, damages or liabilities that arise out of, or are based upon, any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any information relating to such Underwriter furnished to the Company in writing by such Underwriter expressly for use in the Registration Statement, the Prospectus (or any amendment or supplement thereto), any Issuer Free Writing Prospectus, any road show or any Pricing Disclosure Package (including any Pricing Disclosure Package that has subsequently been amended), it being understood and agreed upon that the only such information furnished by the Underwriter consists of the following information in the Prospectus furnished on behalf of the Underwriter: the information contained in the ninth paragraph relating to stabilizing transactions under the caption “Underwriting (Conflicts of Interest)” and the information contained in the twelfth, thirteenth and fourteenth paragraph relating to conflicts of interest under the caption “Underwriting (Conflicts of Interest)”.

(c) Notice and Procedures. If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any person in respect of which indemnification may be sought pursuant to the preceding paragraphs of this Section 7, such person (the “Indemnified Person”) shall promptly notify the person against whom such indemnification may be sought (the “Indemnifying Person”) in writing; provided that the failure to notify the Indemnifying Person shall not relieve it from any liability that it may have under the preceding paragraphs of this Section 7 except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and provided further that the failure to notify the Indemnifying Person shall not relieve it from any liability that it may have to an Indemnified Person otherwise than under the preceding paragraphs of this Section 7. If any such proceeding shall be brought or asserted against an Indemnified Person and it shall have notified the Indemnifying Person thereof, the Indemnifying Person shall be entitled to participate therein, and to the extent it wishes, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to the Indemnified Person (who shall not, without the consent of the Indemnified Person, be counsel to the Indemnifying Person) to represent the Indemnified Person in such proceeding and shall pay the reasonable fees and expenses of such counsel related to such proceeding promptly and, after notice from the Indemnifying Person to such Indemnified



Person of its election so to assume the defense thereof, the Indemnifying Person shall not be liable to such Indemnified Person under the preceding paragraphs of this Section 7, as the case may be, for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such Indemnified Person, in connection with the defense thereof other than reasonable costs of investigation. In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the reasonably incurred fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (i) the Indemnifying Person and the Indemnified Person shall have mutually agreed to the contrary; (ii) the Indemnifying Person has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Person; (iii) the Indemnified Person shall have reasonably concluded that there may be legal defenses available to it that are different from or in addition to those available to the Indemnifying Person; or (iv) the named parties in any such proceeding (including any impleaded parties) include both the Indemnifying Person and the Indemnified Person and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interest between them. It is understood and agreed that the Indemnifying Person shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Persons, and that all such fees and expenses shall be paid or reimbursed promptly. Any such separate firm for the Underwriter, its affiliates, directors and officers and any control persons of the Underwriter shall be designated in writing by the Underwriter and any such separate firm for the Company, its directors, its officers who signed the Registration Statement and any control persons of the Company shall be designated in writing by the Company. The Indemnifying Person shall not be liable for any settlement of any proceeding effected without its written consent (which shall not be unreasonably withheld, delayed or conditioned), but if settled with such consent or if there be a final judgment for the plaintiff, the Indemnifying Person agrees to indemnify each Indemnified Person from and against any loss or liability by reason of such settlement or judgment. No Indemnifying Person shall, without the written consent of the Indemnified Person (which shall not be unreasonably withheld, delayed or conditioned), effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Person is or could have been a party and indemnification could have been sought hereunder by such Indemnified Person, unless such settlement (x) includes an unconditional release of such Indemnified Person, in form and substance reasonably satisfactory to such Indemnified Person, from all liability on claims that are the subject matter of such proceeding and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Person.

(d) Contribution. If the indemnification provided for in paragraphs (a) and (b) above is unavailable to an Indemnified Person or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each Indemnifying Person under such paragraph, in lieu of indemnifying such Indemnified Person thereunder, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company, on the one hand, and the Underwriter, on the other, from the offering of the Shares or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) but also the relative fault of the Company, on the one hand, and the Underwriter, on the other, in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any

other relevant equitable considerations. The relative benefits received by the Company, on the one hand, and the Underwriter, on the other, shall be deemed to be in the same respective proportions as the net proceeds (after deducting underwriting discounts and commission but before deducting expenses) received by the Company from the sale of the Shares and the total underwriting discounts and commissions received by the Underwriter in connection therewith, in each case as set forth in the table on the cover of the Prospectus, bear to the aggregate offering price of the Shares. The relative fault of the Company, on the one hand, and the Underwriter, on the other, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Underwriter and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(e) Limitation on Liability. The Company and the Underwriter agree that it would not be just and equitable if contribution pursuant to paragraph (d) above were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in paragraph (d) above. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages and liabilities referred to in paragraph (d) above shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such Indemnified Person in connection with any such action or claim. Notwithstanding the provisions of paragraphs (d) and (e), in no event shall the Underwriter be required to contribute any amount in excess of the amount by which the total underwriting discounts and commissions received by the Underwriter with respect to the offering of the Shares exceeds the amount of any damages that the Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(f) Non-Exclusive Remedies. The remedies provided for in this Section 7 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any Indemnified Person at law or in equity.

8. Effectiveness of Agreement. This Agreement shall become effective upon the execution and delivery hereof by the parties hereto.

9. Termination. This Agreement may be terminated in the absolute discretion of the Underwriter, by notice to the Company, if after the execution and delivery of this Agreement and on or prior to the Closing Date or, in the case of the Option Shares, prior to the Additional Closing Date (i) trading generally shall have been suspended or materially limited on or by any of the New York Stock Exchange or The Nasdaq Stock Market; (ii) trading of any securities issued or guaranteed by the Company shall have been suspended on any exchange or in any over-the-counter market; (iii) a general moratorium on commercial banking activities shall have been declared by federal or New York State authorities; or (iv) there shall have occurred any outbreak or escalation of hostilities or any change in financial markets or any calamity or crisis, either within or outside the United States, that, in the judgment of the Underwriter, is material and adverse and makes it impracticable or inadvisable to proceed with the offering, sale or

delivery of the Shares on the Closing Date or the Additional Closing Date, as the case may be, on the terms and in the manner contemplated by this Agreement, the Pricing Disclosure Package and the Prospectus.

10. Payment of Expenses.

(a) Whether or not the transactions contemplated by this Agreement are consummated or this Agreement is terminated, the Company will pay or cause to be paid all costs and expenses incident to the performance of its obligations hereunder, including without limitation, (i) the costs incident to the authorization, issuance, sale, preparation and delivery of the Shares and any taxes payable in that connection; (ii) the costs incident to the preparation, printing and filing under the Securities Act of the Registration Statement, the Preliminary Prospectus, any Issuer Free Writing Prospectus, any Pricing Disclosure Package and the Prospectus (including all exhibits, amendments and supplements thereto) and the distribution thereof; (iii) the fees and expenses of the Company's counsel and independent accountants; (iv) the fees and expenses incurred in connection with the registration or qualification and determination of eligibility for investment of the Shares under the laws of such jurisdictions as the Underwriter may reasonably designate and, if required, the preparation, printing and distribution of a Blue Sky Memorandum (including the reasonably incurred fees and expenses of counsel for the Underwriter related thereto); (v) the cost of preparing stock certificates; (vi) the costs and charges of any transfer agent and any registrar; (vii) all expenses and application fees incurred in connection with any filing with, and clearance of the offering by, FINRA; (viii) all expenses and application fees related to the listing of the Shares on the Exchange; (ix) all reasonable out-of-pocket accountable expenses actually incurred by the Underwriter, including, without limitation, legal fees and disbursements of counsel to the Underwriter, provided that the Company shall not be required to reimburse the legal fees and disbursements of counsel to the Underwriter in excess of \$85,000 with respect to the offering; (x) all costs of background investigations, and (xi) all of the travel and lodging expenses of the Company or the Underwriter and any of their employees incurred by them in connection with any "road show" presentation to potential investors.

(b) If (i) this Agreement is terminated pursuant to clause (ii) of Section 9, (ii) the Company for any reason fails to tender the Shares required to be tendered by it or on its behalf pursuant to this Agreement for delivery to the Underwriter other than as a result of a termination pursuant to clause (i), (iii) or (iv) of Section 9 or (iii) the Underwriter declines to purchase the Shares for any reason permitted under this Agreement (other than as a result of a termination pursuant to clause (i), (iii) or (iv) of Section 9), the Company agrees to reimburse the Underwriter for all out-of-pocket costs and expenses (including the reasonable and documented fees and expenses of their counsel) reasonably incurred and documented by the Underwriter in connection with this Agreement and the offering contemplated hereby.

11. Persons Entitled to Benefit of Agreement. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers and directors and any controlling persons referred to herein, and the affiliates of the Underwriter. Nothing in this Agreement is intended or shall be construed to give any other person any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein. No purchaser of Shares from the Underwriter shall be deemed to be a successor merely by reason of such purchase.

12. Survival. The respective indemnities, rights of contribution, representations, warranties and agreements of the Company and the Underwriter contained in this Agreement or made by or on behalf of the Company or the Underwriter pursuant to this Agreement or any certificate delivered pursuant hereto shall survive the delivery of and payment for the Shares and shall remain in full force and effect, regardless of any termination of this Agreement or any investigation made by or on behalf of the Company or the Underwriter.

13. Certain Defined Terms. For purposes of this Agreement, (a) except where otherwise expressly provided, the term “affiliate” has the meaning set forth in Rule 405 under the Securities Act; (b) the term “business day” means any day other than a day on which banks are permitted or required to be closed in New York City; and (c) the term “subsidiary” has the meaning set forth in Rule 405 under the Securities Act.

14. Compliance with USA Patriot Act. In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the Underwriter is required to obtain, verify and record information that identifies its clients, including the Company, which information may include the name and address of its clients, as well as other information that will allow the Underwriter to properly identify its clients.

15. Miscellaneous.

(a) Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted and confirmed by any standard form of telecommunication. Notices to the Underwriter shall be given to B. Riley FBR, Inc., 299 Park Avenue, 7th Floor, New York, NY 10171, Attention: General Counsel. Notices to the Company shall be given to Ian J. Webber, Chief Executive Officer, Global Ship Lease, Inc., 25 Wilton Road, London SW1V 1LW, United Kingdom.

(b) Governing Law. This Agreement and any claim, controversy or dispute arising under or related to this Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed in such state.

(c) Waiver of Jury Trial. Each of the parties hereto hereby waives any right to trial by jury in any suit or proceeding arising out of or relating to this Agreement.

(d) Counterparts. This Agreement may be signed in counterparts (which may include counterparts delivered by any standard form of telecommunication), each of which shall be an original and all of which together shall constitute one and the same instrument.

(e) Amendments or Waivers. No amendment or waiver of any provision of this Agreement, nor any consent or approval to any departure therefrom, shall in any event be effective unless the same shall be in writing and signed by the parties hereto.

---

(f) Headings. The headings herein are included for convenience of reference only and are not intended to be part of, or to affect the meaning or interpretation of, this Agreement.

If the foregoing is in accordance with your understanding, please indicate your acceptance of this Agreement by signing in the space provided below.

Very truly yours,

**GLOBAL SHIP LEASE, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[Signature Page – Underwriting Agreement]

Accepted: As of the date first written above

**B. RILEY FBR, INC.**

By: \_\_\_\_\_  
Name:  
Title:

[Signature Page – Underwriting Agreement]

**Pricing Information Provided Orally by Underwriter**

Pricing Information Provided Orally by Underwriter

Underwritten Shares: [   ], which includes [   ] Shares sold to management members of the Company (“Management Shares”).

Option Shares: [   ]

Public Offering Price per Share: [   ]

Purchase Price of Management Shares: \$[   ] per Share.

Trade Date: September [   ], 2019

Settlement Date: September [   ], 2019



## FORM OF LOCK-UP AGREEMENT

, 20

, 2019

B. Riley & Co. FBR, Inc.  
As the sole underwriter named  
In the Underwriting Agreement  
referred to below  
299 Park Avenue, 21st Floor  
New York, NY 10171

Dear Madam/Sir:

As an inducement to B. Riley FBR, Inc. (the “**Underwriter**”) to execute an underwriting agreement (the “**Underwriting Agreement**”) providing for the public offering (the “**Offering**”) of Class A common shares, par value \$0.01 per share, (the “**Common Stock**”), of Global Ship Lease, Inc, a Marshall Islands corporation, and any successor (by merger or otherwise) thereto (the “**Company**”), the undersigned hereby agrees that without, in each case, the prior written consent of the Underwriter, during the period commencing on the date of this Lock-Up Agreement and continuing to and including the 90th day after the date of the Underwriting Agreement (the “**Lock-Up Period**”), the undersigned will not (1) offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, make any short sale or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into, exercisable or exchangeable for or that represent the right to receive Common Stock (including without limitation, Common Stock which may be deemed to be beneficially owned by the undersigned in accordance with the rules and regulations of the Securities and Exchange Commission and securities which may be issued upon exercise of a stock option or warrant) whether now owned or hereafter acquired (the “**Securities**”); (2) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the undersigned’s Securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise; (3) make any demand for or exercise any right with respect to, the registration of any Common Stock or any security convertible into or exercisable for Common Stock; or (4) publicly disclose the intention to do any of the foregoing. The foregoing restrictions are expressly agreed to and preclude the undersigned from engaging in any hedging or other transaction which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of the undersigned’s Securities even if such Securities would be disposed of by someone other than the undersigned. Such prohibited hedging or other transactions would include without limitation any short sale or any purchase, sale or grant of any right (including without limitation any put or call option) with respect to any of the undersigned’s Securities or with respect to any security that includes, relates to, or derives any significant part of its value from such Securities.

Notwithstanding the foregoing, the undersigned may transfer the undersigned's Securities (i) as a *bona fide* gift or gifts; (ii) by will or intestate succession; (iii) if the undersigned is a corporation, partnership, limited liability company, trust or other business entity and (1) transfers to another corporation, partnership, limited liability company, trust or other business entity that is a direct or indirect affiliate or (2) distributes shares of Common Stock or any security convertible into or exercisable for Common Stock to limited partners, limited liability company members or stockholders of the undersigned; or (iv) if the undersigned is a trust, transfers to the beneficiary of such trust; *provided*, in each case, that (x) such transfer shall not involve a disposition for value, (y) the transferee agrees in writing with the Underwriter to be bound by the terms of this Lock-Up Agreement and (z) no filing by any party under Section 16(a) of the Securities Exchange Act of 1934, as amended ("**Exchange Act**") shall be required or shall be made voluntarily in connection with such transfer (other than a filing of a Form 5 made after the expiration of the Lock-Up Period). For purposes of this Lock-Up Agreement, (i) "immediate family" shall mean any relationship by blood, marriage or adoption, not more remote than first cousin and (ii) "affiliate" of the undersigned shall mean any business entity that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the undersigned. The term "control" in this paragraph means beneficial ownership of more than fifty percent (50%) of the issued and outstanding equity interest or share capital of an entity.

In addition, the foregoing restrictions shall not apply to (i) transactions relating to Securities acquired in open market transactions after the completion of the Offering; (ii) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of Securities, provided that such plan does not provide for the transfer of Securities during the Lock-Up Period and no public announcement or filing under the Exchange Act regarding the establishment of such plan shall be required or voluntarily made by or on behalf of the undersigned or the Company; (iii) the exercise or settlement of any equity awards pursuant to the Company's equity incentive plans or the exercise of warrants issued by the Company; provided that such restrictions shall apply to any of the undersigned's Securities issued upon such exercise; and (iv) any transfers of the undersigned's Securities to the Company or any deemed disposition or deemed sale with respect to such Securities in connection with the full or partial payment of exercise or purchase prices and taxes or tax withholding obligations required to be paid or satisfied upon the settlement, vesting or exercise of any equity award or warrant granted or issued by the Company.

In furtherance of the foregoing, the Company and its transfer agent and registrar are hereby authorized to decline to make any transfer of shares of Common Stock if such transfer would constitute a violation or breach of this Lock-Up Agreement.

The undersigned hereby represents and warrants that the undersigned has full power and authority to enter into this Lock-Up Agreement. All authority herein conferred or agreed to be conferred and any obligations of the undersigned shall be binding upon the successors, assigns, heirs or personal representatives of the undersigned. The undersigned, during the Lock-up Period, waives any registration rights or similar rights granted to the undersigned by the Company that may otherwise be exercisable as a result of the Offering.

The undersigned understands that the undersigned shall be released from all obligations under this Lock-Up Agreement if the Offering does not close on or before November 30, 2019 or if the Company earlier notifies the Underwriter in writing that it does not intend to proceed with the Offering.

The undersigned understands that the Underwriter is entering into the Underwriting Agreement and proceeding with the Offering in reliance upon this Lock-Up Agreement.

This Lock-Up Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

Very truly yours,

\_\_\_\_\_  
Printed Name of Holder

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name of Person Signing  
(and indicate capacity of person signing if signing as  
custodian, trustee, or on behalf of an entity)

**SEWARD & KISSEL LLP**

ONE BATTERY PARK PLAZA  
NEW YORK, NEW YORK 10004

TELEPHONE: (212) 574-1200  
FACSIMILE: (212) 480-8421  
WWW.SEWKIS.COM

901 K STREET, NW  
WASHINGTON, DC 20001  
TELEPHONE: (202) 737-8833  
FACSIMILE: (202) 737-5184

September 24, 2019

Global Ship Lease, Inc.  
c/o Global Ship Lease Services Limited  
25 Wilton Road  
London SW1V 1LW  
United Kingdom

**Re: Global Ship Lease, Inc.**

Ladies and Gentlemen:

We have acted as counsel to Global Ship Lease, Inc. (the "Company") in connection with the Company's registration statement on Form F-1 (File No. 333-233198) (such registration statement as amended or supplemented from time to time, the "Registration Statement"), as filed with the U.S. Securities and Exchange Commission (the "Commission") on the date hereof, relating to the registration under the U.S. Securities Act of 1933, as amended (the "Securities Act"), of Class A common shares, par value \$0.01 per share, of the Company (the "Common Shares").

We have examined originals or copies, certified or otherwise identified to our satisfaction, of: (i) the Registration Statement; (ii) the prospectus of the Company included in the Registration Statement (the "Prospectus"); and (iii) such corporate documents and records of the Company and such other instruments, certificates and documents as we have deemed necessary or appropriate as a basis for the opinions hereinafter expressed. In such examinations, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as copies or drafts of documents to be executed, the genuineness of all signatures and the legal competence or capacity of persons or entities to complete the execution of documents. As to various questions of fact that are material to the opinions hereinafter expressed, we have relied upon statements or certificates of public officials, directors of the Company and others.

Based upon and subject to the foregoing, and having regard to such other legal considerations which we deem relevant, we are of the opinion that, under the laws of the Republic of the Marshall Islands, the Common Shares have been duly authorized and, when issued, sold and paid for as contemplated in the Prospectus, will be validly issued, fully paid and non-assessable.

---

This opinion is limited to the laws of the Republic of the Marshall Islands as in effect on the date hereof.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement, and to each reference to us and the discussions of advice provided by us under the headings “Legal Matters” in the Prospectus, without admitting we are “experts” within the meaning of the Securities Act, or the rules and regulations of the Commission thereunder with respect to any part of the Registration Statement.

Very truly yours,

/s/ Seward & Kissel LLP

**SEWARD & KISSEL LLP**

ONE BATTERY PARK PLAZA  
NEW YORK, NEW YORK 10004

TELEPHONE: (212) 574-1200  
FACSIMILE: (212) 480-8421  
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901 K STREET, NW  
WASHINGTON, DC 20001  
TELEPHONE: (202) 737-8833  
FACSIMILE: (202) 737-5184

September 24, 2019

Global Ship Lease, Inc.  
c/o Global Ship Lease Services Limited  
25 Wilton Road  
London SW1V 1LW  
United Kingdom

**Re: Global Ship Lease, Inc.**

Ladies and Gentlemen:

We have acted as counsel to Global Ship Lease, Inc. (the “Company”) in connection with the Company’s registration statement on Form F-1 (File No. 333-233198) (such registration statement as amended or supplemented from time to time, the “Registration Statement”), as filed with the U.S. Securities and Exchange Commission (the “Commission”) on the date hereof, relating to the registration under the U.S. Securities Act of 1933, as amended (the “Securities Act”), of Class A common shares, par value \$0.01 per share, of the Company.

In formulating our opinion as to these matters, we have examined such documents as we have deemed appropriate, including the Registration Statement and the prospectus of the Company (the “Prospectus”) included in the Registration Statement. We have also obtained such additional information as we have deemed relevant and necessary from representatives of the Company.

Based on the facts as set forth in the Registration Statement and the Company’s annual report on Form 20-F for the fiscal year ended December 31, 2018 (the “Annual Report”), which is incorporated by reference into the Registration Statement, and in particular, on the representations, covenants, assumptions, conditions and qualifications described under the caption “Taxation” in the Prospectus and “Item 10. Additional Information E. Taxation” in the Annual Report, we hereby confirm that the opinions of Seward & Kissel and the discussions of United States federal and Marshall Islands tax matters expressed in the Prospectus under the heading “Taxation” and in the Annual Report under the heading “Item 10. Additional Information E. Taxation”, are our opinions and accurately state our views as to the tax matters discussed therein.

Our opinions and the tax discussion as set forth in the Registration Statement are based on the current provisions of the U.S. Internal Revenue Code of 1986, as amended, the Treasury Regulations promulgated thereunder, published pronouncements of the Internal Revenue Service which may be cited or used as precedents, and case law, any of which may be changed at any time with retroactive effect. No opinion is expressed on any matters other than those specifically referred to above or by reference to the Registration Statement.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement, and to each reference to us and the discussions of advice provided by us under the headings “Taxation” and “Legal Matters” in the Prospectus, without admitting we are “experts” within the meaning of the Securities Act, or the rules and regulations of the Commission thereunder with respect to any part of the Registration Statement.

Very truly yours,

/s/ Seward & Kissel LLP

**Dated 19 September 2019**

**US\$268,000,000**

**TERM LOAN FACILITY**

**THE COMPANIES**

**listed in Part A of Schedule 1**

as joint and several Borrowers

and

**GLOBAL SHIP LEASE, INC.**  
**POSEIDON CONTAINERS HOLDINGS LLC**  
**HEPHAESTUS MARINE LLC**  
**PERICLES MARINE LLC**  
**ZEUS ONE MARINE LLC**  
as Guarantors

and

**THE BANKS AND FINANCIAL INSTITUTIONS**

listed in Part B of Schedule 1

as Lenders

and

**CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK**  
**ABN AMRO BANK N.V.**  
as Bookrunners and Arrangers

and

**CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK**  
**ABN AMRO BANK N.V.**  
**CIT BANK, N.A.**  
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 refinancing of certain existing indebtedness  
secured on (inter alia) the Ships and  
for general corporate purposes

**WATSON FARLEY  
&  
WILLIAMS**



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## PARTIES

- (1) **THE COMPANIES** listed in Schedule 1 Part A of Schedule 1 (*The Parties*) as joint and several borrowers (the “**Borrowers**”)
- (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) **HEPHAESTUS 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, Majuro, Marshall Islands MH 96960 as a collateral guarantor (“**Hephaestus**”)
- (5) **PERICLES 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, Majuro, Marshall Islands MH 96960 as a collateral guarantor (“**Pericles**”)
- (6) **ZEUS ONE 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, Majuro, Marshall Islands MH 96960 as a collateral guarantor (“**Zeus One**”, and together with Hephaestus and Pericles the “**Collateral Guarantors**”)
- (7) **THE BANKS AND FINANCIAL INSTITUTIONS** listed in Part B of Schedule 1 (*The Parties*) as lenders (the “**Original Lenders**”)
- (8) **CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK** and **ABN AMRO BANK N.V.** as bookrunners (the “**Bookrunners**”)
- (9) **CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK** and **ABN AMRO BANK N.V.** as arrangers (each an “**Arranger**” and, together the “**Arrangers**”)
- (10) **CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK** and **ABN AMRO BANK N.V.** and **CIT BANK, N.A.** as mandated lead arrangers (each a “**Mandated Lead Arranger**” and together the “**Mandated Lead Arrangers**”)
- (11) **CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK** as agent of the other Finance Parties (the “**Facility Agent**”)
- (12) **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 amount of up to \$268,000,000, in two Tranches, for general corporate purposes and:

- (i) in the case of Tranche A, for the purpose of refinancing certain existing indebtedness (including, without limitation, the Existing Indebtedness) secured on (inter alia) the Ships; and
- (ii) in the case of Tranche B, for the purpose of (inter alia) refinancing the Existing Indebtedness secured on the Acceding Ship.

## **OPERATIVE PROVISIONS**

**SECTION 1**  
**INTERPRETATION**

**1 DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

In this Agreement:

“**Acceding Borrower**” shall have the meaning given to it in Schedule 7 (*Details of the Ships*).

“**Acceding Lender**” has the meaning given to it in Clause 2.2 (*Acceding Lender*) and in, the plural, means all of them.

“**Acceding Lender Deed of Accession**” means a deed of accession, in agreed form, made or to be made between an Acceding Lender and the Facility Agent.

“**Acceding Ship**” shall have the meaning given to it in Schedule 7 (*Details of the Ships*).

“**Account Bank**” means 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 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 Accounts and the Retention Account, as specified in Schedule 7 (*Accounts*).

“**Account Security**” means a document creating Security over any Account of a Borrower or a Collateral Guarantor (as the case may be) in agreed form.

“**Accounting Period**” means each consecutive period of six (6) months or, as the case may be, three (3) months of each financial year of the Parent Guarantor during the Security Period for which it is required to deliver financial statements pursuant to Clause 20.2 (*Financial statements*).

“**Additional Prepayment Side Letter**” means a letter to be provided to the Facility Agent and CIT Bank, N.A. by the Borrowers and the Guarantors in agreed form.

“**Advance**” means a borrowing of all or part of a Tranche 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.

“**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 and China Classification Society) approved in writing by the Facility Agent acting with the authorisation of the Majority Lenders.

**“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 Flag”** means, in relation to a Ship, as at the date of this Agreement, the flag of the Republic of the Marshall Islands, the Republic of Liberia, the Republic of Panama or such other flag approved in writing by the Facility Agent acting with the authorisation of the Majority Lenders.

**“Approved Manager”** means, in relation to a Ship, the Approved Commercial Manager or the Approved Technical Manager of that Ship.

**“Approved Technical Manager”** in relation to a Ship, 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 that 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 Ships, 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 Ships, 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 acting reasonably (with the authorisation of the 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 in respect of a 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:

- (a) in relation to Tranche A, the date falling two months from the Closing Date; and
- (b) in relation to Tranche B, the date falling eight months from the Closing Date,

or, if earlier, the Utilisation Date in respect of the relevant Tranche or the date on which the Lenders’ obligation to advance that Tranche 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 in relation to a Tranche, each Lender’s Commitment under that Tranche minus:

- (a) the amount of its participation in any outstanding Advances under that Tranche; and
- (b) in relation to any proposed Utilisation, the amount of its participation in any other Advance that is due to be made under that Tranche on or before the proposed Utilisation Date.

**“Available Facility”** means, in relation to a Tranche, the aggregate for the time being of each Lender’s Available Commitment in respect of that Tranche.

**“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.

**“Borrower”** means Borrower A, Borrower B, Borrower C, Borrower D, Borrower E and Borrower F and, in the plural, means all of them.

**“Borrower A”** means the company specified as such in Part A of Schedule 1 (The Parties).

**“Borrower B”** means the company specified as such in Part A of Schedule 1 (The Parties).

**“Borrower C”** means the company specified as such in Part A of Schedule 1 (The Parties).

**“Borrower D”** means the company specified as such in Part A of Schedule 1 (The Parties).

**“Borrower E”** means the company specified as such in Part A of Schedule 1 (The Parties).

**“Borrower F”** means the company specified as such in Part A of Schedule 1 (The Parties).

**“Borrower Deed of Accession”** means a deed of accession, in agreed form, to be made between *inter alios* the Parties to this Agreement and the Acceding Borrower on the Utilisation Date of Tranche B, whereby the Acceding Borrower will accede to this Agreement and will assume jointly and severally with the Borrowers their obligations hereunder.

“**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, Amsterdam, Paris, Nicosia and New York.

“**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, a specific deed of assignment of the rights, title and interests of that Owner which is a party to that 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) 30 September 2019.

“**Code**” means the US Internal Revenue Code of 1986.

“**Collateral Ship**” means Ship G, Ship H or Ship I and, in the plural, means all of them.

“**Commercial Management Agreement**” means the agreement entered into between the Parent Guarantor for and on behalf of the Owners and the Approved Commercial Manager regarding the commercial management of a Ship.

“**Commitment**” means the Tranche A Commitment and/or the Tranche B Commitment.

“**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 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 Borrowers 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.

**“Debt Service”** means, for a relevant period, the sum of (i) the aggregate amount of scheduled repayment instalments of principal falling due and payable by the Borrowers under this Agreement and (ii) the aggregate amount of accrued interest falling due and payable by the Borrowers under this Agreement.

**“Debt Service Cover Ratio”** means the ratio of:

- (i) EBITDA to
- (ii) Debt Service.

**“Deed of Release”** means a deed releasing the Existing Security in a form acceptable to the Facility Agent 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 share capital 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, in relation to a Ship, all moneys whatsoever which are now, or later become, payable (actually or contingently) to an Owner 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 an Owner 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 an Owner 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 an Owner:

- (a) an account in the name of that Owner with the Account Bank designated “Earnings Account”;
- (b) any other account in the name of that Owner 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 of the Owners (on an aggregate basis), less the sum of the Operating Expenses (excluding drydocking expenses or other capitalised expenses and non-cash items) of the Owners as the same are shown in the Owners’ 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 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 enjoined 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*).

**“Existing Facility Agreement”** means:

- (a) in respect of Borrower A and Zeus One, the loan agreement dated 30 August 2017 (as from time to time amended and/or supplemented) and made between (inter alios) (i) Borrower A and Zeus One as joint and several borrowers, (ii) the banks and financial institutions listed in Schedule 1 (*The Parties*) therein as lenders and (iii) ABN Amro Bank N.V. as agent, arranger, swap bank and security trustee, in respect of a facility of (originally) up to US\$82,459,678.29;

- (b) in respect of Borrower B, the facility agreement dated 11 August 2017 (as from time to time amended and/or supplemented) and made between (i) Borrower B as borrower, (ii) the Parent Guarantor as guarantor, (iii) the financial institutions listed in Part B of Schedule 1 (*The Parties*) therein as lenders and (iv) Wilmington Trust, National Association as facility agent and as security agent, in respect of a facility of (originally) up to \$19,500,000;
- (c) in respect of Borrower C, Hephaestus and Pericles, the loan agreement dated 11 August 2017 (as from time to time amended and/or supplemented) and made between (i) Borrower C, Hephaestus and Pericles as joint and several borrowers (ii) the Parent Guarantor as guarantor and (iii) Crédit Agricole Corporate and Investment Bank as lender, in respect of a facility of (originally) \$55,650,000;
- (d) in respect of Borrower D, Borrower E and Borrower F, the facility agreement dated 3 October 2018 (as from time to time amended and/or supplemented) and made between (i) Borrower D, Borrower E and Borrower F as joint and several borrowers, (ii) the Parent Guarantor and Triton Containers Holdings LLC as guarantors, (iii) the financial institutions listed in Part B of Schedule 1 (*The Parties*) therein as lenders and (iv) Crédit Agricole Corporate and Investment Bank as facility agent and as security agent, in respect of a facility of (originally) \$80,000,000; and
- (e) in respect of the Acceding Borrower, the facility agreement dated 18 July 2017 (as from time to time amended and/or supplemented) and made between (i) the Acceding Borrower and certain other corporations as joint and several borrowers, (ii) the Parent Guarantor as guarantor, (iii) the financial institutions listed in Part B of Schedule 1 (*The Parties*) therein as lenders, (iv) DVB Bank SE, Amsterdam Branch as arranger, as facility agent and as security agent and (v) DVB Bank SE as account bank, in respect of a facility of (originally) up to \$52,625,589.

**“Existing Indebtedness”** means, at each Utilisation Date, any outstanding indebtedness of the relevant Obligors (other than the Parent Guarantor or GSL) on that date under the relevant Existing Facility Agreement.

**“Existing Security”** means any Security 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) each Utilisation Request;
- (d) the GSL Indenture Letter;
- (e) the Additional Prepayment Side Letter;
- (f) any Intercreditor Agreement;
- (g) any Security Document;
- (h) any Managers’ Undertakings;
- (i) any Acceding Lender Deed of Accession;
- (j) the Borrower Deed of Accession;
- (k) any Subordination Agreement;
- (l) any other document which is executed for the purpose of establishing any priority or subordination arrangement in relation to the Secured Liabilities; or
- (m) any other document designated as such by the Facility Agent and the Borrowers.

**“Finance Party”** means the Facility Agent, the Security Agent, a Bookrunner, an Arranger, a Mandated Lead Arranger 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 Ships 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.

**“Fully Committed”** means, in relation to Tranche B, any time at which the aggregate Tranche B Commitments are equal to the lesser of (a) \$38,000,000 and (b) 65 per cent. of the Initial Market Value of the Acceding Ship.

**“Funding Rate”** means any individual rate notified by a Lender to the Facility Agent pursuant to 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, 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, GSL and their Subsidiaries for the time being.

**“GSL Indenture”** means the 9.875% first priority secured notes issued by GSL with a scheduled maturity falling on 15 November 2022 with a current outstanding amount of \$340,000,000.

**“GSL Indenture Letter”** means a letter to be provided to the Facility Agent, by the Parent Guarantor and GSL, in respect of the GSL Indenture in agreed form.

**“Guarantor”** means each of the Collateral Guarantors, the Parent Guarantor or GSL and, in the plural, means all 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 a Ship or the Acceding Ship (as the case may be), the Market Value thereof determined pursuant to paragraph 6.2 of Part A in relation to the utilisation of Tranche A or paragraph 7.2 of Part C in relation to the utilisation of Tranche B, respectively, of Schedule 2 (*Conditions Precedent*).

**“Initial Charter”** means, in relation to:

- (a) Ship A, a time charter dated 24 October 2018 and made between Borrower A and the Initial Charterer, for a period of 5 years with up to 45 days more or less in Initial Charterer’s option, having an actual commencement date of 27 February 2019 with an earliest expiration date of 13 January 2024 at a gross charter hire rate of \$25,910 per day;
- (b) Ship B, a time charter dated 17 October 2018 and made between Borrower B and the Initial Charterer, for a period of 1 year (plus a declared option for 4 more years starting from 1 January 2020) with up to 30 days more or less in Initial Charterer’s option, having an actual commencement date of 22 October 2018 with an earliest expiration date of 2 December 2023 and for a gross charter hire rate of \$12,500 per day until 31<sup>st</sup> December 2019 and \$20,000 per day from January 1<sup>st</sup> 2020 as per relevant charterparty terms;
- (c) Ship C, a time charter dated 24 October 2018 and made between Borrower C and the Initial Charterer, for a period of 5 years with up to 45 day more or less in Initial Charterer’s option, having an actual commencement date of 28 June 2019 with an earliest expiration date of 14 May 2024 and for a gross charter hire rate of \$25,910 per day;



- (d) Ship D, a time charter dated 24 October 2018 and made between Borrower D and the Initial Charterer, for a period of 5 years with up to 45 days more or less in the Initial Charterer's option, having an actual commencement date of 26 April 2019 with an earliest expiration date of 12 March 2024 and for a gross charter hire rate of \$25,910 per day;
- (e) Ship E, a time charter dated 24 October 2018 and made between Borrower E and the Initial Charterer, for a period of 5 years with up to 45 days more or less in the Initial Charterer's option, having an actual commencement date of 21 March 2019 with an earliest expiration date on 5 February 2024 and for a gross charter hire rate of \$25,910 per day; and
- (f) Ship F, a time charter dated 24 October 2018 and made between Borrower F and the Initial Charterer, for a period of 5 years with up to 45 days more or less in the Initial Charterer's option, having an actual commencement date of 15 May 2019 with an earliest expiration date of 31 March 2024 and for a gross charter hire rate of \$25,910 per day.

**"Initial Charterer"** means, in relation to:

- (a) each of Ship A, Ship C, Ship D, Ship E and Ship F, CMA CGM, 4 Qual d'Arenc, Marseilles, France; and
- (b) Ship B, MSC – Mediterranean Shipping Company S.A., 12-14 Chemin Rieu, 1208 Geneva, Switzerland.

**"Insurances"** means, in relation to a Ship:

- (a) all policies and contracts of insurance, 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 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*).

**"Intercreditor Agreement"** means an agreement between the Finance Parties and the Junior Finance Parties by which the Junior Finance Parties subordinate all their rights and interests under the Junior Finance Documents to the rights and interests of the Finance Parties.

**"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.

**“Junior Facility Agent”** means Wilmington Trust (London) Limited, having its registered address at 1 King’s Arms Yard, London, EC2R 7AF, England.

**“Junior Facility Agreement”** means a facility agreement made or to be made between the Borrowers as borrowers and (inter alia) the Junior Lenders as lenders, by which the Junior Lenders have agreed to make available to the Borrowers a facility of up to \$38,500,000.

**“Junior Finance Documents”** means any document defined as a “Finance Document” in the Junior Facility Agreement.

**“Junior Finance Party”** means the Junior Lenders, the Junior Facility Agent and any other party defined as a “Finance Party” in the Junior Facility Agreement.

**“Junior Lenders”** means the lenders under the Junior Facility Agreement as set out in the relevant Intercreditor Agreement.

**“Junior Loan”** means the amounts to be advanced or outstanding at the relevant time (as the context may require) under the Junior Facility Agreement.

**“Junior Security”** means any Security granted as security for the Junior Loan under the Junior Facility Agreement.

**“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;
- (b) any Acceding Lender; and
- (c) 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 10.1 (*Unavailability of Screen Rate*),

and if, in either case, that rate is less than zero, LIBOR shall be deemed to be zero.

**“LLC Shares”**, in respect of an Owner and the Parent Guarantor, shall have the meaning ascribed thereto in that Owner’s or the Parent Guarantor’s limited liability company agreement.

**“LMA”** means the Loan Market Association or any successor organisation.

**“Loan”** means the aggregate amount of the Advances to be made available under the Facility or the aggregate principal amount for the time being outstanding of the borrowings advanced under the Facility and a **“part of the Loan”** means an Advance, 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 Advance has yet been made, a Lender or Lenders whose Commitments aggregate more than 66⅔ per cent. of the Total Commitments; or
- (b) at any other time, a Lender or Lenders whose participations in the Loan aggregate more than 66⅔ 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 66⅔ 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, in relation to a Ship, 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 that Ship and the relevant Owner to the rights of the Finance Parties in agreed form.

**“Margin”** means 3.00 per cent. per annum.

**“Market Value”** means, in relation to a Ship or any other vessel (including, without limitation, any Fleet Vessel), at any date, an amount equal to the market value of that 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 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.

**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 Owners’ cost and on the same terms as the first two valuations. The Market Value of that Ship 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.

**“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, in relation to a Ship, a first preferred Marshall Islands, Liberian or Panamanian ship mortgage on that 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 a Borrower or a Guarantor.

**“Operating Expenses”** means, in relation to a Ship, the aggregate expenditure necessarily incurred by the Owner which is the owner of that Ship in operating, insuring, maintaining, repairing and generally trading that Ship (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 GSL, the audited consolidated financial statements of the Group for its financial year ended 2018.

**“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).

**“Owner”** means a Borrower or a Collateral Guarantor and, in the plural, means all of them.

**“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) until (and including) the relevant Utilisation Date, any Existing Indebtedness;
- (b) any Financial Indebtedness incurred under the Finance Documents and the Junior Finance Documents (subject always to the terms of this Agreement and the relevant Intercreditor Agreement);
- (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 an Owner, the subject of Subordinated Debt Security or an Intercreditor Agreement;
- (d) any normal trading debt of the Owners incurred in the ordinary course of their business operations of owning and operating the Ships 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 a Utilisation Date, any Existing Security;
- (b) Security created by the Finance Documents;
- (c) the Junior Security;
- (d) 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;
- (e) liens for salvage;

- (f) liens for master's disbursements incurred in the ordinary course of trading in accordance with first class ship ownership and management practice; and
- (g) 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 Owner; 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).

**"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.

**"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 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 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 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*) 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 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.

**“Replacement Charter”** shall have the meaning given to this term in Clause 7.6(b) (*Termination of Initial Charters*).

**“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 Owner owning that Ship (or any other longer period as the Facility Agent may agree at the request of the relevant Owner); 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 Owner owning that Ship (or any other longer period as the Facility Agent may agree at the request of the relevant Owner)).

**“Requisition Compensation”** includes all compensation or other moneys payable to an Owner 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.

**“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.

**“Retention Account”** means:

- (a) an account in the name of the Borrowers with the Account Bank designated “ Ikaros Marine LLC, Leonidas Marine LLC, Hector Marine LLC, Aristoteles Marine LLC, Menelaos Marine LLC, Philippos Marine LLC - Retention Account”;
- (b) any other account in the name of the Borrowers 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 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;
- (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) 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 Document”** means:

- (a) any Shares Security;

- (b) any Mortgage;
- (c) any 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 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*).

**“Servicing Party”** means the Facility Agent or the Security Agent.

**“Shares Security”** means, in relation to an Owner, a document creating Security over the LLC Shares in that Owner in agreed form.

**“Ship”** means each of Ship A, Ship B, Ship C, Ship D, Ship E, Ship F and a Collateral Ship and, in the plural, means all of them.

**“Ship A”** means m.v. “KATHERINE”, details of which are set out opposite its name in Schedule 7 (*Details of the Ships*).

**“Ship B”** means m.v. “AGIOS DIMITRIOS”, details of which are set out opposite its name in Schedule 7 (*Details of the Ships*).

**“Ship C”** means m.v. “KRISTINA”, details of which are set out opposite its name in Schedule 7 (*Details of the Ships*).

**“Ship D”** means m.v. “ALEXIS”, details of which are set out opposite its name in Schedule 7 (*Details of the Ships*).

**“Ship E”** means m.v. “OLIVIA I”, details of which are set out opposite its name in Schedule 7 (*Details of the Ships*).

**“Ship F”** means m.v. “ALEXANDRA”, details of which are set out opposite its name in Schedule 7 (*Details of the Ships*).

**“Ship G”** means m.v. “DOLPHIN II”, details of which are set out opposite its name in Schedule 7 (*Details of the Ships*).

**“Ship H”** means m.v. “ATHENA”, details of which are set out opposite its name in Schedule 7 (*Details of the Ships*).

**“Ship I”** means m.v. “ORCA I”, details of which are set out opposite its name in Schedule 7 (*Details of the Ships*).

**“Specified Time”** means a day or time determined in accordance with Schedule 10 (*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 relevant Borrower 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 an Owner and the Approved Technical Manager regarding the technical management of a Ship.

“**Termination Date**” means the date falling on the earlier of (i) the fifth anniversary from the Utilisation Date of Tranche A and (ii) 30 September 2024.

“**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 September 2019 in relation to each of the Parent Guarantor and GSL.

“**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 19.15 (*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 19.15 (*Financial Statements*).

“**Total Commitments**” means the aggregate of the Tranche A Commitments and Tranche B Commitments, being \$268,000,000.

“**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 Owner within 45 days of such Requisition (or such longer period as may be requested by the relevant Owner 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 Owner 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 or Tranche B.

**“Tranche A”** means that part of the Loan made or to be made available to the Borrowers to refinance certain existing indebtedness (including, without limitation, the Existing Indebtedness) in respect of (inter alia) the Ships in a principal amount not exceeding the lesser of (a) \$230,000,000 and (b) 65 per cent. of the aggregate Initial Market Value of the Ships.

**“Tranche A Commitment”** means:

- (a) in relation to an Original Lender, the amount set opposite its name under the heading “Tranche A Commitment” in Part B of Schedule 1 (*The Parties*) and the amount of any other Tranche A Commitment transferred to it under this Agreement; and
  - (b) in relation to any other Lender, the amount of any Tranche A Commitment transferred to it under this Agreement,
- to the extent not cancelled, reduced or transferred by it under this Agreement.

**“Tranche B”** means that part of the Loan made or to be made available to the Borrowers to refinance (inter alia) the Existing Indebtedness secured on the Acceding Ship in a principal amount not exceeding the lesser of (a) \$38,000,000 and (b) 65 per cent. of the Initial Market Value of the Acceding Ship.

**“Tranche B Commitments”** means:

- (a) in relation to an Original Lender, the amount set opposite its name under the heading “Tranche B Commitments” in Part B of Schedule 1 (*The Parties*) and the amount of any other Tranche B Commitments transferred to it under this Agreement;

- (b) in relation to an Acceding Lender, the amount of its Tranche B Commitments set out in the relevant Acceding Lender's Deed of Accession and the amount of any other Tranche B Commitments transferred to it under this Agreement; and
- (c) in relation to any other Lender, the amount of any Tranche B Commitments transferred to it under this Agreement, to the extent not cancelled, reduced or transferred by it under this Agreement.

**"Tranche B Commitments Cut-Off Date"** means the date falling 10 Business Days prior to the Utilisation Date of Tranche B.

**"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 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 (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) a 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 a utilisation of an Advance under the Facility.

**“Utilisation Date”** means the date of a Utilisation, being the date on which the relevant Advance is to be made.

**“Utilisation Request”** means a 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 19.15 (*Financial Statements*)) and the aggregate Market Value of all Fleet Vessels.

**“VAT”** means:

- (a) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and
- (b) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraph (a) above, or imposed elsewhere.

**“Write-down and Conversion Powers”** means:

- (a) in relation to any Bail-In Legislation described in the EU Bail-In Legislation Schedule from time to time, the powers described as such in relation to that Bail-In Legislation in the EU Bail-In Legislation Schedule;
- (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 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 Owner 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 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 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 30.11 (*Exclusion of liability*), or paragraph (b) of Clause 31.11 (*Exclusion of liability*), Clause 30.19 (*Role of Reference Banks*), Clause 30.20 (*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 Borrowers a dollar term loan facility in two Tranches in an aggregate amount not exceeding the Total Commitments.

**2.2 Acceding Lender**

- (a) In order to enable the utilisation of Tranche B and to comply with the provisions of Clause 4.2 (*Further Conditions Precedent*), Tranche B needs to be Fully Committed by no later than the Tranche B Commitments Cut-Off Date.
- (b) The increase to the amount of the Tranche B Commitments as at the date of this Agreement so as to enable Tranche B to be Fully Committed shall be fulfilled through the accession of one or more Acceding Lenders in accordance with this Clause 2.2 (*Acceding Lender*) on or before the Tranche B Commitments Cut-Off Date.
- (c) Such increased Tranche B Commitments will be assumed by one or more banks or financial institutions (each an “**Acceding Lender**”) each of which:
  - (i) is nominated by the Facility Agent;
  - (ii) meets the requirements set out in Clause 28.1 (*Assignments and transfers by the Lenders*); and
  - (iii) confirms in writing, by the execution of the relevant Acceding Lender Deed of Accession, its willingness to assume and its assumption of all the obligations of a Lender corresponding to that part of the Tranche B Commitments which it is to assume, as if it had been an Original Lender in respect of those Tranche B Commitments.
- (d) Each of the Transaction Obligors and any Acceding Lender shall assume obligations towards one another and/or acquire rights against one another as the Transaction Obligors and that Acceding Lender would have assumed and/or acquired had that Acceding Lender been an Original Lender in respect of the Tranche B Commitments it is to assume.
- (e) An Acceding Lender shall become a Party as a “Lender” and the Acceding Lender and each of the other Finance Parties shall assume obligations towards one another and acquire rights against one another as the Acceding Lender and those Finance Parties would have assumed and/or acquired had the Acceding Lender been an Original Lender in respect of that part of the Tranche B Commitments which it is to assume.
- (f) The Commitments of the other Lenders shall continue in full force and effect.

- (g) The commitment of the part of the uncommitted Tranche B Commitments to be committed by the Acceding Lender shall take effect on the later of:
  - (i) the date of the relevant Acceding Lender Deed of Accession duly signed by all parties to it; and
  - (ii) the date the Facility Agent notifies the Borrowers and the other Lenders 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 the assumption of the relevant part of the Tranche B Commitments by the Acceding Lender.
- (h) An Acceding Lender, by executing the relevant Acceding Lender Deed of Accession, 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 increase becomes effective.
- (i) The Borrowers shall promptly on demand pay the Facility Agent the amount of all costs and expenses incurred by it with any accession of an Acceding Lender under this Clause 2.2 (*Acceding Lender*).

### **2.3 Finance Parties’ rights and obligations**

- (a) The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.
- (b) The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from 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.

### **2.4 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 the 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 the Borrower shall be bound as though the Borrower itself 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 the Utilisation Request and on the proposed Utilisation Date and before the relevant Advance is made available:
  - (i) no Default is continuing or would result from the borrowing of the proposed Advance;
  - (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;
- (b) in the case of Tranche A, the Facility Agent has received on or before the relevant Utilisation Date, or is satisfied it will receive when an Advance under Tranche A 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; and

- (c) in the case of Tranche B:
  - (i) they are satisfied that the Tranche B is Fully Committed; and
  - (ii) the Facility Agent has received on or before the relevant Utilisation Date, or is satisfied it will receive when Tranche B is made available, all of the documents and other evidence listed in Part C of Schedule 2 (*Conditions Precedent*) and in the relevant provision of the Borrower Deed of Accession 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 an Advance 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 five 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 Utilisation Request**

- (a) The Borrowers may utilise each Tranche by delivery to the Facility Agent of a duly completed Utilisation Request in respect of that Tranche not later than the Specified Time.
- (b) The Borrowers may not deliver more than one Utilisation Request under each Tranche.

**5.2 Completion of Utilisation Request**

- (a) Each Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:
  - (i) it identifies the Tranche to be utilised;
  - (ii) the proposed Utilisation Date is a Business Day within the relevant Availability Period;
  - (iii) the currency and amount of the Utilisation comply with Clause 5.3 (*Currency and amount*);
  - (iv) all applicable deductible items have been completed; and
  - (v) the proposed Interest Period complies with Clause 9 (*Interest Periods*).
- (b) Only one Tranche may be requested in each Utilisation Request.
- (c) All the Advances under Tranche A shall be drawn simultaneously and Tranche A shall be drawn prior to Tranche B.

**5.3 Currency and amount**

- (a) The currency specified in a Utilisation Request must be dollars.
- (b) The aggregate amount of the Advances under Tranche A shall not exceed the lesser of (i) \$230,000,000 and (ii) 65 per cent. of the aggregate Initial Market Value of the Ships.
- (c) The amount of a proposed Advance must be an amount which, when aggregated with the Advances previously drawn, is less than or equal to (but in any event not more than) the Available Facility.
- (d) The amount of Tranche B shall not exceed the lesser of (i) \$38,000,000 and (ii) 65 per cent. of the Initial Market Value of the Acceding Ship.

**5.4 Lenders' participation**

- (a) If the conditions set out in this Agreement have been met, each Lender shall make its participation in each Advance available by the relevant Utilisation Date through its Facility Office.

- (b) The amount of each Lender's participation in each Advance will be equal to the proportion borne by its Available Commitment to the relevant Available Facility immediately before making that Advance.
- (c) The Facility Agent shall notify each Lender of the amount of each Advance and the amount of its participation in that Advance by the Specified Time.
- (d) Notwithstanding anything to the contrary, expressed or implied, in this Agreement, Tranche B is only partially committed as at the date of this Agreement and accordingly the Lenders shall have no obligation to make any Advance available under that Tranche unless and until, on or before the Tranche B Commitments Cut-Off Date, Tranche B is Fully Committed.

#### **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**

The Borrowers irrevocably authorise the Facility Agent on each Utilisation Date in relation to an Advance, to pay to, or for the account of, the Borrowers the amounts which the Facility Agent receives from the Lenders in respect of such Advance. That payment shall be made in like funds as the Facility Agent received from the Lenders in respect of that Advance to the account which the Borrowers specify in the relevant Utilisation Request for the purpose of refinancing the relevant Existing Indebtedness.

#### **5.7 Disbursement of Advance 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 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 that Advance.

#### **5.8 Prepositioning of funds**

If required, in respect of any proposed Advance, 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 each 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 Advance 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) Tranche A shall be repaid by 20 equal consecutive quarterly repayment instalments, each in an amount of \$5,200,000, the first of which shall be repaid on the date falling three Months after the Utilisation Date of Tranche A, 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 \$126,000,000 on the Termination Date; and
- (b) Tranche B shall be repaid by a number of equal consecutive instalments (based on a 16.5 year age adjusted profile), each in an amount to be determined by the Facility Agent and set out in a repayment schedule (in the form set out in Schedule 8 (*Repayment Schedule*)) to be prepared by the Facility Agent and sent to the Borrowers and the Lenders 2 Business Days prior to the Utilisation Date of Tranche B. The first such instalment shall be repaid on the date falling on the first Repayment Date in respect of Tranche A falling after the Utilisation Date in respect of Tranche B, each subsequent repayment instalment shall be repaid at three-monthly intervals thereafter and the last one together with the relevant balloon instalment 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 Borrowers cancel 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 the relevant Tranche 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 for each Repayment Date falling 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:
  - (i) Clause 7.2 (*Voluntary prepayment of Loan*), the prepayment shall be applied in accordance with the Borrowers’ instructions (at their discretion);

(ii) Clause 7.3 (*Mandatory prepayment on sale or Total Loss*):

- (A) in the case of a sale or Total Loss of any Ship (other than a Collateral Ship), the prepayment shall be applied pro rata against the then outstanding Repayment Instalments (including, for the avoidance of doubt, the balloon instalment) in respect of each Tranche (being, in the case of a Ship, Tranche A and, in the case of the Acceding Ship, Tranche B (subject to Tranche B having been utilized at the time of such sale or Total Loss)); and
- (B) in the case of a sale or Total Loss of a Collateral Ship, the prepayment shall be applied pro rata against the balloon instalments of each Tranche, and thereafter, pro rata against the then outstanding Repayment Instalments of each Tranche (and, for the avoidance of doubt, in the case Tranche B has not yet been utilized at the time of the sale or Total Loss of that Collateral Ship, such prepayment shall be applied against the balloon instalment of Tranche A and thereafter, pro rata against the then outstanding Repayment Instalments of Tranche A).

### **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 an Advance or all 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 each part of the Loan on the last day of the Interest Period applicable to that part of 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 prepayment of Loan**

The Borrowers may, if they give the Facility Agent not less than fifteen Business Day's prior indicative notice and ten 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 a Ship is sold (without prejudice to paragraph (a) of Clause 22.12 (*Disposals*)) or becomes a Total Loss the Borrowers shall, subject to Clause 6.2(d) (*Effect of cancellation and prepayment on scheduled repayments*), prepay the Relevant Amount on the Relevant Date.
- (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 Owner that owned the relevant Ship.
- (c) Each Owner undertakes, in the case of a sale or Total Loss of the Ship owned by it, to deposit the sale proceeds or the Net Proceeds, as the case may be, relating to the sale of that Ship, to its respective Earnings Account to be applied towards the prepayment of the Relevant Amount as required to be made by the Borrowers pursuant to paragraph (a) above.

In this Clause 7.3 (*Mandatory prepayment on sale or Total Loss*):

“**Net Proceeds**” shall mean the balance of the proceeds remaining after the sale (or, as the case may be, the Total Loss) of a Collateral Ship after deducting any costs, expenses and brokerage commissions incurred in relation to or in connection with the sale (or as the case may be, the Total Loss) of that Collateral Ship which the Facility Agent may approve (such approval not to be unreasonably withheld).

“**Relevant Amount**” means:

- (a) in the case of a Ship (other than a Collateral Ship), an amount equal to the higher of an amount which, after giving effect to the prepayment required to be made pursuant to this Clause 7.3 (*Mandatory prepayment on sale or Total Loss*), results in the asset cover ratio determined pursuant to Clause 25.1 (*Minimum required security cover*) being equal to the higher of (A) the asset cover ratio maintained immediately prior to the prepayment made pursuant to this Clause 7.3 (*Mandatory prepayment on sale or Total Loss*) and (B) 130 per cent; and
- (b) in the case of a Collateral Ship, an amount equal to the Net Proceeds.

“**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 Owner which is the owner of that Ship 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.

#### 7.4 Change of Control

If a Change of Control occurs the Borrowers 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 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 of the Owners;
- (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 a Borrower under Clause 12.3 (*Tax indemnity*) or Clause 13.1 (*Increased costs*),the Borrowers 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.

#### **7.6 Termination of Initial Charters**

- (a) If any of the Initial Charters is frustrated, terminated (except by mere effluxion of time or in the case of Total Loss of a Ship), cancelled or rescinded or purported to be cancelled or rescinded prior to its expiration date, the Borrowers 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 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, the Borrower owning that Ship has granted in favour of the Security Agent a Charterparty Assignment in respect of such Replacement Charter.

#### **7.7 Additional Prepayment**

The Borrowers shall prepay the Loan in the amount and at the time referred to in the Additional Prepayment Side Letter and such prepayment shall be applied in the manner referred to in the Additional Prepayment Side Letter.

#### **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.

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## **7.9 Application of prepayments**

Any prepayment of any part of the Loan (other than a prepayment pursuant to Clause 7.1 (*Illegality*), Clause 7.5 (*Right of repayment and cancellation in relation to a single Lender*) or Clause 7.7 (*Additional Prepayment*)) 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 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.

**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 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 each Tranche in the relevant Utilisation Request. Subject to paragraph (f) below and Clause 9.2 (*Changes to Interest Periods*), the Borrowers may select each subsequent Interest Period in respect of a Tranche of 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 paragraph (f) 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 each respective Tranche under 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 the preceding Interest Period.
- (h) The first Interest Period for all the Advances under Tranche A shall start on the Utilisation Date of Tranche A and end on the last day of the Interest Period applicable to Tranche A.
- (i) Except for the purposes of paragraph (g) and paragraph (h) 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 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,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 for 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**

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 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 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 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; and
  - (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.
- (b) If this Clause 10.4 (*Cost of funds*) applies and the Facility Agent or the Borrowers so require, the Facility Agent and the Borrowers 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 43.5 (*Replacement of Screen Rate*), any substitute or alternative basis agreed pursuant to paragraph (b) above shall, with the prior consent of all the Lenders and the Borrowers, be binding on all Parties.
- (d) If paragraph (e) below does not apply and any rate notified to the Facility Agent under sub-paragraph (a)(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 to be LIBOR.

#### **10.5 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 a 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.

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## **11 FEES**

### **11.1 Commitment fee**

- (a) The Borrowers shall pay to the Facility Agent (for the account of each Lender) a fee computed at the rate of 40 per cent. of the Margin on the Available Commitments which have not been utilized in respect of each Tranche during the period commencing on the date of this Agreement until the end of the relevant Availability Period.
- (b) The accrued commitment fee is payable on the last day of each successive period of three Months which ends during the relevant Availability Period, on the last day of that Availability Period and, if cancelled, on the cancelled amount of the relevant Lender's Commitment at the time the cancellation is effective.

### **11.2 Other fees**

The Borrowers shall pay all other fees in accordance with any Fee Letters.

**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 Obligor 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 Obligor.
- (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 Obligor 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)) 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 an Owner 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 an Owner is a US Tax Obligor and the relevant Lender is an Original Lender, the date of this Agreement;
  - (ii) where an Owner is a US Tax Obligor on a Transfer Date and the relevant Lender is a New Lender, the relevant Transfer Date; or

- (iii) where an Owner 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 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;
- (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; 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 an Advance 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, 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 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.



## GUARANTEES AND JOINT AND SEVERAL LIABILITY OF BORROWERS

**17 GUARANTEE AND INDEMNITY****17.1 Guarantee and indemnity**

Each 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, 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 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 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 each 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 any 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 34 (*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.

## **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.

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**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.

## 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 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.

**19.3 LLC shares and ownership**

- (a) In the case of Borrower A, 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 Odysseus Marine LLC, a Marshall Islands limited liability company and a wholly owned Subsidiary of the Parent Guarantor.
- (b) In the case of Borrower B, 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 Parent Guarantor.
- (c) In the case of Borrower C, 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 Odysseus Marine LLC, a Marshall Islands limited liability company, and a wholly owned Subsidiary of the Parent Guarantor.
- (d) In the case of Borrower D, 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 Triton NB LLC, a Marshall Islands limited liability company, a wholly owned Subsidiary of Triton Containers Holdings LLC which in turn is a wholly owned Subsidiary of K&T Marine LLC which in turn is a wholly owned Subsidiary of the Parent Guarantor.
- (e) In the case of Borrower E, 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 Triton NB LLC, a Marshall Islands limited liability company, a wholly owned Subsidiary of Triton Containers Holdings LLC which in turn is a wholly owned Subsidiary of K&T Marine LLC which in turn is a wholly owned Subsidiary of the Parent Guarantor.

- (f) In the case of Borrower F, 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 Triton Containers Holdings LLC, a Marshall Islands limited liability company which is a wholly owned Subsidiary of K&T Marine LLC which in turn is a wholly owned Subsidiary of the Parent Guarantor.
- (g) In the case of Hephaestus, 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 Parent Guarantor.
- (h) In the case of Pericles, 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 Parent Guarantor.
- (i) In the case of Zeus One, 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 Parent Guarantor.
- (j) 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.
- (k) GSL has an authorized share capital of 214,000,000 Class A Common Shares and 250,000 Series C Preferred Shares, each with a par value of one United States cent (\$0.01) of which 9,942,950 Class A Common Shares and 250,000 Series C Preferred Shares are issued and outstanding.
- (l) The legal title to and beneficial interest in the LLC Shares in each Owner is held by the relevant member free of any Security or any other claim, except for Permitted Security.
- (m) None of the LLC Shares in any Owner 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 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.

#### **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 the Mortgages at the applicable ship registry of the Republic of the Marshall Islands, the Republic of Liberia or the Republic of Panama; 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 1 June 2019.
- (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 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.

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**19.19 No breach of laws**

It has not breached any law or regulation which breach has a Material Adverse Effect.

**19.20 Initial Charter**

Each Ship, other than a Collateral Ship, is subject to the relevant Initial Charter and delivered to the respective Initial Charterer.

**19.21 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.

**19.22 No Environmental Claim**

No Environmental Claim has been made or threatened against any member of the Group or any Ship.

**19.23 No Environmental Incident**

No Environmental Incident has occurred and no person has claimed that an Environmental Incident has occurred.

**19.24 ISM and ISPS Code compliance**

All requirements of the ISM Code and the ISPS Code as they relate to each Borrower, the Approved Technical Manager and each Ship have been complied with.

**19.25 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.
- (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.

**19.26 Financial Indebtedness**

No Obligor (other than GSL) has any Financial Indebtedness outstanding other than Permitted Financial Indebtedness.

### **19.27 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.

### **19.28 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.

### **19.29 Ownership**

- (a) Each Owner is the sole legal and beneficial owner of the Ship owned by it, 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 Owners on creation or enforcement of the security conferred by the Security Documents.

### **19.30 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.

### **19.31 Place of business**

No Obligor has a place of business in any country other than Greece.

### **19.32 No employee or pension arrangements**

No Obligor has any employees or any liabilities under any pension scheme.

### **19.33 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).

### **19.34 Sanctions Representations**

- (a) No Transaction Obligor or Approved Manager:
  - (i) is a Restricted Person;
  - (ii) is owned or controlled by or acting directly or indirectly on behalf of or for the benefit of, a Restricted Person;
  - (iii) owns or controls a Restricted Person; or

- (iv) has a Restricted 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 any Advance or the Loan 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.

#### **19.35 Validity and completeness of the Initial Charters**

- (a) Each Initial Charter constitutes legal, valid, binding and enforceable obligations of the relevant Borrower which is a party thereto.
- (b) The copies of the Initial Charters delivered to the Facility Agent before the date of this Agreement are true and complete copies.
- (c) No amendments or additions to 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 respective rights under the relevant Initial Charter.

#### **19.36 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.

#### **19.37 Ship status**

Each Ship is:

- (a) registered in the name of the relevant Owner 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.

#### **19.38 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 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:

- (a) as soon as they become available, but in any event within 180 days after the end of each of its respective financial years:
  - (i) the unaudited financial statements of each Owner for that financial year; and
  - (ii) 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:
  - (i) the semi-annual unaudited financial statements of each Owner, including balance sheet, cash flow statement and profit and loss statement for that financial half-year; and
  - (ii) its unaudited consolidated financial statements for that financial half- year;
- (c) as soon as the same become available, but in any event within 90 days after the end of each quarter of each of its respective financial years, its unaudited consolidated financial statements for that financial quarter; and
- (d) 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).

### **20.3 Compliance Certificates**

- (a) The Parent Guarantor shall supply to the Facility Agent, together with each set of financial statements delivered pursuant to sub-paragraph (ii) of paragraph (a) or paragraph (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) The Owners and the Parent Guarantor shall supply to the Facility Agent, together with each set of financial statements delivered pursuant to paragraph (c) of Clause 20.2 (*Financial statements*), a Compliance Certificate setting out (in reasonable detail) computations as to the calculation of the Debt Service Cover Ratio and the Owners' compliance with Clause 22.18 (a) (*Dividend Payment*) as at the date at which those financial statements were drawn up.
- (c) Each Compliance Certificate prepared:
  - (i) pursuant to paragraph (a) above shall be signed by the chief financial officer of GSL; and

- (ii) pursuant to paragraph (b) above shall be signed by an 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 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 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, it notifies 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;
- (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) 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 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, 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).

#### **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, 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.

## **21 FINANCIAL COVENANTS**

### **21.1 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 aggregate of (A) the product of \$350,000 and the number of Fleet Vessels (other than the Ships) owned by the Subsidiaries of the Parent Guarantor at that time and (B) the product of \$500,000 and the number of Ships then subject to a Mortgage.

### **21.2 Owners’ minimum liquidity**

Each Owner 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 its Earnings Account (or, alternatively the Owners shall ensure that an aggregate amount of no less than the product of \$500,000 and the number of Ships then subject to a Mortgage is standing to the credit of all the Earnings Accounts).

### **21.3 GSL minimum liquidity and most favoured nations**

GSL shall:

(a)

- (i) at all times during the Security Period and for as long as the GSL Indenture has not been refinanced or the financial covenants contained therein have not been amended, maintain minimum liquidity in the amount of \$20,000,000;

- (ii) at all times during the Security Period following the refinancing of the GSL Indenture, maintain minimum liquidity in an amount of \$20,000,000 or a lesser minimum liquidity amount (if agreed by all the Lenders); and
  - (iii) at all times during the Security Period and for as long as the GSL Indenture has not been refinanced (in which case sub-paragraph (b) hereof shall apply), be limited in connection with any Dividend Payment it may make, starting on 1 January 2020, to: (A) an aggregate amount per year up to 50 per cent. of its consolidated net profits (after taxes) for the immediately preceding financial year **Provided that** any unutilised portion may be carried forward to succeeding financial years and (B) such Dividend Payments (i) being made in accordance with the provisions of the GSL Indenture related to Permitted Transfer (as same is defined in the GSL Indenture) and (ii) not resulting in a breach of Clause 22.18(c) (*Dividends*).
- (b) GSL shall, at all times during the Security Period, 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 the GSL Indenture or 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 the GSL Indenture or 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 Lenders may require in order to achieve parity with the creditors under the relevant financing of GSL.

#### **21.4 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 Charters*), 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 Owners).

## **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 19.30 (*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.

## 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) From the first Utilisation Date each Owner shall hold the legal title to, and own the entire beneficial interest in the Ship owned by it, its Earnings and its 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.

## 22.11 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) No Owner 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 Owner 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 a Ship provided the Borrowers comply with the prepayment obligations of Clause 7 (*Prepayment and Cancellation*) and the provisions of Clause 7.3 (*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 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.

#### **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 Owner 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 except Permitted Financial Indebtedness.

#### **22.16 Expenditure**

No Owner shall incur any expenditure, except for expenditure reasonably incurred in the ordinary course of owning, operating, chartering, maintaining and repairing its Ship.

#### **22.17 Share capital**

No Owner shall:

- (a) purchase, cancel or redeem any of its LLC Shares;

- (b) increase or reduce its authorised share capital;
- (c) issue any further LLC Shares, except to the Parent Guarantor or to the relevant member as per Clause 19.3 and provided such LLC Shares are issued subject to the terms of the Shares Security applicable to that Owner 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;
- (d) appoint any further officer of that Owner (unless in accordance with the provisions of the Shares Security applicable to that Owner).

#### **22.18 Dividends**

- (a) Each Owner may declare and make a Dividend Payment only if (i) no Event of Default has occurred and is continuing, (ii) the asset cover ratio determined pursuant to Clause 25.1 (*Minimum required security cover*) is at the relevant time not less than 140 per cent and (iii) the Debt Service Cover Ratio, calculated on a quarterly basis by reference to the financial quarter immediately preceding the date of such Dividend Payment, is, at the relevant time, not less than 1.15x.
- (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 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 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 the GSL Indenture and 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.

#### **22.19 Other transactions**

No Owner 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 Owner 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 owned by it;

- (c) enter into any material agreement other than:
  - (i) the Transaction Documents;
  - (ii) the Junior Finance Documents;
  - (iii) 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 Owner 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 Charters**

No Borrower will agree to any material amendment or supplement to, or waive or fail to enforce, any Initial Charter relative to its Ship or any of its provisions (and, without limitation, any reduction to the charter hire rate or to the fixed duration of any 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 Charters*)).

#### **22.23 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 Restricted Party or act on behalf of, or as an agent of, a Restricted Party.

- (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 Restricted Party 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 Restricted Party in discharging any obligation due or owing to the Finance Parties.

#### **22.24 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 Restricted Person.

#### **22.25 EU Anti-Blocking**

- (a) Any provision of this Agreement relating to Sanctions, including, without limitation, the provisions contained in Clause 19.34 (*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 22.25 (*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 (*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 22.25 (*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 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.

### **23.2 Maintenance of obligatory insurances**

Each Owner 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; 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 Owner to insure and which are specified by the Facility Agent by notice to that Owner.

### **23.3 Terms of obligatory insurances**

Each Owner 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 when aggregated with the amounts for which the other Ships then subject to a Mortgage is insured for such risks is equal to 120 per cent. of the Loan; 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) 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.

### **23.4 Further protections for the Finance Parties**

In addition to the terms set out in Clause 23.3 (*Terms of obligatory insurances*), each Owner shall procure that the obligatory insurances effected by it shall:

- (a) subject always to paragraph (b), name that Owner 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 Owner 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 that Owner fails to do so.

### **23.5 Renewal of obligatory insurances**

Each Owner 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 Owner 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 Owner 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 Owner 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 Owner forthwith upon being so requested by the Facility Agent.

### **23.7 Copies of certificates of entry**

Each Owner 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 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 Owner 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 Owner 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.

### **23.10 Guarantees**

Each Owner 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 Owner 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 Owner 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 Owner 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 Owner 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 Owner shall provide the Security Agent, upon the Security Agent's request, with copies of all written communications between that Owner 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 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 Owner 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.

### **23.15 Provision of information**

Each Owner 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 Owners 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 a mortgagee's interest marine insurance and a mortgagee's interest additional perils insurance in each case, in an amount which when aggregated with the amounts for which the other Ships then subject to a Mortgage is insured for such risks is equal to 120 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 Owners 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 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 24.2 (*Ship's name and registration*), 24.3 (*Repair and classification*), 24.4 (*Modifications*), 24.5 (*Removal and installation of parts*) and 24.14 (*Restrictions on chartering, appointment of managers etc.*) such permission not to be unreasonably withheld).

### **24.2 Ships' names and registration**

Each Owner 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 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 Owner 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 Owner shall make any modification or repairs to, or replacement of, the Ship owned by it 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 Owner shall remove any material part of the Ship owned by it, or any item of equipment installed on such 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 Owner and subject to the security constituted by the Mortgage on that Ship.
- (b) An Owner 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 Owner.

#### **24.6 Surveys**

Each Owner 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 Owner 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, 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 first Utilisation Date unless a Default has occurred and is continuing) shall be for the account of the relevant Owner.

#### **24.8 Prevention of and release from arrest**

- (a) Each Owner 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 Owner 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 Owner 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 Owner 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 Owner 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 Owner has (at its 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 such Ship may require.

#### **24.12 Provision of information**

Without prejudice to Clause 20.5 (*Information: miscellaneous*) each Borrower shall, and shall procure that each other Owner 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, and shall procure that each other Owner 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 that Ship or the Earnings;
- (f) any intended dry docking of that Ship;
- (g) any Environmental Claim made against that Borrower or the relevant Owner 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 or the relevant Owner, 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,
- (j) and each Borrower shall and shall procure that each other Owner 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 or the relevant Owner's, any such Approved Manager's or any other person's response to any of those events or matters.

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**24.14 Restrictions on chartering, appointment of managers etc.**

No Owner shall, in relation to the Ship owned by it:

- (a) let that Ship on demise 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 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 Owner 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 that Owner to the Security Agent.

**24.16 Responsible Ship Recycling**

If a Ship is sold for scrapping, the Owner owning that Ship shall ensure that such Ship is sold on the basis of a memorandum of agreement that contains language that ensures that that Ship shall be dismantled in a safe, sustainable and socially and environmentally responsible way and that Owner shall use its best endeavours to ensure performance and observance by the buyer of such Ship of its obligations and liabilities under such memorandum of agreement.

**24.17 Green Passport**

Each Owner shall procure that the Ship owned by it has (from 31 December 2020 and at all times thereafter 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 relevant Classification Society's requirements.

#### 24.18 Charterparty Assignment

If an Owner 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 Owner 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 Owner 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 Owner shall procure that:

- (a) the Ship owned by it:
  - (i) shall not be used by or for the benefit of a Restricted 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 relevant Owner 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 a 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;
  - (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 owned by it shall contain, for the benefit of that Owner, 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 Notification of compliance

Each Owner 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:

- (a) the aggregate Market Value of all Ships then subject to a Mortgage; plus
- (b) the net realisable value of additional security previously provided under this Clause 25 (*Security Cover*),  
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 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) A 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.

#### 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.

## **25.5 Provision of information**

- (a) Each Owner 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 an Owner 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.

## **25.7 Provision of valuations**

- (a) The Facility Agent shall obtain the necessary valuations (addressed to it) of each 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 7.3 (*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 Owners.
- (c) The Lenders may at any other time or times instruct the Facility Agent to obtain valuations of the Ships other than pursuant to paragraph (a) for the purpose of ascertaining the Market Value of the Ships 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**

No Owner may, without the prior consent of the Facility Agent, maintain any bank account other than its Earnings Account and, in the case of the Borrowers, the Retention Account.

## 26.2 Payment of Earnings

Each Owner 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 balance on each Earnings Account of the Borrowers 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 each 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 26.3 (*Monthly retentions*);
- (d) FOURTHLY, for and towards payment of the liabilities of each 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) above;
- (e) FIFTHLY, for and towards payment of the Operating Expenses of the Ship which are due and payable at such time;
- (f) SIXTHLY, for and towards payment of all interest payable under the Junior Facility Agreement; 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 (in excess of the minimum liquidity required to be maintained pursuant to Clause 21.2 (*Owners' Minimum Liquidity*)) standing to the credit of each Earnings Account after application pursuant to the foregoing paragraphs shall be available to the Owners.

#### **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 Owner shall promptly:

- (a) comply with any requirement of the Facility Agent as to the location or relocation of its 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 Accounts and the Retention Account.

## **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 Owners shall authorise the Account Bank to pay such amounts from the relevant 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 relevant 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 any or all of the Earnings Account 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 27.18 (*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; or
- (c) in the case of Clause 7.7 (*Additional Prepayment*), the amount to be prepaid pursuant to that clause is received or recovered in the manner and the period contemplated by the Additional Prepayment Side Letter.

### 27.3 Specific obligations

A breach occurs of Clause 4.4 (*Waiver of conditions precedent*), Clause 21 (*Financial Covenants*), Clause 22.10 (*Title*), Clause 22.11 (*Negative pledge*), Clause 22.20 (*Unlawfulness, invalidity and ranking; Security imperilled*), 22.22 (*No amendment to the Initial Charters*), 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 ten 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 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 27.6 (*Cross default*) in respect of a person other than an Owner 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).

### 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 Owner 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 a 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.

#### **27.18 Event of Default under the Junior Facility Agreement**

An Event of Default (as such term is defined under the Junior Facility Agreement) occurs.

#### **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 27.18 (*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**

- (a) 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, at any time:
- (i) assign any of its rights; or
  - (ii) transfer by novation any of its rights and obligations (including, for the avoidance of doubt, its Commitment),
- under the Finance Documents to:
- (A) another Lender;
  - (B) any Affiliate of a Lender;
  - (C) any other first class bank or financial institution;
  - (D) any member of the European System of Central Banks; or
  - (E) 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**”).

**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 Borrowers 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 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”.

## 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 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 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.

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### 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, THE ARRANGER AND THE REFERENCE BANKS**

**30.1 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.

**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, 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).

#### **30.4 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.

#### **30.5 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.

#### **30.6 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 34.5 (*Application of receipts; partial payments*).

#### **30.7 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.

#### **30.8 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 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, 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.

### **30.9 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.

### **30.10 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.

### **30.11 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 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.

### 30.12 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 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.

### 30.13 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 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 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 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 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 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.

#### **30.14 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.

#### **30.15 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.

### **30.16 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.

### **30.17 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.

### **30.18 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 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.

### **30.19 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.

### **30.20 Third Party Reference Banks**

A Reference Bank which is not a Party may rely on Clause 31.19 (*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 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 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, 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.

### **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 Borrowers 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 the Advance, 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 Borrowers 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 sub-paragraphs (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*).

#### **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 30.8 (*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 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 or a Tranche;
- (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 7.3 (*Mandatory prepayment on sale or Total Loss*), Clause 8 (*Interest*), Clause 24.9 (*Compliance with laws etc.*), Clause 22.23 (*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 joint and several liability of the Borrowers under Clause 18 (*Joint and Several Liability of the Borrowers*);
    - (iii) the Security Assets; or
    - (iv) the manner in which the proceeds of enforcement of the Transaction Security are distributed,(except in the case of sub-paragraphs (iii) and (iv) 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 the joint and several liability of the Borrowers under Clause 18 (*Joint and Several Liability of the Borrowers*) 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.

### **43.3 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 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, 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 Borrowers 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.

#### **43.5 Replacement of Screen Rate**

- (a) Subject to Clause 43.3 (*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 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 (ii) 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:
  - (i) its Commitment or its participation in the Loan (as the case may be) shall not be included for the purpose of calculating the Total Commitments or the amount of the Loan (as applicable) when ascertaining whether any relevant percentage of Total Commitments or the aggregate of participations in the Loan (as applicable) has been obtained to approve that request; and
  - (ii) its status as a Lender shall be disregarded for the purpose of ascertaining whether the agreement of any specified group of Lenders has been obtained to approve that request.

#### **43.6 Obligor Intent**

Without prejudice to the generality of Clauses 1.2 (*Construction*) and 17.4 (*Waiver of defences*), 18.2 (*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 30.15 (*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 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 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 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 Borrowers 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*).

#### 46 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.



## 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 Saville & Co 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.**

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**SCHEDULE 1****THE PARTIES****PART A****THE OBLIGORS**

<b>Borrower</b>	<b>Name of Borrower</b>	<b>Place of Formation</b>	<b>Registration number (or equivalent, if any)</b>	<b>Address for Communication</b>
Borrower A	Ikaros Marine LLC	Marshall Islands	961979	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece  Fax no: +30 210 80 84 224
Borrower B	Leonidas Marine LLC	Marshall Islands (also registered as a Foreign Maritime Entity in the Republic of Liberia)	961847	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece  Fax no: +30 210 80 84 224
Borrower C	Hector Marine LLC	Marshall Islands	961978	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece  Fax no: +30 210 80 84 224
Borrower D	Aristoteles Marine LLC	Marshall Islands	962290	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece  Fax no: +30 210 80 84 224

<b>Borrower</b>	<b>Name of Borrower</b>	<b>Place of Formation</b>	<b>Registration number (or equivalent, if any)</b>	<b>Address for Communication</b>
Borrower E	Menelaos Marine LLC	Marshall Islands	962291	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece  Fax no: +30 210 80 84 224
Borrower F	Philippos Marine LLC	Marshall Islands	961953	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 25 Wilton Road London SW1V 1LW United Kingdom  Email: <a href="mailto:mdanezi@technomar.gr">mdanezi@technomar.gr</a> <a href="mailto:tpsaropoulos@technomar.gr">tpsaropoulos@technomar.gr</a>	

Hephaestus Marine LLC	Marshall Islands	961816	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece  Fax no: +30 210 80 84 224
Pericles Marine LLC	Marshall Islands	961852	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece  Fax no: +30 210 80 84 224
Zeus One Marine LLC	Marshall Islands	961819	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece  Fax no: +30 210 80 84 224

**PART B**  
**THE LENDERS**

Name of Original Lender	Tranche A Commitment	Tranche B Commitment	Address for Communication
<b>CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK</b>	\$91,000,000		<p>12 place des Etats-Unis 92547 Montrouge Cedex France Fax: +33 1 41 89 19 34</p> <p>Attn: Ship Finance – Middle-Office / Ms. Clementine Costil Email: clementine.costil@ca-cib.com; marie-jose.campana@ca-cib.com</p> <p>Copy: Ship Finance – Greece, Representative Office Email: nicoletta.panayiotopoulos@ca-cib.com; yannick.legourieres@ca-cib.com</p>
<b>ABN AMRO BANK N.V.</b>	\$62,000,000		<p>Gustav Mahlerlaan 10 1082 PP Amsterdam The Netherlands</p> <p>Attention: Danai Kotsia  danai.kotsia@gr.abnamro.com</p>
<b>CIT Bank, N.A.</b>	\$30,500,000		<p>11 West 42nd Street New York New York 10036 USA</p> <p><b>CREDIT CONTACTS:</b></p> <p>Contacts: Lori Kielty / Christos Giannopoulos / Salvatore Vitale</p> <p>Phone Number: +1-212-771-934 / +1-212-461-7828 / +1-212-771-9306</p> <p>e-mail Address Lori.Kielty@cit.com, Christos.Giannopoulos@cit.com, Salvatore.Vitale@cit.com</p>

**SIEMENS FINANCIAL  
SERVICES, INC.**

\$25,000,000

**HELLENIC BANK  
PUBLIC COMPANY  
LIMITED**

\$21,500,000

The lesser of (i) \$3,500,000  
and (ii) an amount equal to  
9.21 per cent of Tranche B  
once Tranche B is Fully  
Committed

**MIDDLE-OFFICE / LOAN ADMINISTRATION CONTACTS:**

Contacts: Darrell Russell / Stacey Arn

Phone Number: +1-434-791-6385 / +1-434-791-6385

Fax Number +1-888-209-0206

e-mail Address darrell.russell@cit.com, cashflowservices@cit.com  
170 Wood Avenue South,  
Iselin, NJ 08830  
USA

Attention: Ernest Errigo  
Contact info: 732-476-3427  
Ernest.Errigo@Siemens.com

Attention: Daniel O'Gara  
Contact info: 732-590-6642  
Daniel.OGara@Siemens.com

Corner Limassol Avenue & 200 Athalassa Avenue  
2025 Strovolos  
Nicosia, Cyprus

**CREDIT CONTACTS:**

Contacts: Markus Wenker / Antonis Antoniou / Eleftherios  
Karystios

Phone Number: 00 357 22 500 906 / 00 357 22 500 858 / 00 357 22  
501 323

Fax Number 00 357 22 500 095

e-mail Address m.wenker@hellenicbank.com,  
a.a.antoniou@hellenicbank.com, e.karystios@hellenicbank.com,  
shipfinance@hellenicbank.com

**MIDDLE-OFFICE / LOAN ADMINISTRATION CONTACTS:**

Contacts: Aristos Stephanou / Andreas Ioannides

Phone Number: 00 357 22 501 203 / 00 357 22 501 687

Fax Number 00 357 22 210 738

e-mail Address  
a.stephanou@hellenicbank.com,  
a.n.ioannides@hellenicbank.com,  
shipfinance@hellenicbank.com

**Name****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

**ABN AMRO BANK N.V.**

Gustav Mahlerlaan 10  
1082 PP Amsterdam  
The Netherlands

Attention: Danai Kotsia

danai.kotsia@gr.abnamro.com

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## THE ARRANGERS

### Name

**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

**ABN AMRO BANK N.V.**

Gustav Mahlerlaan 10  
1082 PP Amsterdam  
The Netherlands

Attention: Danai Kotsia

danai.kotsia@gr.abnamro.com

## THE MANDATED LEAD ARRANGERS

### Name

**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



**ABN AMRO BANK N.V.**

Gustav Mahlerlaan 10  
1082 PP Amsterdam  
The Netherlands

Attention: Danai Kotsia  
danai.kotsia@gr.abnamro.com

**CIT Bank, N.A.**

11 West 42nd Street  
New York  
New York 10036  
USA

**CREDIT CONTACTS:**

Contacts: Lori Kielty / Christos Giannopoulos / Salvatore Vitale

Phone Number: +1-212-771-934 / +1-212-461-7828 / +1-212-771-9306

e-mail Address Lori.Kielty@cit.com,  
Christos.Giannopoulos@cit.com,  
Salvatore.Vitale@cit.com

**MIDDLE-OFFICE / LOAN ADMINISTRATION CONTACTS:**

Contacts: Darrell Russell / Stacey Arn

Phone Number: +1-434-791-6385 / +1-434-791-6385

Fax Number +1-888-209-0206

e-mail Address darrell.russell@cit.com,  
cashflowservices@cit.com

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**PART C**  
**THE SERVICING PARTIES**

**Name of Facility 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

**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 A 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, 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 holder(s) of the issued LLC Shares in each Owner, approving the terms of, and the transactions contemplated by, the Finance Documents to which that Owner 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 each Initial Charter (or a binding and unconditional recapitulation of charterparty terms) certified as true and complete together all documents signed or issued by the respective Borrower or the relevant 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*).
- 3.4 A duly executed original of the GSL Indenture Letter and the Additional Prepayment Side Letter.

## **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 each Shares Security (and of each document to be delivered pursuant to it).
- 4.3 A duly executed copy of the Junior Facility Agreement.
- 4.4 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 48.2 (*Service of process*), if not an Obligor, has accepted its appointment.
- 6.2 In respect of the Utilisation of Tranche A, 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 90 days before the Utilisation Date of Tranche A, each from an Approved Valuer **Provided that** the valuations provided by the Borrowers to the Facility Agent on 31 July 2019 from Maersk Brokers K/S and 5 August 2019 from Kontiki

Valuations Ltd respectively shall suffice for the purposes of this paragraph even in the case where the Utilisation Date of the Advance under Tranche A occurs (subject to the Facility Agent's approval acting on the authorization of the Majority Lenders) at any time after 30 September 2019 but in any event before 15 October 2019.

- 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 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.
- 6.4 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 Borrowers pursuant to Clause 11 (*Fees*) and Clause 16 (*Costs and Expenses*) have been paid or will be paid by the Utilisation Date.
- 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 OF TRANCHE A**

**1 Borrowers**

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 of an Advance under Tranche A.

**2 Release of Existing Security**

An original of each Deed of Release relating to each Obligor and each Ship 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 in respect of each Ship and of each document to be delivered under or pursuant to each of them together with documentary evidence that the Mortgage in respect of each Ship 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 each Ship:
- (a) is definitively and permanently registered in the name of the relevant Owner under the Approved Flag applicable to relevant Ship;
  - (b) is in the absolute and unencumbered ownership of the relevant Owner 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 each Ship will, as from the relevant 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, 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 each 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 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.

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**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 each 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 Borrowers pursuant to Clause 11 (*Fees*) and Clause 16 (*Costs and Expenses*) have been paid or will be paid by the Utilisation Date of Tranche A.
- 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 Borrowers 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.
- 5.3 Evidence that the conditions referred to in the Additional Prepayment Side Letter have been satisfied.

**PART C**  
**CONDITIONS PRECEDENT TO UTILISATION OF TRANCHE B**

**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 C of Schedule 2 (*Conditions Precedent*) is correct, complete and in full force and effect as at the Utilisation Date of Tranche B.

**2 Other Documents**

A copy of the Charter (or a binding and unconditional recapitulation of charterparty terms) in respect of the Acceding Ship certified as true and complete together all documents signed or issued by the Acceding Borrower or the relevant charterer (or both of them) under or in connection with it.

**3 Finance Documents**

A duly executed original of the Borrower's Deed of Accession and any Acceding Lender's Deed of Accession.

**4 Release of Existing Security**

An original of the Deed of Release relating to the Acceding Borrower and the Acceding Ship 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.

**5 Ship and other security**

- 5.1 A duly executed original of the Account Security and the Shares Security in respect of the Acceding Borrower (and of each document to be delivered thereunder).
- 5.2 A duly executed original of the Mortgage, the General Assignment and the Charterparty Assignment in respect of the Acceding Ship and of each document to be delivered under or pursuant to each of them together with documentary evidence that the Mortgage in respect of the Acceding Ship has been duly recorded as a valid first preferred ship mortgage in accordance with the laws of the jurisdiction of its Approved Flag.
- 5.3 Documentary evidence that the Acceding Ship:
- (a) is definitively and permanently registered in the name of the Acceding Borrower under the Approved Flag applicable to the Acceding Ship;
  - (b) is in the absolute and unencumbered ownership of the Acceding 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.



- 5.4 Documents establishing that the Acceding Ship will, as from the relevant 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, 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 relevant 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.
- 5.5 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.

## **6 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 Acceding Ship and such other relevant jurisdictions as the Facility Agent may require.

## **7 Other documents and evidence**

- 7.1 Evidence that the fees, costs and expenses then due from the Borrowers pursuant to Clause 11 (*Fees*) and Clause 16 (*Costs and Expenses*) have been paid or will be paid by the Utilisation Date of Tranche B.
- 7.2 Two valuations of the Acceding 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 Utilisation Date of Tranche B, each from an Approved Valuer.
- 7.3 The original of any mandates or other documents required in connection with the opening or operation of the Earnings Account in the name of the Acceding Borrower and all documents required in respect of its inclusion to the Retention Account.
- 7.4 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 Borrowers 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.
- 7.5 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 referred to in this Part C of Schedule 2 (*Conditions Precedent*).

**SCHEDULE 3**  
**REQUESTS**  
**PART A**  
**UTILISATION REQUEST**

From: IKAROS MARINE LLC  
LEONIDAS MARINE LLC  
HECTOR MARINE LLC  
ARISTOTELES MARINE LLC  
MENELAOS MARINE LLC  
PHILIPPOS MARINE LLC

To: Crédit Agricole Corporate and Investment Bank

Dated: [•]

Dear Sirs

**IKAROS MARINE LLC, LEONIDAS MARINE LLC, HECTOR MARINE LLC, ARISTOTELES MARINE LLC, MENELAOS MARINE LLC and PHILIPPOS MARINE LLC – US\$268,000,000 Facility Agreement dated [•] 2019 (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][an] Advance under Tranche [A][B] 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 Advance: [•]

3 You are authorised and requested to deduct from the Advance prior to funds being remitted the following amounts set out against the following items:

Deductible Items	\$
Net proceeds of Advance	_____

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 Advance to which this Utilisation Request refers is satisfied on the date of this Utilisation Request.

5 The net proceeds of the Advance should be credited to [account].

6 This Utilisation Request is irrevocable.

Yours faithfully

\_\_\_\_\_  
[•]  
authorised signatory for  
**Ikaros Marine LLC**

\_\_\_\_\_  
[•]  
authorised signatory for  
**Leonidas Marine LLC**

\_\_\_\_\_  
[•]  
authorised signatory for  
**Hector Marine LLC**

\_\_\_\_\_  
[•]  
authorised signatory for  
**Aristoteles Marine LLC**

\_\_\_\_\_  
[•]  
authorised signatory for  
**Menelaos Marine LLC**

\_\_\_\_\_  
[•]  
authorised signatory for  
**Philippos Marine LLC**

**PART B**  
**SELECTION NOTICE**

From: IKAROS MARINE LLC  
LEONIDAS MARINE LLC  
HECTOR MARINE LLC  
ARISTOTELES MARINE LLC  
MENELAOS MARINE LLC  
PHILIPPOS MARINE LLC

To: Crédit Agricole Corporate and Investment Bank

Dated: [•]

Dear Sirs

**IKAROS MARINE LLC, LEONIDAS MARINE LLC, HECTOR MARINE LLC, ARISTOTELES MARINE LLC, MENELAOS MARINE LLC and PHILIPPOS MARINE LLC – US\$268,000,000 Facility Agreement dated [•] (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

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[•]  
authorised signatory for  
**Ikaros Marine LLC**

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[•]  
authorised signatory for  
**Leonidas Marine LLC**

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[•]  
authorised signatory for  
**Hector Marine LLC**

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[•]  
authorised signatory for  
**Aristoteles Marine LLC**

---

[•]  
authorised signatory for  
**Menelaos Marine LLC**

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[•]  
authorised signatory for  
**Philippos Marine 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

**IKAROS MARINE LLC, LEONIDAS MARINE LLC, HECTOR MARINE LLC, ARISTOTELES MARINE LLC, MENELAOS MARINE LLC and PHILIPPOS MARINE LLC – US\$268,000,000 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 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.**

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**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: Crédit Agricole Corporate and Investment Bank as Facility Agent and Ikaros Marine LLC, Leonidas Marine LLC, Hector Marine LLC, Aristoteles Marine LLC, Menelaos Marine LLC and Philippos Marine LLC 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

**IKAROS MARINE LLC, LEONIDAS MARINE LLC, HECTOR MARINE LLC, ARISTOTELES MARINE LLC, MENELAOS MARINE LLC and PHILIPPOS MARINE LLC – US\$268,000,000 Facility Agreement dated [•] (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 [•].
- 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 Borrowers*) of the Agreement, to the Borrowers (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.**

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**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: [Poseidon Containers Holdings LLC] [Global Ship Lease, Inc.]

Dated: [•]

Dear Sirs

**IKAROS MARINE LLC, LEONIDAS MARINE LLC, HECTOR MARINE LLC, ARISTOTELES MARINE LLC, MENELAOS MARINE LLC and PHILIPPOS MARINE LLC – US\$268,000,000 Facility Agreement dated [•] (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 [•].
  - (b) The Value Adjusted Leverage Ratio is [•].
  - (c) The Consolidated Liquidity of the Parent Guarantor is [•].
  - (d) The Debt Service Cover Ratio calculated for the financial quarter starting on [•] and ending on [•], is [•] and the Owners may therefore proceed with declaring and making a Dividend Payment pursuant to clause 22.18 (a) of the Agreement.
- 3 [We confirm that no Default is continuing.]

Signed: \_\_\_\_\_  
Chief Financial Officer  
of  
**Global Ship Lease, Inc.**

\_\_\_\_\_  
Officer of  
of  
**Poseidon Containers Holdings LLC**

**SCHEDULE 7**  
**DETAILS OF THE SHIPS**

<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>
Katherine	Ikaros Marine LLC	Container ship	9641235	Marshall Islands	Rina Services	C +; Container ship; unrestricted navigation; AUT-UMS; BWM-E – sequential; INWATERSURVEY; LASHING; MON-SHAFT; ROUTE DEPENDENT LASHING
Agios Dimitrios	Leonidas Marine LLC	Container ship	9349605	Liberian	Bureau Veritas	+ Hull + MACH; Container ship; Unrestricted navigation; + VeriSTAR-Hull; + AUT-UMS; + SYS-NEQ; INWATERSURVEY; LASHING-WW; MON-SHAFT
Kristina	Hector Marine LLC	Container ship	9641223	Marshall Islands	DNV GL	+ 100 A5 IW RSD BWM(D1) DG IW LC RSCS RSD + MC AUT CM-PS
Alexis	Aristoteles Marine LLC	Container ship	9686900	Marshall Islands	DNV GL	100 A5 Container ship BWM (D2) DG IW RSD (F25) + MC AUT CM-PS EP-D
Olivia I	Menelaos Marine LLC	Container ship	9686912	Marshall Islands	DNV GL	100 A5 Container ship BWM (D2) DG IW LC RSCS RSD (F25) + MC AUT CM-PS EP-D
Alexandra	Philippos Marine LLC	Container ship	9635676	Marshall Islands	Rina Services	C +; Container Ship; Unrestricted Navigation; + AUT-UMS; BWM-E – sequential; INWATERSURVEY; LASHING; MON-SHAFT; ROUTE DEPENDENT LASHING
Dolphin II	Hephaestus Marine LLC	Container ship	9318125	Panama	Bureau Veritas	+ Hull + MACH; Container ship; Unrestricted navigation; + VeriSTAR-Hull; + AUT-UMS; + SYS-NEQ; INWATERSURVEY, LASHING, SDS
Athena	Pericles Marine LLC	Container ship	9275361	Panama	Rina Services	C +; Container ship; unrestricted navigation, + AUT-UMS; INWATERSURVEY, MON-SHAFT
Orca I	Zeus One Marine LLC	Container ship	9318113	Panama	Bureau Veritas	+ Hull + MACH; Container ship; Unrestricted navigation; + VeriSTAR-Hull; + AUT-UMS; + SYS-NEQ; INWATERSURVEY, LASHING, SDS
Mary ("Acceding Ship")	Alexander Marine LLC ("Acceding Borrower")	Container Ship	9635664	Marshall Islands	Rina Services	C +; Container Ship; Unrestricted Navigation; + AUT-UMS; BWM-E – sequential; INWATERSURVEY; LASHING; MON-SHAFT; ROUTE DEPENDENT LASHING

**SCHEDULE 8**  
**REPAYMENT SCHEDULE OF TRANCHE B**

*[To be confirmed prior to draw down]*

<u>Repayment Date</u>	<u>Amount (\$)</u>
1st	905,000
2nd	905,000
3rd	905,000
4th	905,000
5th	905,000
6th	905,000
7th	905,000
8th	905,000
9th	905,000
10th	905,000
11th	905,000
12th	905,000
13th	905,000
14th	905,000
15th	905,000
16th	905,000
17th	905,000
18th	905,000
19th	905,000
20th	20,805,000

**SCHEDULE 9****ACCOUNTS**

<b>Account</b>	<b>Account Number</b>	<b>Party</b>
Earnings Account	00 260 537 829	IKAROS MARINE LLC
Earnings Account	00 260 537 926	LEONIDAS MARINE LLC
Earnings Account	00 259 440 274	HECTOR MARINE LLC
Earnings Account	00 259 994 144	ARISTOTELES MARINE LLC
Earnings Account	00 259 994 241	MENELAOS MARINE LLC
Earnings Account	00 259 994 047	PHILIPPOS MARINE LLC
Earnings Account	00 251 607 621	HEPHAESTUS MARINE LLC
Earnings Account	00 252 025 012	PERICLES MARINE LLC
Earnings Account	00 260 538 023	ZEUS ONE MARINE LLC
Retention Account	00 260 538 217	Borrowers

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**SCHEDULE 10**

**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*))

Three Business Days before the intended Utilisation Date (Clause 5.1 (*Delivery of a Utilisation Request*)) or the expiry of the preceding Interest Period (Clause 9.1 (*Selection of Interest Periods*))

Facility Agent notifies the Lenders of the Advance 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

**BORROWERS**

**SIGNED** by  
 Attorney-in-fact  
 for and on behalf of  
**IKAROS MARINE LLC**  
 in the presence of:

Witness' signature:  
 Witness' name:  
 Witness' address:

) /s/ Filanthi P. Katsafadou  
 ) Filanthi P. Katsafadou  
 ) 13 Defteras Merarchias Street  
 ) Piraeus 185 35 Greece  
 ) Tel.: 210 422 1210 Fax: 210 422 5146

) /s/ Aikaterina Dimitrios  
 ) Aikaterina Dimitrios  
 ) Watson Farley & Williams  
 348 Syngrou Avenue  
 176 74 Kallithea  
 Athens - Greece

**SIGNED** by  
 Attorney-in-fact  
 for and on behalf of  
**LEONIDAS MARINE LLC**  
 in the presence of:

Witness' signature:  
 Witness' name:  
 Witness' address:

) /s/ Filanthi P. Katsafadou  
 ) Filanthi P. Katsafadou  
 ) 13 Defteras Merarchias Street  
 ) Piraeus 185 35 Greece  
 ) Tel.: 210 422 1210 Fax: 210 422 5146

) /s/ Aikaterina Dimitrios  
 ) Aikaterina Dimitrios  
 ) Watson Farley & Williams  
 348 Syngrou Avenue  
 176 74 Kallithea  
 Athens - Greece

**SIGNED** by  
 Attorney-in-fact  
 for and on behalf of  
**HECTOR MARINE LLC**  
 in the presence of:

Witness' signature:  
 Witness' name:  
 Witness' address:

) /s/ Filanthi P. Katsafadou  
 ) Filanthi P. Katsafadou  
 ) 13 Defteras Merarchias Street  
 ) Piraeus 185 35 Greece  
 ) Tel.: 210 422 1210 Fax: 210 422 5146

) /s/ Aikaterina Dimitrios  
 ) Aikaterina Dimitrios  
 ) Watson Farley & Williams  
 348 Syngrou Avenue  
 176 74 Kallithea  
 Athens - Greece



**SIGNED** by  
Attorney-in-fact  
for and on behalf of  
**ARISTOTELES MARINE LLC**  
in the presence of:  
  
Witness’ signature:  
Witness’ name:  
Witness’ address:

**SIGNED** by  
Attorney-in-fact  
for and on behalf of  
**MENELAOS MARINE LLC**  
in the presence of:  
  
Witness’ signature:  
Witness’ name:  
Witness’ address:

**SIGNED** by  
Attorney-in-fact  
for and on behalf of  
**PHILIPPOS MARINE LLC**  
in the presence of:  
  
Witness’ signature:  
Witness’ name:  
Witness’ address:

- ) /s/ Filanthi P. Katsafadou
- ) Filanthi P. Katsafadou
- ) 13 Defteras Merarchias Street
- ) Piraeus 185 35 Greece
- ) Tel.: 210 422 1210 Fax: 210 422 5146
- ) /s/ Aikaterina Dimitrios
- ) Aikaterina Dimitrios
- ) Watson Farley & Williams
- ) 348 Syngrou Avenue
- ) 176 74 Kallithea
- ) Athens - Greece
- ) /s/ Filanthi P. Katsafadou
- ) Filanthi P. Katsafadou
- ) 13 Defteras Merarchias Street
- ) Piraeus 185 35 Greece
- ) Tel.: 210 422 1210 Fax: 210 422 5146
- ) /s/ Aikaterina Dimitrios
- ) Aikaterina Dimitrios
- ) Watson Farley & Williams
- ) 348 Syngrou Avenue
- ) 176 74 Kallithea
- ) Athens - Greece
- ) /s/ Filanthi P. Katsafadou
- ) Filanthi P. Katsafadou
- ) 13 Defteras Merarchias Street
- ) Piraeus 185 35 Greece
- ) Tel.: 210 422 1210 Fax: 210 422 5146
- ) /s/ Aikaterina Dimitrios
- ) Aikaterina Dimitrios
- ) Watson Farley & Williams
- ) 348 Syngrou Avenue
- ) 176 74 Kallithea
- ) Athens - Greece

GUARANTORS

SIGNED by  
Attorney-in-fact  
for and on behalf of  
GLOBAL SHIP LEASE, INC.  
in the presence of:

Witness’ signature:  
Witness’ name:  
Witness’ address:

SIGNED by  
Attorney-in-fact  
for and on behalf of  
POSEIDON CONTAINERS HOLDINGS LLC  
in the presence of:

Witness’ signature:  
Witness’ name:  
Witness’ address:

SIGNED by  
Attorney-in-fact  
for and on behalf of  
HEPHAESTUS MARINE LLC  
in the presence of:

Witness’ signature:  
Witness’ name:  
Witness’ address:

- ) /s/ Filanthi P. Katsafadou
- ) Filanthi P. Katsafadou
- ) 13 Defteras Merarchias Street
- ) Piraeus 185 35 Greece
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- ) /s/ Aikaterina Dimitrios
- ) Aikaterina Dimitrios
- ) Watson Farley & Williams
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- ) 176 74 Kallithea
- ) Athens - Greece

**SIGNED** by  
Attorney-in-fact  
for and on behalf of  
**PERICLES MARINE LLC**  
in the presence of:

Witness’ signature:  
Witness’ name:  
Witness’ address:

**SIGNED** by  
Attorney-in-fact  
for and on behalf of  
**ZEUS ONE MARINE LLC**  
in the presence of:

Witness’ signature:  
Witness’ name:  
Witness’ address:

**ORIGINAL LENDERS**

**SIGNED** by  
Attorney-in-fact  
for and on behalf of  
**CRÉDIT AGRICOLE CORPORATE  
AND INVESTMENT BANK**  
in the presence of:

Witness’ signature:  
Witness’ name:  
Witness’ address:

- ) /s/ Filanthi P. Katsafadou
- ) Filanthi P. Katsafadou
- ) 13 Defteras Merarchias Street
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- ) Tel.: 210 422 1210 Fax: 210 422 5146
- ) /s/ Aikaterina Dimitrios
- ) Aikaterina Dimitrios
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- ) /s/ Filanthi P. Katsafadou
- ) Filanthi P. Katsafadou
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- ) Piraeus 185 35 Greece
- ) Tel.: 210 422 1210 Fax: 210 422 5146
- ) /s/ Aikaterina Dimitrios
- ) Aikaterina Dimitrios
- ) Watson Farley & Williams
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- ) 176 74 Kallithea
- ) Athens - Greece
- ) /s/ Kelina Kantzou
- ) Kelina Kantzou
- )
- )
- )
- )
- ) /s/ Aikaterina Dimitrios
- ) Aikaterina Dimitrios
- ) Watson Farley & Williams
- ) 348 Syngrou Avenue
- ) 176 74 Kallithea
- ) Athens - Greece

**SIGNED** by ) /s/ Kelina Kantzou  
Attorney-in-fact )  
for and on behalf of )  
**ABN AMRO BANK N.V.** )  
in the presence of: )  
  
Witness’ signature: ) /s/ Aikaterina Dimitrios  
Witness’ name: ) Aikaterina Dimitrios  
Witness’ address: ) Watson Farley & Williams  
348 Syngrou Avenue  
176 74 Kallithea  
Athens - Greece

**SIGNED** by ) /s/ Kelina Kantzou  
Attorney-in-fact )  
for and on behalf of )  
**HELLENIC BANK PUBLIC COMPANY LIMITED** )  
in the presence of: )  
  
Witness’ signature: ) /s/ Aikaterina Dimitrios  
Witness’ name: ) Aikaterina Dimitrios  
Witness’ address: ) Watson Farley & Williams  
348 Syngrou Avenue  
176 74 Kallithea  
Athens - Greece

**SIGNED** by ) /s/ Jim Fallon )/s/ Ernest Errigo  
and by ) Jim Fallon ) Sr. Translation Coordinator  
Attorneys-in-fact )  
for and on behalf of )  
**SIEMENS FINANCIAL SERVICES, INC.** )  
in the presence of: )  
  
Witness’ signature: ) /s/ Irene Giordano  
Witness’ name: ) Irene Giordano  
Witness’ address: ) 170 Wood Ave South, Iselin NJ 08830

**SIGNED** by ) /s/ Lori Kielty  
duly authorised )  
for and on behalf of )  
**CIT BANK, N.A.** )  
in the presence of: )  
  
Witness’ signature: ) /s/ Christos Giannopoulos  
Witness’ name: ) Christos Giannopoulos  
Witness’ address: ) CIT Bank, N.A.  
11 West 42nd Street  
New York, NY 10036

BOOKRUNNERS

SIGNED by  
Attorney-in-fact  
for and on behalf of  
CRÉDIT AGRICOLE CORPORATE  
AND INVESTMENT BANK  
in the presence of:  
  
Witness' signature:  
Witness' name:  
Witness' address:

) /s/ Kelina Kantzou  
)  
)  
)  
)  
)  
)  
) /s/ Aikaterina Dimitrios  
) Aikaterina Dimitrios  
) Watson Farley & Williams  
348 Syngrou Avenue  
176 74 Kallithea  
Athens - Greece

SIGNED by  
Attorney-in-fact  
for and on behalf of  
ABN AMRO BANK N.V.  
in the presence of:  
  
Witness' signature:  
Witness' name:  
Witness' address:

) /s/ Kelina Kantzou  
)  
)  
)  
)  
)  
) /s/ Aikaterina Dimitrios  
) Aikaterina Dimitrios  
) Watson Farley & Williams  
348 Syngrou Avenue  
176 74 Kallithea  
Athens - Greece

ARRANGERS

SIGNED by  
Attorney-in-fact  
for and on behalf of  
CRÉDIT AGRICOLE CORPORATE  
AND INVESTMENT BANK  
in the presence of:  
  
Witness' signature:  
Witness' name:  
Witness' address:

) /s/ Kelina Kantzou  
)  
)  
)  
)  
)  
) /s/ Aikaterina Dimitrios  
) Aikaterina Dimitrios  
) Watson Farley & Williams  
348 Syngrou Avenue  
176 74 Kallithea  
Athens - Greece

**SIGNED** by ) /s/ Kelina Kantzou  
Attorney-in-fact )  
for and on behalf of )  
**ABN AMRO BANK N.V.** )  
in the presence of: )  
Witness’ signature: ) /s/ Aikaterina Dimitrios  
Witness’ name: ) Aikaterina Dimitrios  
Witness’ address: ) Watson Farley & Williams  
348 Syngrou Avenue  
176 74 Kallithea  
Athens - Greece

**MANDATED LEAD ARRANGERS**

**SIGNED** by ) /s/ Kelina Kantzou  
Attorney-in-fact )  
for and on behalf of )  
**CRÉDIT AGRICOLE CORPORATE** )  
**AND INVESTMENT BANK** )  
in the presence of: )  
Witness’ signature: ) /s/ Aikaterina Dimitrios  
Witness’ name: ) Aikaterina Dimitrios  
Witness’ address: ) Watson Farley & Williams  
348 Syngrou Avenue  
176 74 Kallithea  
Athens - Greece

**SIGNED** by ) /s/ Kelina Kantzou  
Attorney-in-fact )  
for and on behalf of )  
**ABN AMRO BANK N.V.** )  
in the presence of: )  
Witness’ signature: ) /s/ Aikaterina Dimitrios  
Witness’ name: ) Aikaterina Dimitrios  
Witness’ address: ) Watson Farley & Williams  
348 Syngrou Avenue  
176 74 Kallithea  
Athens - Greece

**SIGNED** by ) /s/ Lori Kielty  
duly authorised ) Lori Kielty, Director  
for and on behalf of )  
**CIT BANK, N.A.** )  
in the presence of: )  
Witness’ signature: ) /s/ Christos Giannopoulos  
Witness’ name: ) Christos Giannopoulos  
Witness’ address: ) CIT Bank, N.A.  
11 West 42nd Street  
New York, NY 10036

**FACILITY AGENT**

**SIGNED** by ) /s/ Kelina Kantzou  
Attorney-in-fact )  
for and on behalf of )  
**CRÉDIT AGRICOLE CORPORATE** )  
**AND INVESTMENT BANK** )  
in the presence of: )  
  
Witness’ signature: ) /s/ Aikaterina Dimitrios  
Witness’ name: ) Aikaterina Dimitrios  
Witness’ address: ) Watson Farley & Williams  
348 Syngrou Avenue  
176 74 Kallithea  
Athens - Greece

**SECURITY AGENT**

**SIGNED** by ) /s/ Kelina Kantzou  
Attorney-in-fact )  
for and on behalf of )  
**CRÉDIT AGRICOLE CORPORATE** )  
**AND INVESTMENT BANK** )  
in the presence of: )  
  
Witness’ signature: ) /s/ Aikaterina Dimitrios  
Witness’ name: ) Aikaterina Dimitrios  
Witness’ address: ) Watson Farley & Williams  
348 Syngrou Avenue  
176 74 Kallithea  
Athens - Greece

**Dated 19 September 2019**

**US\$38,500,000  
TERM LOAN FACILITY**

**THE COMPANIES**  
**Listed in Part A of Schedule 1**  
as joint and several Borrowers

and

**POSEIDON CONTAINERS HOLDINGS LLC**  
**GLOBAL SHIP LEASE, INC.**  
**HEPHAESTUS MARINE LLC**  
**PERICLES MARINE LLC**  
**ZEUS ONE MARINE LLC**  
as Guarantors

and

**WILMINGTON TRUST (LONDON) LIMITED**  
as Facility Agent

and

**WILMINGTON TRUST (LONDON) LIMITED**  
as Security Agent

**JUNIOR FACILITY AGREEMENT**

relating to  
the refinancing of certain existing indebtedness  
secured on m.vs. "KATHERINE", "AGIOS DIMITRIOS", "KRISTINA", "ALEXIS", "OLIVIA I", "ALEXANDRA",  
"DOLPHIN II", "ATHENA" and "ORCA I"

**WATSON FARLEY  
&  
WILLIAMS**



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**THIS AGREEMENT** is made on 19 September 2019

## **PARTIES**

- (1) **THE COMPANIES** listed in Part A of Schedule 1 (*The Parties*) as joint and several borrowers (the “**Borrowers**”);
- (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 Island, Majuro, Marshall Islands MH 96960 as the parent guarantor (the “**Parent Guarantor**”)
- (3) **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**”)
- (4) **HEPHAESTUS 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, Majuro, Marshall Islands MH 96960 as a guarantor (“**Hephaestus**”)
- (5) **PERICLES 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, Majuro, Marshall Islands MH 96960 as a guarantor (“**Pericles**”)
- (6) **ZEUS ONE 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, Majuro, Marshall Islands MH 96960 as guarantor (“**Zeus One**”, and together with Hephaestus and Pericles the “**Collateral Guarantors**”)
- (7) **THE FINANCIAL INSTITUTIONS** listed in Part B of Schedule 1 (*The Parties*) as lenders (the “**Original Lenders**”)
- (8) **WILMINGTON TRUST (LONDON) LIMITED** as agent of the other Finance Parties (the “**Facility Agent**”)
- (9) **WILMINGTON TRUST (LONDON) LIMITED** as security agent for the Secured Parties (the “**Security Agent**”)

## **BACKGROUND**

The Lenders have agreed to make available to the Borrowers a facility of US\$38,500,000 for the purpose of refinancing certain existing indebtedness secured on the Ships (including, without limitation, the Existing Indebtedness which is secured on Ship D, Ship E and Ship F).

## **OPERATIVE PROVISIONS**

**SECTION 1**  
**INTERPRETATION**

**1 DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

In this Agreement:

**“Acceding Borrower”** shall have the meaning given to it in Schedule 7 (*Details of the Ships*).

**“Acceding Ship”** shall have the meaning given to it in Schedule 7 (*Details of the Ships*).

**“Account Bank”** means Crédit Agricole Corporate and Investment Bank acting 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 or any replacement bank or other financial institution as may be approved by the Facility Agent acting with the authorisation of the Majority Lenders.

**“Account Security”** means a document creating second priority Security over an Earnings Account of an Owner 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.

**“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, 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 for that Ship approved in writing by the Facility Agent acting with the authorisation of the Majority Lenders, such consent not to be unreasonably withheld.

**“Approved Commercial Manager”** means, in relation to a Ship, Conchart Commercial Inc., a corporation incorporated in the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, MH96960, Majuro, Marshall Islands, 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 Flag”** means, in relation to a Ship, the flag of the Republic of Liberia, Marshall Islands, Panama 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 of that Ship.

**“Approved Technical Manager”** means, in relation to a Ship, Technomar Shipping Inc., a corporation incorporated in the Republic of Liberia whose registered address is at 80 Broad Street, Monrovia, Liberia and with management office at 3-5 Menandrou Street, Kifissia 145 61, Athens, Greece or any other person approved in writing by the Facility Agent, acting with the authorisation of the Majority Lenders as the technical manager of that 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 Ships, 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 Ships, 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 acting reasonably (with the authorisation of the 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 in respect of a 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, 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 ending on and including the date falling 3 months after the date of this Agreement.

**“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; 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.

**“Borrower”** means any of Borrower A, Borrower B, Borrower C, Borrower D, Borrower E and Borrower F.

**“Borrower A”** means the company specified as such in Part A of Schedule 1 (The Parties).

**“Borrower B”** means the company specified as such in Part A of Schedule 1 (The Parties).

**“Borrower C”** means the company specified as such in Part A of Schedule 1 (The Parties).

**“Borrower D”** means the company specified as such in Part A of Schedule 1 (The Parties).

**“Borrower E”** means the company specified as such in Part A of Schedule 1 (The Parties).

**“Borrower F”** means the company specified as such in Part A of Schedule 1 (The Parties).

**“Borrower Ship”** means any of Ship A, Ship B, Ship C, Ship D, Ship E or Ship F

**“Break Costs”** means the amount (if any) by which:

- (a) the interest which a Lender should have received pursuant to the terms of this Agreement 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, Paris and Athens.

**“Charter”** means, in relation to a Ship, any charter relating to that Ship (including, without limitation, any Initial Charter, any other Assignable Charter or any Replacement Charter relating to that Ship), or other contract for its employment, whether or not already in existence.

**“Charter Assignment”** means, in relation to an Initial Charter or an Assignable Charter, a specific deed of assignment of the rights, title and interests of that Owner which is a party to that Initial Charter or that Assignable Charter (as the case may be) and any related Charter Guarantee in agreed form.

“**Charter Guarantee**” means, when applicable, any guarantee, bond, letter of credit or other instrument (whether or not already issued) supporting a Charter, the form of which shall not be subject to the Facility Agent’s prior approval.

“**Charterer**” means any person who, as charterer, is a party to a Charter.

“**Code**” means the US Internal Revenue Code of 1986.

“**Collateral Ship**” means any of Ship G, Ship H or Ship I.

“**Commercial Management Agreement**” means, in relation to a Ship, the agreement entered into between the Parent Guarantor (or any of its parent companies) for and on behalf of the Owner 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 0 (*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 (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 from either:

- (a) any member of the Group or any of its advisers; or
  - (b) another Finance Party, if the information was obtained by that Finance Party directly or indirectly from any member of the Group or any of its advisers,
- in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes information that:
- (i) is or becomes public information other than as a direct or indirect result of any breach by that Finance Party of Clause 43 (*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 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.

**“Confidentiality Undertaking”** means a confidentiality undertaking in substantially the appropriate form recommended by the LMA from time to time or in any other agreed form.

**“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.

**“Debt Service”** means, for a relevant period, the sum of (i) the aggregate amount of scheduled repayment instalments of principal falling due and payable by the Borrowers under this Agreement and (ii) the aggregate amount of accrued interest falling due and payable by the Borrowers under this Agreement.

**“Debt Service Cover Ratio”** means the ratio of:

- (a) EBITDA to
- (b) Debt Service.

**“Deed of Accession”** means:

- (a) in relation to this Agreement, a deed of accession to be made between *inter alios* the Parties of this Agreement and the Acceding Borrower, whereby the Acceding Borrower will accede to this Agreement and will assume jointly and severally with the Borrowers their obligations hereunder; or
- (b) in relation to the Senior Facility Agreement, a deed of accession to be made between *inter alios* the Parties of the Senior Facility Agreement and the Senior Acceding Borrower, whereby the Senior Acceding Borrower will accede to the Senior Facility Agreement and will assume jointly and severally with the Borrowers their obligations thereunder.

**“Deed of Release”** means a deed releasing any Existing Security 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 Security Agent.

**“Dispute”** has the meaning given to it in Clause 46.1 (*Jurisdiction*).

**“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 share capital or a resolution to do any of the foregoing.

**“Document of Compliance”** has the meaning given to it in the ISM Code.

**“dollars”, “USD” and “\$”** mean the lawful currency, for the time being, of the United States of America.

**“Earnings”** means, in relation to a Ship, all moneys whatsoever which are now, or later become, payable (actually or contingently) to the Owner owning that Ship 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 (acting on the instructions of the Majority Lenders), (such consent not to be unreasonably withheld by 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 Owner owning that Ship 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 monies which are at any time payable to the Owner owning that Ship 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 (vii) 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 an Owner:

- (a) an account in the name of that Owner with the Account Bank designated “[*Name of Owner*]—Earnings Account”; or
- (b) any other account in the name of that Owner 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 of the Owners (on an aggregate basis), less the sum of the Operating Expenses (excluding drydocking expenses or other capitalised expenses and non-cash items) of the Owners as the same are shown in the Owners’ 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 a Ship or from a Ship into any other vessel or into or upon the air, sea, 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, sea, 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, sea, 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.

**“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 an Owner 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 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*).

**“Existing Facility Agreement”** means the facility agreement dated 3 October 2018 (as amended and supplemented from time to time) and made between (inter alios) (i) Borrower D, Borrower E and Borrower F as joint and several borrowers, (ii) the Parent Guarantor and Triton Containers Holdings LLCs as guarantors and (iii) the banks and financial institutions listed therein as lenders, (iv) Wilmington Trust, National Association as facility agent and security agent in respect of a facility of (originally) up to US\$38,500,000.

**“Existing Indebtedness”** means, at any date, any outstanding indebtedness of Borrower D, Borrower E, Borrower F and the Parent Guarantor on that date under the Existing Facility Agreement.

**“Existing Lender”** has the meaning given to it in Clause 27.1 (*Assignments and transfers by the Lenders*).

**“Existing Security”** means any Security 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 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 Finance Party and any Obligor setting out any of the fees referred to in Clause 10 (*Fees*).

**“Fee Repayment Date”** means, in respect of the Final Repayment Fee, the date falling on the earlier of:

- (a) the Termination Date;
- (b) the date on which the Loan is prepaid or repaid in full or in part (including but not limited to any mandatory prepayments made pursuant to Clauses 7.2 (*Change of control*), 7.3 (*Voluntary prepayment of the Loan*) and 7.4 (*Mandatory prepayment on sale or Total Loss*)); and
- (c) the date on which the Facility Agent (acting on the instructions of the Majority Lenders) takes any action as a result of the occurrence of an Event of Default which is continuing and a notice is served under Clause 26.18 (*Acceleration*).

**“Final Repayment Fee”** means, in respect of a Fee Repayment Date, a final repayment fee in the amount specified in Schedule 9 (*Final Repayment Fee Schedule*) relevant to each quarter period, such first quarter period commencing on the Utilisation Date.

**“Finance Document”** means:

- (a) this Agreement;
- (b) any Fee Letter;
- (c) the Side Letter;
- (d) the Utilisation Request;
- (e) any Security Document;
- (f) the Intercreditor Agreement;
- (g) any Subordination Agreement;
- (h) the Deed of Accession;
- (i) GSL Indenture Letter;
- (j) any other document which is executed for the purpose of establishing any priority or subordination arrangement in relation to the Secured Liabilities; or
- (k) any other document designated as such by the Facility Agent (acting on the instructions of the Majority Lenders) and the Borrowers.

**“Finance Party”** means the Facility Agent, the Security Agent 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
- (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.

**“First Mortgage”** means, in relation to a Ship, a first priority or first preferred (as applicable) ship mortgage on that Ship and, if applicable, the deed of covenant collateral thereto, in agreed form.

**“GAAP”** means generally accepted accounting principles in the United States of America including GAAP.

**“General Assignment”** means, in relation to a Ship, the general assignment creating second priority Security over the Earnings, the Insurances and any Requisition Compensation in relation to that Ship in agreed form.

**“Guarantor”** means any of the Parent Guarantor, GSL and each Collateral Guarantor.

**“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 together the Parent Guarantor, GSL and each of their respective Subsidiaries from time to time.

**“GSL Indenture”** means the 9.875% first priority secured notes issued by GSL with a scheduled maturity falling on 15 November 2022 with a current outstanding amount of \$340,000,000.

**“GSL Indenture Letter”** means a letter to be provided to the Facility Agent by the Parent Guarantor and GSL, in respect of the GSL Indenture in agreed form.

**“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.

**“Indemnified Person”** means:

- (a) for the purposes of Clause 13.2 (*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 purposes of Clause 13.4 (*Indemnity to the Facility Agent*), the Facility Agent, each Affiliate of the Facility Agent and each director, officer and employee; and
- (c) for the purposes of Clause 13.5 (*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 and employee.

**“Initial Charter”** means, in relation to:

- (a) Ship A, a time charter dated 24 October 2018 and made between Borrower A and the Initial Charterer, for a period of 5 years with up to 45 days more or less in Initial Charterer’s option, having an actual commencement date of 27 February 2019 with an earliest expiration date of 13 January 2024 at a gross charter hire rate of \$25,910 per day;
- (b) Ship B, a time charter dated 17 October 2018 and made between Borrower B and the Initial Charterer, for a period of 1 year (plus a declared option for 4 more years starting from 1 January 2020) with up to 30 days more or less in Initial Charterer’s option, having an actual commencement date of 22 October 2018 with an earliest expiration date of 2 December 2023 and for a gross charter hire rate of \$12,500 per day until 31<sup>st</sup> December 2019 and \$20,000 per day from January 1<sup>st</sup> 2020 as per relevant charterparty terms;
- (c) Ship C, a time charter dated 24 October 2018 and made between Borrower C and the Initial Charterer, for a period of 5 years with up to 45 day more or less in Initial Charterer’s option, having an actual commencement date of 28 June 2019 with an earliest expiration date of 14 May 2024 and for a gross charter hire rate of \$25,910 per day;
- (d) Ship D, a time charter dated 24 October 2018 and made between Borrower D and the Initial Charterer, for a period of 5 years with up to 45 days more or less in the Initial Charterer’s option, having an actual commencement date of 26 April 2019 with an earliest expiration date of 12 March 2024 and for a gross charter hire rate of \$25,910 per day;
- (e) Ship E, a time charter dated 24 October 2018 and made between Borrower E and the Initial Charterer, for a period of 5 years with up to 45 days more or less in the Initial Charterer’s option, having an actual commencement date of 21 March 2019 with an earliest expiration date on 5 February 2024 and for a gross charter hire rate of \$25,910 per day; and
- (f) Ship F, a time charter dated 24 October 2018 and made between Borrower F and the Initial Charterer, for a period of 5 years with up to 45 days more or less in the Initial Charterer’s option, having an actual commencement date of 15 May 2019 with an earliest expiration date of 31 March 2024 and for a gross charter hire rate of \$25,910 per day.

**“Initial Charterer”** means, in relation to:

- (a) each of Ship A, Ship C, Ship D, Ship E and Ship F, CMA CGM of 4 Qual d’Arenc, Marseilles, France; and

(b) Ship B, MSC – Mediterranean Shipping Company S.A., 12-14 Chemin Rieu, 1208 Geneva, Switzerland.

**“Insurances”** means, in relation to a Ship:

- (a) all policies and contracts of insurance, including entries of that Ship in any protection and indemnity or war risks association, effected for the account of that Owner in relation to that Ship, the Earnings or otherwise in relation to that 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.

**“Intercreditor Agreement”** means an intercreditor agreement in agreed form executed or to be executed by (amongst others) the Borrowers, the Finance Parties and the Senior Finance Parties.

**“Interest Payment Date”** has the meaning given to it in 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*).

**“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 the legal opinions delivered as conditions precedent to the funding of the Loan.



“**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 this Agreement.

“**LLC Shares**”, in respect of an Owner and the Parent Guarantor, shall have the meaning ascribed thereto in that Owner’s or the Parent Guarantor’s limited liability company agreement.

“**LMA**” means the Loan Market Association.

“**Loan**” means the loan to be made available under the Facility or the aggregate principal amount outstanding for the time being of that loan under the Facility and a “**part of the Loan**” means any 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 the Loan has not yet been advanced, a Lender or Lenders whose Commitments aggregate more than 66 $\frac{2}{3}$  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 $\frac{2}{3}$  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 $\frac{2}{3}$  per cent. of the Loan immediately before such repayment or prepayment.

“**Management Agreement**” means a Technical Management Agreement or a Commercial Management Agreement.

“**Manager’s Undertaking**” means, in relation to each Ship and each Management Agreement, each letter of undertaking from the Approved Technical Manager and the Approved Commercial Manager subordinating the rights of the Approved Technical Manager and the Approved Commercial Manager respectively against that Ship and the relevant Owner owning that Ship to the rights of the Finance Parties in agreed form.

“**Market Value**” means, in relation to a Ship or any other vessel, an amount equal to the market value of that Ship or vessel shown by the average of two valuations at the cost of the Borrowers, each prepared:

- (a) as at a date not more than 30 days previously;
- (b) by two Approved Valuers (one of which is appointed by the Facility Agent (acting on the instructions of the Majority Lenders) and the other which is appointed by the Borrowers and if the Borrowers fail to appoint one, both of which are appointed by the Facility Agent acting on the instructions of the Majority Lenders);

- (c) with or without physical inspection of that 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:**

- (i) If one such valuation in respect of a Ship obtained pursuant to sub-paragraph (ii) above differs by at least 10 per cent. from the lower valuation, then a third valuation for that Ship shall be obtained from an Approved Valuer, selected by the Borrowers 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 that Ship shall be the arithmetic average of all three such valuations; and
- (ii) for the purpose of determining the compliance with the financial covenants set out in Clause 20 (*Financial Covenants*) the market value of a vessel owned by a member of the Group (other than the Borrowers) shall be determined in accordance with the relevant provisions of the credit facility agreement financing such vessel,

and for the avoidance of doubt, the Facility Agent shall not be required to verify that any valuation is prepared on the criteria set out in sub-paragraphs (i) to (iv) above and shall be entitled to rely on any notification referred to in sub-paragraphs (a) and (b) above.

**"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 any Obligor; 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.

**"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.

**"Minimum Liquidity Amount"** has the meaning given to it in Clause 20.1 (*Owners' minimum liquidity*).

**"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 second priority or second preferred (as applicable) ship mortgage on that Ship and, if applicable, the deed of covenant collateral thereto, in agreed form or, if the First Mortgage has been discharged, a first priority or first preferred (as applicable) ship mortgage on that Ship and, if applicable, the deed of covenant collateral thereto.

**“Mortgaged Ship”** means a Ship which is subject to a Mortgage at the relevant time.

**“New Lender”** has the meaning given to it in Clause 27.1 (*Assignments and transfers by the Lenders*).

**“Obligor”** means a Borrower or a Guarantor.

**“OFAC”** means the Office of Foreign Assets Control of the US Department of Treasury.

**“Operating Expenses”** means, in relation to a Ship, the aggregate expenditure necessarily incurred by the Owner which is the owner of that Ship in operating, insuring, maintaining, repairing and generally trading that Ship (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 GSL, the audited consolidated financial statements of the Group for its financial year ended 2018.

**“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).

**“Owner”** means a Borrower, Hephaestus, Pericles or Zeus One.

**“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.

**“PATRIOT Act”** means the United States Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Improvement and Reauthorization Act of 2005 (H.R. 3199).

**“Permitted Charter”** means, in relation to a Ship:

- (a) the Initial Charter in respect of that Ship;
  - (b) any other Charter in respect of that Ship:
    - (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 that Ship is fixed; and
    - (iv) 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 (such approval not to be unreasonably withheld).

**“Permitted Financial Indebtedness”** means:

- (a) any Financial Indebtedness incurred under the Finance Documents;
- (b) any Financial Indebtedness incurred under the Senior Finance Documents in compliance with the terms of the Intercreditor Agreement;
- (c) until (and including) the Utilisation Date, the Existing Indebtedness; and
- (d) 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 an Owner, the subject of Subordinated Debt Security.

**“Permitted Security”** means:

- (a) until the Utilisation Date, any Existing Security;
- (b) any Security created by the Senior Finance Documents in compliance with the terms of the Intercreditor Agreement;
- (c) any Security created by the Finance Documents;
- (d) any netting or set-off arrangement entered into by any member of the Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;
- (e) liens for unpaid master’s and crew’s wages in accordance with first class ship ownership and management practice;
- (f) liens for salvage;
- (g) liens for master’s disbursements incurred in the ordinary course of trading; and

- (h) any other lien arising by operation of law or otherwise in the ordinary course of the operation, repair or maintenance of a Ship and not as a result of any default or omission by the Owner owning that Ship and subject, in the case of liens for repair or maintenance, to Clause 23.15 (*Restrictions on chartering, appointment of managers etc.*).

“**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.

“**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 imposed.

“**Protected Party**” has the meaning given to it in Clause 11.1 (*Definitions*).

“**Receiver**” means a receiver or receiver and manager or administrative receiver of the whole or any part of the Security Assets.

“**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 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.

“**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*), Clause 18.26 (*Financial Indebtedness*) and 18.37 (*Validity and completeness of the Initial Charters*) 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 Charter**” has the meaning given to it in clause 7.6 (*Termination of Initial Charters*).

**“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 30 days redelivered to the full control of that Owner (or any other longer period as the Facility Agent (acting on the instructions of the Majority Lenders) may accept in writing); 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 that Owner (or any other longer period the Facility Agent may (acting on the instructions of the Majority Lenders) accept in writing).

**“Requisition Compensation”** includes all compensation or other moneys payable to an Owner 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.

**“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
- (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).

**“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 those 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 (i) the aggregate Market Value of the Mortgaged Ships and (ii) the net realisable value of any additional security provided at that time under Clause 24.1 (*Minimum required security cover*), at that time expressed as a percentage of the Senior Loan.

**“Security Document”** means:

- (a) any Shares Security;
- (b) any Mortgage;
- (c) any General Assignment;
- (d) any Charter Assignment;
- (e) any Account Security;
- (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 Facility Agent (acting on the instructions of the Majority Lenders) 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 (acting on the instructions of the Majority Lenders) 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.

**“Senior Acceding Borrower”** has the meaning given to “Acceding Borrower” in the Senior Facility Agreement.

**“Senior Event of Default”** has the meaning given to “Event of Default” in the Senior Facility Agreement.

**“Senior Facility Agreement”** means the facility agreement dated September 2019 (as same may be amended and/or supplemented from time to time) and made between (amongst others) (i) the Borrowers, (ii) the Guarantors, (iii) the Senior Finance Parties in respect of a loan facility of up to \$268,000,000.

**“Senior Finance Documents”** has the meaning given to “Finance Documents” in the Senior Facility Agreement.

**“Senior Finance Parties”** has the meaning given to “Finance Parties” in the Senior Facility Agreement.

**“Senior Loan”** has the meaning given to “Loan” in the Senior Facility Agreement.

**“Senior Mandatory Prepayment Amount”** shall have the meaning given to **“Relevant Amount”** in clause 7.3 of the Senior Facility Agreement.

**“Servicing Party”** means the Facility Agent or the Security Agent.

**“Shares Security”** means, in relation to an Owner, a document creating second priority Security over the LLC Shares in that Owner in agreed form.

**“Ship”** means a Borrower Ship or a Collateral Ship.

**“Ship A”** means m.v. “KATHERINE”, details of which are set out opposite its name in Schedule 7 (*Details of the Ships*).

**“Ship B”** means m.v. “AGIOS DIMITRIOS”, details of which are set out opposite its name in Schedule 7 (*Details of the Ships*).

**“Ship C”** means m.v. “KRISTINA”, details of which are set out opposite its name in Schedule 7 (*Details of the Ships*).

**“Ship D”** means m.v. “ALEXIS”, details of which are set out opposite its name in Schedule 7 (*Details of the Ships*).

**“Ship E”** means m.v. “OLIVIA I”, details of which are set out opposite its name in Schedule 7 (*Details of the Ships*).

**“Ship F”** means m.v. “ALEXANDRA”, details of which are set out opposite its name in Schedule 7 (*Details of the Ships*).



**“Ship G”** means m.v. “DOLPHIN II”, details of which are set out opposite its name in Schedule 7 (*Details of the Ships*).

**“Ship H”** means m.v. “ATHENA”, details of which are set out opposite its name in Schedule 7 (*Details of the Ships*).

**“Ship I”** means m.v. “ORCA I”, details of which are set out opposite its name in Schedule 7 (*Details of the Ships*).

**“Side Letter”** means a side letter executed between the Obligors and the Facility Agent, in the agreed form.

**“Specified Time”** means a day or time determined in accordance with Schedule 8 (*Timetables*).

**“Subordinated Creditor”** means:

- (a) an Obligor; or
- (b) any other person who becomes a Subordinated Creditor in accordance with this Agreement.

**“Subordinated Debt Security”** means a second priority Security over Subordinated Liabilities granted or to be granted 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 any Owner to the Subordinated Creditor whether under the Subordinated Finance Documents or otherwise.

**“Subordinated Loan Agreement”** means a loan agreement to be made between (i) a Borrower and (ii) a Subordinated Creditor.

**“Subordination Agreement”** means a subordination agreement entered into or to be entered into by Subordinated Creditor and the Security Agent in agreed form.

**“Subsidiary”** means a subsidiary within the meaning of section 1159 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 11.1 (*Definitions*).

**“Tax Deduction”** has the meaning given to it in Clause 11.1 (*Definitions*).

**“Tax Payment”** has the meaning given to it in Clause 11.1 (*Definitions*).

**“Technical Management Agreement”** means, in relation to a Ship, the agreement entered into between the Owner owning that Ship and the Approved Technical Manager regarding the technical management of that Ship.

**“Termination Date”** means the date falling on the fifth anniversary of the Utilisation Date.

**“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 September 2019 in relation to each of the Parent Guarantor and GSL.

**“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 \$38,500,000 at the date of this Agreement.

**“Total Loss”** means, in relation to a Borrower Ship:

- (a) actual, constructive, compromised, agreed or arranged total loss of that Borrower Ship; or
- (b) any Requisition of that Borrower Ship unless that Borrower Ship is returned to the full control of the Borrower owning that Borrower Ship within 45 days of such Requisition (or such later period agreed by the Facility Agent acting with the authorisation of the Majority Lenders).

**“Total Loss Date”** means, in relation to the Total Loss of a Borrower Ship:

- (a) in the case of an actual loss of that Borrower Ship, the date on which it occurred or, as notified to the Facility Agent by an Obligor, or if that is unknown, the date when that Borrower Ship was last heard of;
- (b) in the case of a constructive, compromised, agreed or arranged total loss of that Borrower 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 with that Borrower Ship’s insurers in which the insurers agree to treat that Borrower 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 Majority Lenders that the event constituting the total loss occurred.

**“Transaction Document”** means:

- (a) a Finance Document;
- (b) any Assignable Charter;

- (c) a Subordinated Finance Document; or
  - (d) any other document designated as such by the Facility Agent (acting on the instructions of the Majority Lenders) and the Borrowers.
- “Transaction Obligor”** means an Obligor, any Approved Manager or any other person who executes a Transaction Document (other than a Finance Party, any Charterer and any Affiliate of the Parent Guarantor which is a Subordinated Creditor).
- “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 parties to such transfer certificate.
- “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) 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 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 tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and
- (b) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraph (a) above, or imposed elsewhere.

“Write-down and Conversion Powers” means:

- (a) in relation to any Bail-In Legislation described in the EU Bail-In Legislation Schedule from time to time, the powers described as such in relation to that Bail-In Legislation in the EU Bail-In Legislation Schedule;
- (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.
- (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”, 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 States of America, 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 New York time unless specified to the contrary;
- (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.

### 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, 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 Owner 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 any Borrower and the Facility Agent); or

- (b) in any other form agreed in writing between any 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 Receiver, Delegate, Affiliate or for the purpose of Clause 13.2 (*Other indemnities*), Clause 13.4 (*Indemnity to the Facility Agent*) and Clause 13.5 (*Indemnity to the Security Agent*), any Indemnified Person, or any other person described in paragraph (b) of Clause 29.10 (*Exclusion of liability*) 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 Borrowers a dollar term loan facility in one 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.

**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 the Utilisation Request), 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 the Borrowers, 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 the Borrowers shall be bound as though that 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 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 purpose 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 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 Majority 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 advanced:
  - (i) no Default is continuing or would result from the drawing of the proposed Loan; and
  - (ii) the Repeating Representations to be made by each Transaction Obligor are true;
- (b) the Facility Agent has received on or before the Utilisation Date, or the Majority Lenders are satisfied they 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 Majority 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 Borrowers and the Lenders promptly upon receipt of those confirmations referred to in 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 (c) 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 Borrowers 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 Borrowers.

**SECTION 3**  
**UTILISATION**

**5 UTILISATION**

**5.1 Delivery of 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.

**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*); and
  - (iii) the proposed Interest Period complies with Clause 9 (*Interest Periods*).
- (b) Only one advance may be requested in the Utilisation Request.

**5.3 Currency and amount**

- (a) The currency specified in the Utilisation Request must be dollars.
- (b) The amount of the Loan must be an amount which is not more \$38,500,000.

**5.4 Lenders' participation**

- (a) If the conditions set out in this Agreement have been met or, as the case may be, waived, 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 Available Commitment to the Available Facility immediately before advancing the Loan.
- (c) Subject to receiving a Utilisation Request, 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 unutilised at the end of the Availability Period shall then be cancelled.

## **5.6 Retentions and payment to third parties**

The Borrowers irrevocably authorise the Facility Agent:

- (a) to deduct from the proceeds of the Loan any fees then payable to the Finance Parties in accordance with Clause 10 (*Fees*), any solicitors fees (pre-agreed) and disbursements reasonably incurred together with any applicable VAT and any other items listed as deductible items in the Utilisation Request and to apply them in payment of the items to which they relate; and
- (b) on the Utilisation Date, to pay to, or for the account of, the Borrowers the amounts which the Facility Agent receives from the Lenders in respect of the Loan. That payment shall be made:
  - (i) to the account which the Borrowers specify in the Utilisation Request; and
  - (ii) in like funds as the Facility Agent received from the Lenders in respect of the Loan.

## **5.7 Disbursement of Loan to third party**

Payment by the Facility Agent under Clause 5.6 (*Retentions and payment to third parties*) to a person other than a Borrower shall constitute the advance of the Loan and the Borrowers 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, in respect of the Utilisation of the Loan, the Facility Agent (acting on the instructions of the Lenders), at the request of the Borrowers and on terms acceptable to all the Lenders and the Borrowers, prepositions funds with any bank:

- (a) the Lenders shall, prior to any such pre-positioning of funds, provide an instruction letter to the Facility Agent in form and substance acceptable to the Facility Agent; and
- (b) each Borrower and each Guarantor:
  - (i) 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 Loan after the Utilisation Date in respect of it or, if the Utilisation Date does not occur, within three Business Days of demand by the Facility Agent (acting on the instructions of the Lenders); and
  - (ii) 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**

- (a) The Borrowers shall repay the Loan in a single instalment on the Termination Date.

**6.2 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.

**6.3 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 the Loan or it becomes unlawful 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 for the Loan occurring after the Facility Agent has notified the Borrowers 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 or terminated in the amount of the participation prepaid.
- (d) Any prepayment under this Clause 7.1 (*Illegality*) shall be subject to the payment of the applicable Final Repayment Fee payable under Clause 10.3 (*Final Repayment Fee*) but otherwise without premium or penalty.

**7.2 Change of control**

- (a) If a Change of Control occurs the Borrowers 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 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.

- (b) For the purpose of this Clause 7.2, 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 of the Owners;
  - (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.

### 7.3 Voluntary prepayment of Loan

The Borrowers may, if they give the Facility Agent not less than 5 Business Days’ (or such shorter period as the Majority Lenders and the Facility Agent may agree) prior written notice, prepay the whole (or any part) of the Loan.

### 7.4 Mandatory prepayment on sale or Total Loss

- (a) If a Borrower Ship is sold or becomes a Total Loss, the Borrowers shall on the Relevant Date prepay subject to the provisions of the Intercreditor Agreement, an amount equal to the Relevant Amount.
- (b) In this Clause 7.4 (Mandatory *prepayment on sale or Total Loss*):

“**Relevant Amount**” means, in respect of a sale or Total Loss of a Borrower Ship, any surplus proceeds after the required Senior Mandatory Prepayment Amount has been pre-paid in accordance with the terms and conditions of the Senior Facility Agreement.

“**Relevant Date**” means:

- (i) in the case of a sale of a Borrower Ship, on or before the date on which the sale is completed by delivery of that Borrower Ship to the buyer; or
- (ii) in the case of a Total Loss of a Borrower Ship, the date falling on the earlier of (i) the date falling 180 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 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 11.2 (*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 11.3 (*Tax indemnity*) or Clause 12.1 (*Increased costs*),  
the Borrowers 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.

## 7.6 Termination of Initial Charters

- (a) If any of the Initial Charters is frustrated, terminated (except by mere effluxion of time or in the case of Total Loss of a Borrower Ship), cancelled or rescinded or purported to be cancelled or rescinded prior to its expiration date, the Borrowers 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 owning that Borrower 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 Borrower 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 owning that Borrower Ship has granted in favour of the Security Agent a Charter 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 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 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 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**

- (a) Any prepayment of any part of the Loan other than a prepayment pursuant to Clause 7.1 (*Illegality*) and Clause 7.5 (*Right of repayment and cancellation in relation to a single Lender*) shall be applied *pro rata*, including but not limited prepayments made under Clause 7.3 (*Voluntary prepayment of Loan*) and Clause 7.4 (*Mandatory prepayment on Sale or Total Loss*) to each Lender's participation in that part of the Loan.
- (b) The Relevant Amount in connection with any prepayment made pursuant to Clause 7.4 (*Mandatory prepayment on sale or Total Loss*) shall be applied against (i) the Loan or any part thereof, after deducting the relevant proportional Final Repayment Fee that is payable under Clause 10.3 (*Final Repayment Fee*) by the Borrowers in connection with such prepayment, and (ii) payment of such proportional Final Repayment Fee.

## **7.9 Final Repayment Fee**

Any prepayment under this Clause 7 (*Prepayment and cancellation*), (including but not limited prepayments made under Clause 7.3 (*Voluntary prepayment of Loan*)) and Clause 7.4 (*Mandatory prepayment on Sale or Total Loss*) shall be subject to the payment of the applicable non-refundable Final Repayment Fee payable under Clause 10.3 (*Final Repayment Fee*) but otherwise without premium or penalty.



**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 10 per cent. per annum.

**8.2 Payment of interest**

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**”).

**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 (acting on the instructions of the 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 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.

**9 INTEREST PERIODS**

**9.1 Commencement of Interest Periods**

The first Interest Period for the Loan shall start on the Utilisation Date and end on the last day of the current calendar quarter and each subsequent Interest Period shall start on the last day of the preceding Interest Period.

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**9.2 Duration of normal Interest Periods**

Each Interest Period (other than the first Interest Period, whose duration shall be determined in accordance with Clause 9.1 (*Commencement of Interest Periods*)) shall be 3 months.

**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 FEES****10.1 Servicing Parties fee**

The Borrowers shall pay to the Servicing Parties (for their own account) a non-refundable agency fee in the amount and at the times agreed in a Fee Letter.

**10.2 Upfront fee**

The Borrowers shall pay to the Facility Agent a non-refundable upfront fee (for the account of the Lenders pro-rata to their Commitments) in the amount \$200,000 on the date of this Agreement.

**10.3 Final Repayment Fee**

The Borrowers shall pay to the Facility Agent (for the account of the Lenders pro-rata to their Commitments) on the relevant Fee Repayment Date a non-refundable Final Repayment Fee in accordance with Schedule 9 (*Final Repayment Fee Schedule*).

**SECTION 6**  
**ADDITIONAL PAYMENT OBLIGATIONS**

**11 TAX GROSS UP AND INDEMNITIES**

**11.1 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 11.2 (*Tax gross-up*) or a payment under Clause 11.3 (*Tax indemnity*).

(b) Unless a contrary indication appears, in this Clause 11 (*Tax Gross Up and Indemnities*) reference to “**determines**” or “**determined**” means a determination made in the absolute discretion of the person making the determination.

**11.2 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.

### **11.3 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, 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 11.2 (*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 11.3 (*Tax indemnity*), notify the Facility Agent.

### **11.4 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.

## 11.5 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.

## 11.6 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 11.6 (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)) 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.

#### **11.7 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 an Owner 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 an Owner is a US Tax Obligor and the relevant Lender is an Original Lender, the date of this Agreement;

- (ii) where an Owner is a US Tax Obligor on a Transfer Date and the relevant Lender is a New Lender, the relevant Transfer Date; or
- (iii) where an Owner 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 (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.

#### **11.8 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.

## 12 INCREASED COSTS

### 12.1 Increased costs

- (a) Subject to Clause 12.3 (*Exceptions*), the Borrowers 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;
    - (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; 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.

Notwithstanding anything above to the contrary, the Dodd-Frank Wall Street Reform and Consumer Protection Act, and all requests, rules, guidelines and directives promulgated thereunder, are deemed to have been introduced or adopted after the date of this Agreement, regardless of the date enacted or adopted.

## 12.2 Increased cost claims

- (a) A Finance Party intending to make a claim pursuant to Clause 12.1 (*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 provide a certificate confirming the amount of its Increased Costs.

## 12.3 Exceptions

Clause 12.1 (*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 11.3 (*Tax indemnity*) (or would have been compensated for under Clause 11.3 (*Tax indemnity*) but was not so compensated solely because any of the exclusions in paragraph (b) of Clause 11.3 (*Tax indemnity*) applied);
- (d) compensated for by any payment made pursuant to Clause 13.3 (*Mandatory Cost*); or
- (e) attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation.

## 13 OTHER INDEMNITIES

### 13.1 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.

### 13.2 Other indemnities

- (a) Each Obligor shall, on 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 Borrowers 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 Borrowers.
- (b) Each Obligor shall, on demand, indemnify each Finance Party, each 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 13.2 (*Other indemnities*) subject to Clause 1.5 (*Third party rights*) and the provisions of the Third Parties Act.

### 13.3 Mandatory Cost

Each Borrower shall, on demand by the Facility Agent (on the request of a relevant Lender), 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.

### 13.4 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 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 the Majority Lenders reasonably believe 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 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 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.

### 13.5 Indemnity to the Security Agent

- (a) Each Obligor shall, on demand, indemnify each Indemnified Person 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 15 (*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 13.5 (*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.

## **14 MITIGATION BY THE FINANCE PARTIES**

### **14.1 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 11 (*Tax Gross Up and Indemnities*), Clause 12 (*Increased Costs*) or paragraph (a) of Clause 13.3 (*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.

### **14.2 Limitation of liability**

- (a) Each Obligor shall, on demand, indemnify each Finance Party for all documented costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under Clause 14.1 (*Mitigation*).
- (b) A Finance Party is not obliged to take any steps under Clause 14.1 (*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.

## **15 COSTS AND EXPENSES**

### **15.1 Transaction expenses**

The Obligors shall, on demand, pay the Facility Agent and the Security Agent the amount of all documented costs and expenses (including 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.

### **15.2 Amendment costs**

If:

- (a) a Transaction Obligor requests an amendment, waiver or consent; or
- (b) an amendment is required pursuant to Clause 33.9 (*Change of currency*); or
- (c) a Transaction Obligor requests, and the Security Agent agrees to (acting on the instructions of the Majority Lenders), the release of all or any part of the Security Assets from the Transaction Security,

the Obligors shall, within 5 days of demand, reimburse each of the Facility Agent and the Security Agent for the amount of all documented costs and expenses (including legal fees) reasonably incurred by each Secured Party in responding to, evaluating, negotiating or complying with that request or requirement.

### **15.3 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 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**  
**GUARANTEE**

**16 GUARANTEE AND INDEMNITY**

**16.1 Guarantee and indemnity**

Each Guarantor irrevocably and unconditionally:

- (a) guarantees to each Finance Party punctual performance by each Borrower of all such other Transaction Obligor'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, 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 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 a Guarantor under this indemnity will not exceed the amount it would have had to pay under this Clause 16 (*Guarantee and Indemnity*) if the amount claimed had been recoverable on the basis of a guarantee.

**16.2 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.

**16.3 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 16 (*Guarantee and Indemnity*) will continue or be reinstated as if the discharge, release or arrangement had not occurred.

**16.4 Waiver of defences**

The obligations of each Guarantor under this Clause 16 (*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 16.4 (*Waiver of defences*), would reduce, release or prejudice any of its obligations under this Clause 16 (*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.

#### **16.5 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 16 (*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 right of the Facility Agent pursuant to Clause 26.18 (*Acceleration*) to enforce or direct the Security Agent to enforce or exercise any or all of its rights, remedies powers or discretions under any guarantee or indemnity contained in this Agreement.

#### **16.6 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) no Guarantor shall be entitled to the benefit of the same; and
- (b) hold in a non-interest-bearing suspense account any moneys received from any Guarantor or on account of any Guarantor's liability under this Clause 16 (*Guarantee and Indemnity*).

## **16.7 Deferral of Guarantors' rights**

All rights which any Guarantor at any time have (whether in respect of this guarantee, a mortgage or any other transaction) against any Borrower, any other Transaction Obligor or its 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 (acting on the instructions of the Majority Lenders), no Guarantor will 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 it of its obligations under the Finance Documents or by reason of any amount being payable, or liability arising, under this Clause 16 (*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 any Guarantor have given a guarantee, undertaking or indemnity under Clause 16.1 (*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 (acting on the instructions of the Majority Lenders) for application in accordance with Clause 33 (*Payment Mechanics*).

## **16.8 Additional security**

This guarantee and any other Security given by a 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.

## **16.9 Applicability of provisions of Guarantee to other Security**

Clauses 16.2 (*Continuing guarantee*), 16.3 (*Reinstatement*), 16.4 (*Waiver of defences*), 16.5 (*Immediate recourse*), 16.6 (*Appropriations*), 16.7 (*Deferral of Guarantor's rights*) and 16.8 (*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.



## **17 JOINT AND SEVERAL LIABILITY OF THE BORROWERS**

### **17.1 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.

### **17.2 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;
- (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.

### **17.3 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.

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**17.4 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;
  - (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;
  - (iii) set off such an amount against any sum due from it to any other Borrower;
  - (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 (acting on the instructions of the Majority Lenders), 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.

**17.5 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 (acting on the instructions of the Majority Lenders) 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

#### 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, duly formed and validly existing 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 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 Borrower A, 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 Odysseus Marine LLC, a Marshall Islands limited liability company and a wholly owned Subsidiary of the Parent Guarantor.
- (b) In the case of Borrower B, 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 Parent Guarantor.
- (c) In the case of Borrower C, 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 Odysseus Marine LLC, a Marshall Islands limited liability company, and a wholly owned Subsidiary of the Parent Guarantor.
- (d) In the case of Borrower D, 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 Triton NB LLC, a Marshall Islands limited liability company, a wholly owned Subsidiary of Triton Containers Holdings LLC which in turn is a wholly owned Subsidiary of K&T Marine LLC which in turn is a wholly owned Subsidiary of the Parent Guarantor.
- (e) In the case of Borrower E, 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 Triton NB LLC, a Marshall Islands limited liability company, a wholly owned Subsidiary of Triton Containers Holdings LLC which in turn is a wholly owned Subsidiary of K&T Marine LLC which in turn is a wholly owned Subsidiary of the Parent Guarantor.

- (f) In the case of Borrower F, 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 Triton Containers Holdings LLC, a Marshall Islands limited liability company which is a wholly owned Subsidiary of K&T Marine LLC which in turn is a wholly owned Subsidiary of the Parent Guarantor.
- (g) In the case of Hephaestus,, 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 Parent Guarantor.
- (h) In the case of Pericles, 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 Parent Guarantor.
- (i) In the case of Zeus One, 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 Parent Guarantor.
- (j) 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.
- (k) GSL has an authorized share capital of 214,000,000 Class A Common Shares and 250,000 Series C Preferred Shares, each with a par value of one United States cent (\$0.01) of which 9,942,950 Class A Common Shares and 250,000 Series C Preferred Shares are issued and outstanding.
- (l) The legal title to and beneficial interest in the LLC Shares in each Owner is held by the relevant member free of any Security or any other claim, except for Permitted Security.
- (m) None of the LLC Shares in any Borrower are 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, subject to the Legal Reservations which may be applicable at any relevant time, 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 the Security it purports to create over any assets to which such Security, by its terms, relates, and such Security will, subject to the Legal Reservations which may be applicable at any relevant time, 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 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 save for any security mandatorily preferred by law.

- (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) the constitutional documents of any Obligor; or
- (c) any agreement or instrument binding upon it or any Obligor or any Obligor'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 to which it is or will be a party and the transactions contemplated by those Transaction Documents; and
  - (ii) in the case of each Borrower, its registration of its Ship under an 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 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 26.8 (*Insolvency proceedings*); or
- (b) creditors' process described in Clause 26.9 (*Creditors' process or Ship arrest*),

has been taken or, to its knowledge, threatened in relation to a Transaction Obligor (other than an Approved Manager); and none of the circumstances described in Clause 26.7 (*Insolvency*) applies to a Transaction Obligor (other than 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 except registration of each Mortgage at the Approved Flag's Ships Registry which registration filings and fees will be made and paid promptly after the date of that Mortgage.

#### **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 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 its financial condition as at the end of the relevant financial year and 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 the date of the latest financial statements provided to the Facility Agent under the Existing Facility Agreement.
- (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 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 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**

- (a) It has not breached any law or regulation which breach has 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 an Owner to the Facility Agent in writing on or before the date of this Agreement, no Ship is 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 each Ship (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 Transaction Obligor or any 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 each Owner, the Approved Technical Manager and each Ship have been complied with.

**18.25 Taxes paid**

- (a) It is not materially (to the best of its knowledge and belief (having made due and careful inquiry)) overdue in the filing of any Tax returns and it is not (to the best of its knowledge and belief (having made due and careful inquiry)) 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.



#### **18.26 Financial Indebtedness**

- (a) No Owner has any Financial Indebtedness outstanding other than Permitted Financial Indebtedness and Permitted Financial Indebtedness incurred in the ordinary course of owning its business of trading, chartering and operating its Ship.
- (b) The Parent Guarantor does not have any Financial Indebtedness outstanding other than Permitted Financial Indebtedness and any Financial Indebtedness incurred in the ordinary course of its business (including, without limitation, any guarantees the Parent Guarantor has issued or may issue at any time securing the obligations of any of its present or future Subsidiaries and any other guarantee having been previously granted by the Parent Guarantor as at the date of this Agreement and disclosed to the Lenders).

#### **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) Subject to paragraph (d) below, each Owner is the sole legal and beneficial owner of all rights and interests which any charter creates in favour of that Owner in relation to the Ship owned by it, its Earnings and its Insurances.
- (b) Subject to paragraph (d) below, 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 limited liability company interests of any Owner on creation or enforcement of the security conferred by the Security Documents.
- (d) Until (and including) the Utilisation Date the application of paragraphs (a) to (c) above is subject to any rights granted by the Transaction Obligors securing obligations under the Existing Facility Agreement.

#### **18.30 Centre of main interests and establishments**

For the purposes of The Council of the European Union Regulation No. 1346/2000 on Insolvency Proceedings (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(h) of the Regulation) in any other jurisdiction.

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**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 Owner 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; or
  - (iv) has, to the best of its knowledge, a Prohibited Person serving as a director, officer or 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 Margin Regulations; Investment Company Act**

- (a) No Owner is 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).
- (b) No Owner is, or is it required to be, registered as an “investment company” under the United States of America Investment Company Act of 1940

**18.36 Patriot Act**

To the extent applicable each Owner 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.

**18.37 Validity and completeness of the Initial Charters**

- (a) Each Borrower Ship is subject to the relevant Initial Charter and delivered to the respective Initial Charterer.

- (b) Each Initial Charter constitutes legal, valid, binding and enforceable obligations of the relevant Borrower which is a party thereto.
- (c) The copies of the Initial Charters delivered to the Facility Agent before the date of this Agreement are true and complete copies.
- (d) No amendments or additions to 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 respective rights under the relevant Initial Charter.

#### **18.38 Ship Status**

Each Ship is:

- (a) registered in the name of the relevant Owner 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 Classification Society affecting class; and
- insured in the manner required by the Finance Documents.

#### **18.39 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).

#### **18.40 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.

#### **18.41 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:
  - (i) the unaudited financial statements of each Owner for that financial year; and
  - (ii) 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:
  - (i) the semi-annual unaudited financial statements of each Owner, including balance sheet, cash flow statement and profit and loss statement for that financial half-year; and
  - (ii) its unaudited consolidated financial statements for that financial half- year;
- (c) as soon as the same become available, but in any event within 90 days after the end of each quarter of each of its respective financial years, its unaudited consolidated financial statements for that financial quarter; and
- (d) 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 supply to the Facility Agent, together with each set of financial statements delivered pursuant to sub-paragraph (ii) of paragraph (a) or 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) The Owners and the Parent Guarantor shall supply to the Facility Agent, together with each set of financial statements delivered pursuant to paragraph (c) of Clause 19.2 (*Financial statements*), a Compliance Certificate setting out (in reasonable detail) computations as to the calculation of the Debt Service Cover Ratio and the Owners' compliance with Clause 21.19(a) (*Dividend Payment*) as at the date at which those financial statements were drawn up.
- (c) Each Compliance Certificate prepared:
  - (i) pursuant to paragraph (a) above shall be signed by the chief financial officer of GSL; and
  - (ii) pursuant to paragraph (b) above shall be signed by an officer of the Parent Guarantor.

## **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) Each Obligor 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 Information: miscellaneous**

Each Obligor shall and shall procure that each other Obligor shall supply to the Facility Agent (acting on the instructions of the Majority Lenders) (in sufficient copies for all the Lenders, if the Facility Agent (acting on the instructions of the Majority Lenders) so requests):

- (a) promptly upon the Facility Agent's request, all documents dispatched by it to its equity holders or shareholders (or any class of them), as applicable, or its creditors;
- (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 it, 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 tribunal or other tribunal or any order or sanction of any governmental or other regulatory body which is made against it 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 or 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 Obligor;
  - (v) the Initial Charters or any of the Replacement 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.

#### **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 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) 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 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 (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 that Lender shall notify the Facility Agent and 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.
- (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.

#### **19.8 “Know your customer” checks**

- (a) 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 on behalf of any prospective new Lender) in order for such Finance Party or 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 including without limitation obtaining, verifying and recording certain information and documentation that will allow the Facility Agent and each of the Lenders to identify each Transaction Obligor in accordance with the requirements of the PATRIOT Act.
- (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.

#### **19.9 Anti-money laundering**

Each Borrower 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 a Servicing Party (for itself) in order for that Servicing Party to be satisfied it has complied with all applicable anti-money laundering laws.

### **20 FINANCIAL COVENANTS**

#### **20.1 Owners’ minimum liquidity**

- (a) Each Owner shall maintain from the Utilisation Date and at all times throughout the Security Period at least \$500,000 (the “**Minimum Liquidity Amount**”) in its Earnings Account.

- (b) Any amount deposited by an Owner in an Earnings Account for the purpose of satisfying any minimum liquidity requirement under the Senior Facility Agreement shall be taken into account for the purpose of determining compliance of that Owner with its obligations under paragraph (a) of this Clause 20.1 (*Owners' minimum liquidity*).

## 20.2 Parent Guarantor's financial covenants

The Parent Guarantor shall, on each Testing Date and throughout Security Period, comply with the following covenants:

- (a) 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.

- (b) 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 aggregate of (A) the product of \$350,000 and the number of Fleet Vessels (other than the Ships) owned by the Subsidiaries of the Parent Guarantor at that time and (B) the product of \$500,000 and the number of Ships then subject to a First Mortgage or a Mortgage.

## 20.3 Financial definitions

- (a) The expressions used in this Clause shall be construed in accordance with GAAP, and for purposes of this Agreement:
- (b) “**Accounting Period**” means each consecutive period of six (6) months or, as the case may be, three (3) months of each financial year of the Parent Guarantor during the Security Period for which it is required to deliver financial statements pursuant to Clause 19.2 (Financial statements).
- (c) “**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.
- (d) “**Fleet Vessels**” means, together, the Ships 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.
- (e) “**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.
- (f) “**Total Assets**” means, in respect of each Accounting Period, the total assets of the Parent Guarantor as stated in the most recent financial statements produced in accordance with Clause 19.2 (*Financial Statements*).



- (g) **“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 19.2 (*Financial Statements*).
- (h) **“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.
- (i) **“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 19.2 (*Financial Statements*)) and the aggregate Market Value of all Fleet Vessels.

#### **20.4 GSL Minimum Liquidity and most favoured nation**

- (a) GSL shall:
  - (i) at all times during the Security Period and for as long as the GSL Indenture has not been refinanced or the financial covenants contained therein have not been amended, maintain minimum liquidity in the amount of \$20,000,000;
  - (ii) at all times during the Security Period following the refinancing of the GSL Indenture, maintain minimum liquidity in an amount of \$20,000,000 or a lesser minimum liquidity amount (if agreed by all the Lenders); and
  - (iii) at all times during the Security Period and for as long as the GSL Indenture has not been refinanced (in which case sub-paragraph (b) hereof shall apply), be limited in connection with any Dividend Payment it may make, starting on 1 January 2020, to: (A) an aggregate amount per year up to 50 per cent. of its consolidated net profits (after taxes) for the immediately preceding financial year **Provided that** any unutilised portion may be carried forward to succeeding financial years and (B) such Dividend Payments (i) being made in accordance with the provisions of the GSL Indenture related to Permitted Transfer (as same is defined in the GSL Indenture) and (ii) not resulting in a breach of Clause 21.19(c) (*Dividends*);
- (b) GSL shall, at all times during the Security Period, ensure that the Finance Parties shall receive no less favourable treatment under this Agreement in relation to any financial covenant relating to it, other than any financial covenant provided or to be provided under the GSL Indenture or 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 the GSL Indenture or 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
- (c) 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 Lenders may require in order to achieve parity with the creditors under the relevant financing of GSL.

## **20.5 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 21.13 (*Disposals*), 21.16 (*Financial Indebtedness*) and 21.20(c)(ii) (*Other transactions*), 21.26 (*No amendments to the Initial Charters*) such permission not to be unreasonably withheld by the Majority Lenders or the Lenders (as the case may be)).

### **21.2 Authorisations**

Each Obligor shall, and shall procure that each other Transaction Obligor 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 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 each Owner).

### **21.3 Corporate Existence**

Each Obligor shall maintain its separate corporate existence, remain in goodstanding 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 comply in all respects with all laws and regulations to which it may be subject if failure so to comply has or may reasonably 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 procure that 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 a Material Adverse Effect.

### **21.6 Environmental Claims**

Each Obligor shall, and shall procure that each Approved Manager 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.

### **21.7 Taxation**

- (a) Each Obligor 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:
  - (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 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 and failure to pay those Taxes does not have a Material Adverse Effect.
- (b) Each Obligor shall procure that no other Obligor will, change its residence for Tax purposes.

### **21.8 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.

### **21.9 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(h) of the Regulation) in any other jurisdiction.

#### **21.10 *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 a Finance Party against it under the Finance Documents to which such Obligor or Transaction Obligor is a party 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) Following the release on the Utilisation Date of the Security securing the Existing Indebtedness, each Owner shall hold the legal title to, and own the entire beneficial interest in its Ship, its Earnings and its Insurances; and
- (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.

#### **21.12 Negative pledge**

- (a) No Owner shall create any form of Security over any of its assets or revenues other than Permitted Security; and
- (b) The Parent Guarantor shall not 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 the Parent Guarantor or any of its present or future Subsidiaries.
- (c) No Obligor (other than GSL) 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 any 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.
- (d) Paragraphs (a) and (c) above do not apply to any Permitted Security.

#### **21.13 Disposals**

- (a) The Owners 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 any Ship, its Earnings or its Insurances).

- (b) Paragraph (a) above does not apply to (i) any Charter as all Charters are subject to Clause 23.15 (*Restrictions on chartering, appointment of managers etc.*) and (ii) a sale of a Borrower Ship **Provided that** (A) the Borrowers comply with the provisions of Clause 7 (*Prepayment and Cancellation*), (B) no Event of Default has occurred and is continuing at the relevant time or will result from the sale of that Borrower Ship and (C) immediately after such sale the Security Cover Ratio will not be below 130 per cent. of the Senior Loan.

#### **21.14 Merger**

No Obligor shall enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction (for the purposes of this Clause 21.14 (*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.

#### **21.15 Change of business**

- (a) The Parent 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) No Owner shall engage in any business other than the ownership and operation of its Ship.

#### **21.16 Financial Indebtedness**

- (a) No Owner shall incur or permit to be outstanding any Financial Indebtedness except (A) Financial Indebtedness incurred in the normal course of its business of trading, chartering and operating its Ship and (B) Permitted Financial Indebtedness; and
- (b) The Parent Guarantor shall not incur or permit to be outstanding Financial Indebtedness except for (A) 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 the Parent Guarantor as at the date of this Agreement and disclosed to the Facility Agent) and (B) Permitted Financial Indebtedness.

#### **21.17 Expenditure**

No Owner shall incur any expenditure, except for expenditure reasonably incurred in the ordinary course of owning, operating, maintaining and repairing its Ship.

#### **21.18 Limited liability company interests**

No Owner shall:

- (a) purchase, cancel or redeem any of its LLC Shares;
- (b) increase or reduce its LLC Shares; and
- (c) issue any additional LLC Shares except to the Parent Guarantor or to the relevant member as per Clause 18.3 (*LLC Shares and Ownership*) and provided such LLC Shares are issued subject to the terms of the relevant Shares Security applicable to that Owner immediately upon the issuance of such LLC Shares in a manner satisfactory to the Facility Agent (acting on the instructions of the Majority Lenders) and the terms of the relevant Shares Security are complied with.

### **21.19 Dividends**

- (a) An Owner may declare and make a Dividend Payment only if:
  - (i) no Event of Default has occurred and is continuing at the relevant time or would result from such Dividend Payment;
  - (ii) the Security Cover Ratio at the relevant time is not less than 140 per cent.; and
  - (iii) the Debt Service Cover Ratio, calculated on a quarterly basis by reference to the financial quarter immediately preceding the date of such Dividend Payment, is, at the relevant time, not less than 1.15x.
- (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 at the relevant time or would result from such Dividend Payment.
- (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 at the relevant time or would result from such Dividend Payment; and
  - (iii) no event of default or termination event has occurred and is continuing under the GSL Indenture and 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) at the relevant time or would result from such Dividend Payment.
- (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.

### **21.20 Other transactions**

No Owner shall:

- (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 creates 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 Owner 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 owned by it having an aggregate maximum value of \$1,000,000 in respect of that Owner or such higher value as may be requested by that Owner 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 that Owner's business of trading, operating and chartering the relevant Ship;
- (d) without the prior written consent of the Facility Agent (acting on the instructions of the Majority Lenders), such consent not to be unreasonably withheld or delayed, enter into any transaction on terms which are, in any respect, less favourable to that Owner than those which it could obtain in a bargain made at arms' length provided further that such consent of the Facility Agent (acting on the instructions of the Majority Lenders) shall not be required in the absence of an Event of Default having occurred and continuing; 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.

#### **21.21 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.

#### **21.22 No Subsidiaries**

No Owner shall form or acquire any Subsidiaries.

#### **21.23 Employees and ERISA Compliance**

No Owner shall employ any individual nor sponsor, maintain or become obligated to contribute to any Plan. However, without prejudice to the foregoing, each Owner shall provide prompt written notice to the Facility Agent in the event that that Owner 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 Owners 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 Further assurance**

- (a) Each Obligor shall, and shall procure that each other Transaction Obligor will, promptly, and in any event within three (3) Business Days (or such other time period as may be specified by the Security Agent (acting on the instructions of the Facility Agent which is acting on the instructions of the Majority Lenders)) of demand by the Security Agent (acting on the instructions of the Facility Agent which is 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 Facility Agent which is 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 to which such Transaction Obligor 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 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 21.25 (*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 members, managers or directors, 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 members, managers or directors, as applicable, validly convened and held, throughout which a quorum of members, managers or directors, as applicable, entitled to vote on the resolution was present, or that the resolution has been signed by all the members, managers or directors, as applicable, and is valid under that Obligor's or Transaction Obligor's articles of association or other constitutional documents.

#### **21.26 No amendments to the Initial Charters**

No Borrower shall agree to any material amendment or supplement to, or waive or fail to enforce, any Initial Charter relative to its Ship or any of its provisions (and, without limitation, any reduction to the charter hire rate or to the fixed duration of any Initial Charter (without taking into account any optional extensions) shall be considered a material amendment for the purposes of this Clause 21.26 (*No amendments to the Initial Charters*)).

#### **21.27 Deed of Accession**

Each Obligor shall, and shall procure that the relevant Transaction Obligors will, enter into a Deed of Accession and any other documents required pursuant to it if the Senior Acceding Borrower enters into a Deed of Accession in connection with the Senior Facility Agreement.

#### **21.28 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 to the extent, in each case, such use, lending, contributing or otherwise making available such proceeds would lead to non-compliance by it or any other Party with any Sanctions.

### **22 INSURANCE UNDERTAKINGS**

#### **22.1 General**

The undertakings in this Clause 22 (*Insurance Undertakings*) remain in force on and from the Utilisation Date 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.

#### **22.2 Maintenance of obligatory insurances**

Each Owner shall keep the Ship owned by it insured at its expense against:

- (a) hull and machinery plus freight interest and hull interest and/or increased value and any other usual marine risks (including excess risks);

- (b) war risks (including the London Blocking and Trapping addendum or its equivalent);
- (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);
- (d) freight, demurrage and defence;
- (e) 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 Owner to insure and which are specified by the Facility Agent (acting on the instructions of the Majority Lenders) by notice to that Owner.

### **22.3 Terms of obligatory insurances**

Each Owner shall effect such insurances:

- (a) in dollars;
- (b) in the case of hull and machinery and war risks, in an amount on an agreed value basis at least the greater of:
  - (i) an amount which when aggregated with the amounts for which the other Ships, then subject to a First Mortgage or a Mortgage are insured for such risks is equal to 120 per cent. of the aggregate of the outstanding balance of the Loan and the Senior Loan; and
  - (ii) the Market Value of the Ship owned by it;
- (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 (such amount currently being \$1,000,000,000);
- (d) hull and machinery plus freight interest and hull interest and/or increased value and any other usual marine risks (including excess risks);
- (e) war risks (including the London Blocking and Trapping addendum or its equivalent, Terrorism and War Protection and Indemnity);
- (f) 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);
- (g) freight, demurrage and defence;
- (h) on approved terms; and

- (i) 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*), each Owner shall procure that the obligatory insurances effected by it shall:

- (a) subject always to paragraph (b), name that Owner as the sole named insured unless the interest of every other named insured (including each Approved Manager as co-assured) 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 Facility Agent acting on the instructions of the Majority Lenders)) that any deductible shall be apportioned between that Owner 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 (acting on the instructions of the Majority Lenders), 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 (acting on the instructions of the Majority Lenders);
- (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 Owner fails to do so.

## **22.5 Renewal of obligatory insurances**

Each Owner shall:

- (a) at least 10 days before the expiry of any obligatory insurance:
  - (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 Agent's approval (acting on the instructions of the Majority Lenders) to the matters referred to in sub-paragraph (i) above;
- (b) at least 14 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**

Each Owner shall ensure that the Approved Brokers provide the Security Agent, upon the Security Agent's request (acting on the instructions of the Facility Agent acting on the instructions of the Majority Lenders), 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 (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 relevant Owner 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 Owner 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 Owner forthwith upon being so requested by the Facility Agent.

#### **22.7 Copies of certificates of entry**

Each Owner 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 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.

#### **22.8 Deposit of original policies**

Each Owner 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**

Each Owner 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).

#### **22.10 Guarantees**

Each 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.

#### **22.11 Compliance with terms of insurances**

- (a) No Owner 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 Owner 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 (acting on the instructions of the Majority Lenders);

- (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.

#### **22.12 Alteration to terms of insurances**

No Owner shall 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**

Each Owner 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**

Each Owner shall provide the Security Agent, immediately upon the Facility Agent's request (acting on the instructions of the Majority Lenders), with copies of all written communications between that Owner 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 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 Owner 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.

#### **22.15 Provision of information**

Each Owner shall promptly provide the Facility Agent (or any persons which it may designate) with any information which the Facility Agent (or any such designated person) requests (acting on the instructions of the Majority Lenders) 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 Owner shall, forthwith upon demand, indemnify the Facility Agent in respect of all fees and other expenses incurred by or for the account of the Facility 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 each in an amount which when aggregated with the amounts for which the other Ships then subject to a First Mortgage or a Mortgage is insured for such risks is equal to 120 per cent. of the Loan and the Senior 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 Owners 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 SHIP UNDERTAKINGS**

#### **23.1 General**

The undertakings in this Clause 23 (*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 in writing (and in the case of paragraph (c) of Clause 23.2(c), 23.3 (*Repair and classification*), 23.4 (*Modifications*), 23.5 (*Removal and installation of parts*) and 23.15 (*Restrictions on chartering, appointment of managers etc.*) such permission not to be unreasonably withheld).

### **23.2 Ship's names and registration**

Each Owner shall in respect of the Ship owned by it:

- (a) keep that Ship registered in its name under an 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; and
- (c) 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 second priority or preferred ship mortgage on that Ship and, if appropriate, a second priority deed of covenant collateral to that mortgage (or equivalent second 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 on the instructions 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 on the instructions of the Majority Lenders, shall approve or require.

### **23.3 Repair and classification**

Each Owner 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.

### **23.4 Modifications**

No Owner 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.

### **23.5 Removal and installation of parts**

- (a) Subject to paragraph (b) below, no Owner shall remove any material part of any 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 Owner and subject to the security constituted by the Mortgage on that Ship.
- (b) An Owner 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 Owner.



### **23.6 Surveys**

Each Owner 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 acting on the instructions of the Majority Lenders, provide the Facility Agent, with copies of all survey reports.

### **23.7 Inspection**

- (a) Each Owner 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 owned by it 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.
- (b) The cost of all inspections under this Clause 23.7 (*Inspection*) shall be for the account of that Owner in relation to the Ship owned by it once annually and at any time when an Event of Default has occurred and is continuing.

### **23.8 Prevention of and release from arrest**

- (a) Each Owner 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 Owner shall as soon as reasonably practicable upon 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.

### **23.9 Compliance with laws etc.**

Each Owner shall:

- (a) comply, or procure compliance with all laws or regulations:
  - (i) relating to its business generally; and
  - (ii) 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 all Sanctions (or which would be contrary to Sanctions if Sanctions were binding on each Transaction Obligor).

#### **23.10 ISPS Code**

Without limiting paragraph (a) of Clause 23.9 (*Compliance with laws etc.*), each Owner 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.

#### **23.11 Sanctions and Ship trading**

Without limiting Clause 23.9 (*Compliance with laws etc.*), each Owner shall procure:

- (a) that the Ship owned by it shall not be used by or for the benefit of a Prohibited Person;
- (b) that such 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);
- (c) that such 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
- (d) that each charterparty in respect of such Ship shall contain, for the benefit of that Owner, 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 23.11 (*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).

#### **23.12 Trading in war zones**

In the event of hostilities in any part of the world (whether war is declared or not including, without limitation, any civil war), no Owner shall cause or permit the Ship owned by it to be employed in carrying any goods which may be declared to be contraband of war or which may render such Ship liable to confiscation, seizure, detention or destruction, nor shall that Owner permit such Ship to enter any area which is declared a war zone by any governmental authority or by such Ship's insurers unless that employment or voyage is either (a) consented to in advance and in writing by the underwriters of such Ship's war risks insurances and fully covered by those insurances or (b) (to the extent not covered by those insurances) covered by additional insurance taken out by that Owner at that Owner's expense, which additional insurance shall be deemed to be part of the Insurances assigned under the General Assignment.

### 23.13 Provision of information

Without prejudice to Clause 19.5 (*Information: miscellaneous*) each Owner shall promptly provide the Facility Agent with any information which it requests (acting on the instructions of the Majority Lenders) regarding:

- (a) that Ship, its employment, position and engagements;
- (b) the Earnings of that Ship 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 (acting on the instructions of the Majority Lenders), promptly provide copies of any current Charter relating to that Ship, of any current Charter guarantee supporting such Charter, that Ship's Safety Management Certificate and any relevant Document of Compliance.

### 23.14 Notification of certain events

Each Owner shall, in respect of the Ship owned by it, immediately notify the Facility Agent by email, confirmed forthwith by letter, of:

- (a) any casualty to that Ship which is or may reasonably become 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 requirement or recommendation made in relation to that Ship by any insurer or classification society or by any competent authority which is not immediately complied with;
- (e) any arrest or detention of that Ship or any exercise or purported exercise of any lien on that Ship or the Earnings;
- (f) any intended dry docking of that Ship;
- (g) any Environmental Claim made against that Owner 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 Owner, 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 Owner shall keep the Facility Agent advised in writing on a regular basis and in such detail as the Facility Agent shall require (acting on the instructions of the Majority Lenders) as to that Owner's, any such Approved Manager's or any other person's response to any of those events or matters.

### **23.15 Restrictions on chartering, appointment of managers etc.**

No Owner shall, in relation to the Ship owned by it:

- (a) let that Ship on demise 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 Technical Manager or agree to any alteration to the terms of an Approved Manager's appointment;
- (e) de activate or lay up 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 (acting on the instructions of the Facility Agent acting on the instructions of the Majority Lenders) and in terms satisfactory to it (acting on the instructions of the Facility Agent acting on the instructions of the Majority Lenders) 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.

### **23.16 Notice of Mortgage**

Each Owner shall keep the relevant Mortgage registered against the Ship owned by it as a valid second priority or preferred mortgage (as applicable), 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 that Owner to the Security Agent.

### **23.17 Sharing of Earnings**

No Owner shall enter into any agreement or arrangement for the sharing of any Earnings.

### **23.18 Charter assignment**

Provided that all approvals necessary under Clause 23.15 (*Restrictions on chartering, appointment of managers etc.*) have been previously obtained, each Owner shall in relation to the Ship owned by it:

- (a) provide promptly to the Facility Agent a true and complete copy of any Charter (including all amendments) and all other documents related thereto for a term which exceeds, or which by virtue of any optional extensions may exceed 12 months; and
- (b) in respect of any Charter for a term which (excluding any optional extensions and any redelivery allowance) exceeds, or which by virtue of any optional extensions may exceed 12 months, execute and deliver to the Facility Agent a Charter Assignment together with each of the documents required to be delivered pursuant to such Charter Assignment (each in the agreed form); and

- (c) 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 of Part A of Schedule 2 (*Conditions Precedent*)) in respect of such Charter Assignment.

### **23.19 Responsible Ship Recycling**

If a Ship is sold for scrapping, the Owner owning that Ship shall ensure that such Ship is sold on the basis of a memorandum of agreement that contains language that ensures that that Ship shall be dismantled in a safe, sustainable and socially and environmentally responsible way and that Owner shall use its best endeavours to ensure performance and observance by the buyer of such Ship of its obligations and liabilities under such memorandum of agreement.

### **23.20 Green Passport**

Each Owner shall procure that the Ship owned by it has (from 31 December 2020 and at all times thereafter 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 relevant Classification Society's requirements.

### **23.21 Notification of compliance**

Each Owner shall promptly provide the Facility Agent from time to time 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 (*Ship Undertakings*).

## **24 SECURITY COVER**

### **24.1 Minimum required security cover**

Clause 24.2 (*Provision of additional security; prepayment*) applies if, at any time throughout the Security Period, the Facility Agent (acting on the instructions of the Majority Lenders) notifies the Borrowers that the Security Cover Ratio is below 130 per cent. of the Senior 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 Borrowers under Clause 24.1 (*Minimum required security cover*), the Borrowers 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) A 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 (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 each Owner.

#### **24.5 Provision of information**

- (a) Each 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 (acting on the instructions of the Majority Lenders) 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 (acting on the instructions of the Majority Lenders) 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 7.3 (*Voluntary prepayment of Loan*).

#### **24.7 Provision of valuations**

The Facility Agent shall be entitled to test, at the cost of the Borrowers, the security cover requirements under Clause 24.1 (*Minimum required security cover*):

- (a) semi-annually and on dates to be selected by the Facility Agent;
- (b) at the same time a Borrower serves the notices to the Facility Agent in respect of the renewal of the obligatory insurances pursuant to Clause 22.5 (*Renewal of obligatory insurances*);
- (c) in the case of sale or Total Loss of a Ship, pursuant to Clause 7.4 (*Mandatory prepayment on sale or Total Loss*); and
- (d) at any time selected by the Facility Agent while an Event of Default has occurred which is continuing.

## **25 ACCOUNTS AND APPLICATION OF EARNINGS**

### **25.1 Accounts**

No Owner may, without the prior consent of the Facility Agent (acting on the instructions of the Lenders), maintain any bank account other than its Earnings Account or the accounts which are required to be maintained under the Senior Facility Agreement.

### **25.2 Payment of Earnings**

Each Owner 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.

### **25.3 Application of Earnings**

Each Borrower shall transfer from its Earnings Account to the Facility Agent:

- (a) on the Termination Date, the amount of the Loan; and
- (b) on the last day of each Interest Period, the amount of interest then due on that date; and
- (c) on any day on which an amount is otherwise due from the Borrowers under a Finance Document, an amount necessary to meet that due amount, and each Borrower irrevocably authorizes the Facility Agent to apply the transferred amounts in payment of the Loan, interest amount or other amount due.

Any balance on the Earnings Accounts after the application of the transferred amounts shall be available to the Borrowers, unless there is an Event of Default which is continuing or unless an Event of Default would result from the withdrawal of any such balance (or any part thereof) from the relevant Earnings Account.

### **25.4 Shortfall in Earnings**

- (a) If the credit balance on each Earnings Account is insufficient for the required amount to be transferred under Clause 25.3 (*Application of Earnings*) the Borrowers shall make up the amount of the insufficiency.
- (b) The Borrowers may not make up all or any part of the insufficiency by utilising the Minimum Liquidity Amount in the Earnings Account.

### **25.5 Application of funds**

Until an Event of Default occurs which is continuing, the Facility Agent shall on the Termination Date and on each Interest Payment Date (provided it has received sufficient funds no later than 4:00 p.m. London time on the Termination Date or the relevant Interest Payment Date (as the case may be)) distribute to the Finance Parties in accordance with Clause 33.2 (*Distributions by the Facility Agent*) so much of the then balance on the Earnings Account as equals:

- (a) the Loan due on the Termination Date; and
- (b) the amount of interest payable on that Interest Payment Date, in discharge of the Borrowers' liability for the Loan or that interest.

## **25.6 Location of Earnings Accounts**

Each Owner 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 its Earnings Account; 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) its Earnings 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 26.18 (*Acceleration*) and Clause 26.19 (*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) its failure to pay is caused by:
  - (i) administrative or technical error; or
  - (ii) a Disruption Event; and
- (b) payment is made within 3 Business Days of its due date.

### **26.3 Specific obligations**

A breach occurs of Clause 4.4 (*Waiver of conditions precedent*), Clause 20 (*Financial Covenants*), Clause 21.11 (*Title*), Clause 21.11(b) (*Negative pledge*), Clause 21.21 (*Unlawfulness, invalidity and ranking; Security imperilled*), Clause 21.26 (*No amendment to the Initial Charters*), Clause 21.27 (*Deed of Accession*), Clause 22.2 (*Maintenance of obligatory insurances*), Clause 22.3 (*Terms of obligatory insurances*), Clause 22.5 (*Renewal of obligatory insurances*), Clause 23.11 (*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 (acting on the instructions of the Majority Lenders) giving notice to the Borrowers or (if earlier) any relevant 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 and is not remedied within five Business Days of the Facility Agent (acting on the instructions of the Majority Lenders) giving notice to the Borrowers.

## 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) 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) **Provided that** in the case of any Financial Indebtedness created under (i) any guarantee and indemnity of the Parent Guarantor or GSL (as the case may be), a demand is made by the relevant creditor(s) under such guarantee and indemnity or (ii) any guarantee and indemnity of the Parent Guarantor or GSL (as the case may be) securing the obligations of any Subsidiary, the guaranteed 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 and always provided that the relevant creditor has exercised any of its enforcement rights (the "**Action**") in connection with that payment default and, in the reasonable opinion of the Majority Lenders, that Action may adversely affect the ability of the Parent Guarantor or GSL (as the case may be) to comply with its obligations under Clause 16 (*Guarantee and Indemnity*).
- (c) 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) 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) **Provided that** in the case of any Financial Indebtedness created under any guarantee and indemnity of the Parent Guarantor or GSL (as the case may be), a demand is made by the relevant creditor(s) under such guarantee and indemnity.
- (e) No Event of Default will occur under this Clause 26.6 (*Cross default*) in respect of an Owner if the failure to comply is capable of remedy and is remedied within five Business Days of the Facility Agent (acting on the instructions of the Majority Lenders) giving notice to that Owner or that Owner becoming aware of the failure to comply with this Clause 26.6 (*Cross default*). In relation to a cross-default for the Parent Guarantor or GSL (as the case may be), no Event of Default will occur under this Clause 26.6 (*Cross default*) if failure to comply is capable of remedy and is remedied within two weeks of the Facility Agent giving notice (acting on the instructions of the Majority Lenders) to the Parent Guarantor or GSL (as the case may be) becoming aware of the failure to comply with this Clause 26.6 (*Cross default*).

## 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 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) obtains or receives a deferral or suspension of payments, a rescheduling or re-organisation of debt (or certain debt) or an arrangement with all or a substantial proportion (by number or value) of creditors or of any class of them in respect of such deferral, suspension, rescheduling or re-organisation, strictly by court order or by the filing of documents with a court.
- (b) A moratorium is officially declared (and, if applicable, registered with appropriate authorities) in respect of any indebtedness of any Transaction Obligor (other than an Approved Manager),

**Provided however that** should a Transaction Obligor (other than an Approved Manager), by any reason, including without limitation, any actual or anticipated financial difficulties, commence negotiations with one or more of its creditors (including any Finance Party in its capacity as such) with a view to rescheduling, deferring, re-organising or suspending, any of its indebtedness, the existence of such negotiations or the entry, as a result of such negotiations, into any agreement or contract with one or more creditors (including any Finance Party in its capacity as such) setting out the terms of any such rescheduling, deferral, reorganisation or suspension of its indebtedness, shall not in itself constitute an Event of Default.

## 26.8 Insolvency proceedings

- (a) Any corporate action, legal proceedings or other similar legal procedure or similar legal step is taken in relation to:
  - (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation of any Transaction Obligor (other than an Approved Manager);
  - (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, 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 (other than an Approved Manager); or
  - (iv) enforcement of any Security over any assets of any Transaction Obligor (other than an Approved Manager),or any analogous similar legal procedure or similar legal 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 or Ship arrest**

- (a) 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 21 days (or such later period agreed by the Facility Agent acting with the authorisation of the Majority Lenders in their absolute discretion) unless (i) the Owners provide evidence acceptable to the Facility Agent (acting on the instructions of the Majority Lenders in their absolute discretion) that that expropriation, attachment, sequestration, distress or execution or any analogous process is being contested in good faith on substantial grounds and (ii) the Majority Lenders, in its reasonable opinion, considers that the relevant Obligor has adequate reserves or the financial ability to satisfy any such claims.
- (b) In the case of an arrest or detention of any Ship, that Ship is not redelivered to the full control of the Owner owning that Ship, on or before the date falling 21 days (or such later period agreed by the Facility Agent acting with the authorisation of the Majority Lenders in their absolute discretion) after the date of the arrest or detention.

## **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 if that cessation individually or together with any other cessations materially or adversely affects the interests of the Secured Parties under the Finance Documents.
- (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 Expropriation**

The authority or ability of a 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 member of the Group or any of its assets other than:

- (a) an arrest or detention of any Ship referred to in Clause 26.9 (*Creditors' process or Ship arrest*); or
- (b) any Requisition.

#### **26.14 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 (other 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 such Transaction Document or any Transaction Security.

#### **26.15 Litigation**

Any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes are commenced or threatened, or any judgment or order of a court, arbitral tribunal or other tribunal or any order or sanction of any governmental or other regulatory body 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.

#### **26.16 Material adverse change**

Any event or circumstance occurs which has a Material Adverse Effect.

#### **26.17 Senior Event of Default**

Any Senior Event of Default occurs which is continuing.

#### **26.18 Acceleration**

On and at any time after the occurrence of an Event of Default which is continuing the Facility Agent shall if so directed by the Majority Lenders, by notice to the Borrowers:

- (a) cancel the Total Commitments, whereupon they 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;
  - (c) 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
  - (d) 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 paragraphs (a), (b) and (c) above simultaneously or on different dates and the Security Agent may take any action referred to in Clause 26.19 (*Enforcement of security*) if no such notice is served or simultaneously with or at any time after the service of any of such notice.

#### **26.19 Enforcement of security**

On and at any time after the occurrence of an Event of Default which is continuing 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 26.18 (*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 without the consent of any Obligor:

- (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 or, following the occurrence of an Event of Default which is continuing, to any other person (in each case, 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 were 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 Borrowers 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 11 (*Tax Gross Up and Indemnities*) or under that clause as incorporated by reference or in full in any other Finance Document or Clause 12 (*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 \$3,500.

### **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 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**”.

#### **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 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 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 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.

#### **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 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 (acting on the instructions of the Lenders).

## **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) all 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 (acting on the instructions of the Facility Agent acting on the instructions of the Lenders) 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 (acting on the instructions of the Facility Agent acting on the instructions of the Lenders) is satisfied that a release is allowed under this Clause 28.2 (*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.

**SECTION 10**  
**THE FINANCE PARTIES**

**29 THE FACILITY AGENT**

**29.1 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.

**29.2 Instructions**

- (a) Notwithstanding anything to the contrary contained in the Transaction Documents, the Facility Agent shall:
  - (i) unless there is an explicit provision in a Transaction Document which states that the Facility Agent will act at its sole and absolute discretion or without the instructions of the Majority Lenders or (as applicable) all the Lenders, exercise or refrain from exercising any right, power, authority or discretion vested in it as Facility Agent (including, without limitation, make any designation, determination, specification or demand, approve an evidence or the form of a document, serve a notice, grant an approval or a consent or refrain from taking any such action), upon receipt of and in accordance with any instructions given to it by:
    - (A) all Lenders if the relevant Transaction Document stipulates the matter is an all Lender decision; and
    - (B) in all other cases, the Majority Lendersand in doing so shall be deemed to have acted reasonably; and
  - (ii) not be liable for any act (or omission) if it acts (or refrains from acting) (A) 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) or (B) in its capacity as Facility Agent under the Transaction Documents.
- (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) Without prejudice to paragraph (a)(ii) above, paragraph (a)(i) above shall not apply 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) 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.
- (f) 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.
- (g) 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.
- (h) Any instructions given by the Majority Lenders or the Lenders shall be in writing and any instructions by the Majority Lenders on matters which do not require the consent or instructions of all the Lenders as specified in this Agreement shall be binding on all the Lenders.

### **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 or notice 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.
- (f) If the Facility Agent is aware of the non-payment of any principal, interest or any fee payable to a Finance Party under this Agreement, it shall promptly notify the other Finance Parties.
- (g) The Facility Agent shall provide to the Borrowers within 5 Business Days of a request by the Borrowers (but no more frequently than once per calendar quarter), a list (which may be in electronic form) setting out the names of the Lenders as at that Business Day, their respective

Commitments, the address and fax number (and the department or officer, if any, for whose attention any communication is to be made) of each Lender for any communication to be made or document to be delivered under or in connection with the Finance Documents, the electronic mail address and/or any other information required to enable the sending and receipt of information by electronic mail or other electronic means to and by each Lender to whom any communication under or in connection with the Finance Documents may be made by that means and the account details of each Lender for any payment to be distributed by the Facility Agent to that Lender under the Finance Documents.

- (h) 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 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.

#### **29.5 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 33.5 (*Application of receipts; partial payments*).

#### **29.6 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.

#### **29.7 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 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) is made on behalf of and with the consent and knowledge of all the Transaction Obligors.
- (c) The Facility Agent may engage (at the Borrowers' 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 Borrowers' 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) Without prejudice to Clause 29.4 (*No fiduciary duties*), 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.

## **29.8 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; 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.

## **29.9 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.

## **29.10 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 (including, without limitation, for negligence or any other category of 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.



#### **29.11 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 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 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.

#### **29.12 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) The retiring Facility Agent shall, at the Borrowers' 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 Borrowers shall indemnify the retiring Facility Agent prior to it being required to undertake any actions referred to in this sub-paragraph for the amount of all costs and expenses (including legal fees) to be properly incurred by it in making available such documents and records and providing such assistance.
- (e) All Parties shall consult, co-operate and use commercially reasonable endeavours to appoint a successor Facility Agent and the retiring Facility Agent's resignation notice shall only take effect upon the appointment of a successor.
- (f) 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 (d) above) but shall remain entitled to the benefit of Clause 13.4 (*Indemnity to the Facility Agent*) and this Clause 29 (*The Facility 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 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.

- (g) 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 (d) above shall be for the account of the Lenders pro-rata to their Commitments.
- (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 Facility Agent.
- (i) 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 11.7 (*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 11.7 (*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 Borrowers 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.

### **29.13 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) Without prejudice to Clause 29.4 (*No fiduciary duties*) and 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.

#### **29.14 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 to or by 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.

#### **29.15 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.

#### **29.16 Facility Agent's management time**

Any amount payable to the Facility Agent under Clause 13.4 (*Indemnity to the Facility Agent*), Clause 15 (*Costs and Expenses*) and Clause 29.11 (*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 Borrowers and the other Finance Parties, and is in addition to any fee paid or payable to the Facility Agent under Clause 10 (*Fees*).

#### **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 Reliance and engagement letters**

Each Secured Party confirms that 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 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.

#### **29.19 Full freedom to enter into transactions**

Without prejudice to Clause 29.6 (*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 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 the 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:
    - (A) decreased to the extent that its Parallel Debt has been irrevocably and unconditionally paid or discharged; and
    - (B) increased to the extent that its Parallel Debt has increased,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) Notwithstanding anything to the contrary contained in the Transaction Documents, the Security Agent shall:
  - (i) unless there is an explicit provision in a Transaction Document that the Security Agent shall act in its sole and absolute discretion or without the instructions of the Majority Lenders or the Lenders, exercise or refrain from exercising any right, power, authority or discretion (including, without limitation, make any designation, determination, specification or demand, approve an evidence or the form of a document, serve a notice, grant an approval or a consent or refrain from taking any such action), vested in it as Security Agent upon receipt of and in accordance with any instructions given to it by:

- (A) all Lenders (or the Facility Agent on their behalf) if the relevant Transaction 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 in doing so shall be deemed to have acted reasonably; and
- (ii) not be liable for any act (or omission) if it acts (or refrains from acting) (A) 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) or (B) in its capacity as Security Agent under the Transaction Documents.
- (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) Without prejudice to paragraph (a)(ii) above, paragraph (a)(i) shall not apply:
  - (i) 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.
  - (ii) 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) 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.
- (f) 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.

- (g) 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 (g) 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.
- (h) Any instructions given by the Majority Lenders shall be in writing and be binding on all the Lenders.

### **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 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 circumstances described has actually occurred or whether it constitutes a Default.
- (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.
- (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; and
  - (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) is made on behalf of and with the consent and knowledge of all the Transaction Obligors.
- (d) The Security Agent may engage (at the Borrowers' cost) 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 Borrowers' cost) 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 30.6 (*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, 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 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 sub-paragraphs (i) to (iii) above, any damages, costs or losses to any person, any diminution in value or any liability whatsoever (including, without limitation, for negligence or any other category of 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 and every Delegate, 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, Receiver’s or Delegate’s gross negligence or wilful misconduct) in acting as Security Agent, Receiver or Delegate under the Finance Documents (unless the Security Agent, Receiver or Delegate has been reimbursed by a Transaction Obligor pursuant to a Finance Document).
- (b) Subject to paragraph (c) below, the Borrowers shall within three Business Days of 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 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, at the Borrowers' 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 Borrowers shall indemnify the retiring Security Agent prior to it being required to undertake any actions referred to in this sub-paragraph for the amount of all costs and expenses (including legal fees) to be 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 13.5 (*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 Lenders pro-rata to their Commitments.
- (h) The consent of the Borrowers (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 30.6 (*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 13.5 (*Indemnity to the Security Agent*), Clause 15 (*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 Borrowers and the other Finance Parties, and is in addition to any fee paid or payable to the Security Agent under Clause 10 (*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 Borrowers 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 Borrowers agreeing that it is otherwise appropriate in the circumstances, the Borrowers 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 Borrowers 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 Borrowers 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 Borrowers) 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, 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.

#### **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 Borrowers 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 Majority Lenders) determines (acting on the instructions of the Majority 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 a 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 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 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 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.

### 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 2:00 p.m. (New York 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 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 or, in the case of the Loan, to such account of such person as may be specified by the Borrowers in a 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) 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.

### **33.5 Application of receipts; partial payments**

- (a) If the Facility Agent or the Security Agent (as applicable) 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 or the Security Agent (as applicable) shall apply that payment towards the obligations of that Transaction Obligor under the Finance Documents in the following order (in addition to any relevant provisions in the Security Documents):
  - (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.

### **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 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 on the instructions of the Majority Lenders).
- (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 Majority Lenders and after consultation with the Borrowers) specifies (acting on the instructions of the Majority Lenders) 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 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 Borrower 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 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 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 fax or letter.

### **36.2 Addresses**

The address, email 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 Borrowers, those specified in 0 (*The Parties*);
  - (b) in the case of each Lender or any other Obligor, that specified in 0 (*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 0 (*The Parties*); and
  - (d) in the case of the Security Agent, that specified in 0 (*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;
  - (ii) if by way of email, when such message is received; or
  - (iii) 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 0 (*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.

#### **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 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 29.7 (*Rights and discretions*), the Facility Agent may at the Borrowers' 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**

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 rate of interest 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 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 7.4 (*Mandatory prepayment on sale or Total Loss*), Clause 8 (*Interest*), Clause 25 (*Accounts and Applications of Earnings*), Clause 27 (*Changes to the Lenders*), Clause 32 (*Sharing among the Finance Parties*), Clause 45 (*Governing Law*) or Clause 46 (*Enforcement*);

- (j) unless otherwise specified in the relevant Finance Document, 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 guarantee and indemnity granted under Clause 16 (*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 guarantee and indemnity granted under Clause 16 (*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.

#### **42.3 Other exceptions**

- (a) An amendment or waiver which relates to the rights or obligations of a Servicing Party (each in their capacity as such) may not be effected without the consent of that Servicing Party, 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.

#### **42.4 Obligor Intent**

Without prejudice to the generality of Clauses (c)(i) (*Construction*) and 16.4 (*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) 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 29.14 (*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 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; or
- (x) with the consent of the Borrowers;

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; and
- (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 45 (*Governing Law*);
  - (vi) the name 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 Obligors,
- 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 Borrowers:

- (a) of the circumstances of any disclosure of Confidential Information made pursuant to sub-paragraph (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 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**

**45 GOVERNING LAW**

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

**46 ENFORCEMENT**

**46.1 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 46.1 (*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.

**46.2 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 Borrowers (on behalf of all the Obligors) must immediately (and in any event within 5 days of such event taking place) appoint another agent on terms acceptable to the Facility Agent (acting on the instructions of the Majority Lenders). Failing this, the Facility Agent may appoint another agent for this purpose.

**47 PATRIOT ACT NOTICE**

**47.1 PATRIOT Act Notice**

- (a) Each of the Facility Agent and the Lenders hereby notifies the Borrowers that pursuant to the requirements of the PATRIOT Act and the policies and practices of the Facility Agent and each Lender, the Facility Agent and each of the Lenders is required to obtain, verify and record

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certain information and documentation that identifies each Transaction Obligor, which information includes the name and address of each Transaction Obligor and such other information that will allow the Facility Agent and each of the Lenders to identify each Transaction Obligor in accordance with the PATRIOT Act.

**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>Borrower</b>	<b>Name of Borrower</b>	<b>Place of Formation</b>	<b>Registration number (or equivalent, if any)</b>	<b>Address for Communication</b>
Borrower A	Ikaros Marine LLC	Marshall Islands	961979	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece  Fax no: +30 210 80 84 224
Borrower B	Leonidas Marine LLC	Marshall Islands, also registered as a Foreign Maritime Entity in the Republic of Liberia	961847	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece  Fax no: +30 210 80 84 224
Borrower C	Hector Marine LLC	Marshall Islands	961978	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece  Fax no: +30 210 80 84 224
Borrower D	Aristoteles Marine LLC	Marshall Islands	962290	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece  Fax no: +30 210 80 84 224

Borrower E	Menelaos Marine LLC	Marshall Islands	962291	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece  Fax no: +30 210 80 84 224
Borrower F	Philippos Marine LLC	Marshall Islands	961953	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 25 Wilton Road London SW1V 1LW United Kingdom  Email: <a href="mailto:mdanezi@technomar.gr">mdanezi@technomar.gr</a> <a href="mailto:tpsaropoulos@technomar.gr">tpsaropoulos@technomar.gr</a>
Hephaestus Marine LLC	Marshall Islands	961816	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece  Fax no: +30 210 80 84 224
Pericles Marine LLC	Marshall Islands	961852	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece  Fax no: +30 210 80 84 224
Zeus One Marine LLC	Marshall Islands	961819	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece  Fax no: +30 210 80 84 224

**PART B**  
**THE ORIGINAL LENDERS**

<b>Name of Original Lender</b>	<b>Commitment</b>	<b>Address for Communication</b>
Blue Ocean Income Fund LP	\$12,416,949	Blue Ocean Income Fund LP c/o EnTrust Global Partners Offshore LP 375 Park Avenue, 24th floor New York, NY 10152 Facsimile: +1 212 888 0751  Email: sengh@entrustglobal.com/ odonnerstein@entrustglobal.com  Attention: Svein Engh / Omer Donnerstein
Blue Ocean Onshore Fund LP	\$5,139,051	Blue Ocean Onshore Fund LP c/o EnTrust Global Partners LLC 375 Park Avenue, 24th floor New York, NY 10152  Facsimile: +1 212 888 0751  Email: sengh@entrustglobal.com/ odonnerstein@entrustglobal.com  Attention: Svein Engh / Omer Donnerstein
Blue Ocean Investments SPC for and on behalf of Segregated Portfolio One	\$2,464,000	Blue Ocean Investments SPC c/o EnTrust Global Partners LLC 375 Park Avenue, 24th floor New York, NY 10152  Facsimile: +1 212 888 0751  Email: sengh@entrustglobal.com/ odonnerstein@entrustglobal.com  Attention: Svein Engh / Omer Donnerstein



Blue Ocean Investments SPC  
for and on behalf of Segregated Portfolio Three

\$18,480,000

Blue Ocean Investments SPC  
c/o EnTrust Global Partners LLC  
375 Park Avenue, 24th floor  
New York, NY 10152

Facsimile: +1 212 888 0751

Email: [sengh@entrustglobal.com](mailto:sengh@entrustglobal.com)/  
[odonnerstein@entrustglobal.com](mailto:odonnerstein@entrustglobal.com)

Attention: Svein Engh /  
Omer Donnerstein

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**PART C**  
**THE SERVICING PARTIES**

**Name of Facility Agent**

WILMINGTON TRUST (LONDON) LIMITED

**Address for Communication**

Third Floor, 1 King's Arms Yard, London,  
EC2R 7AF, England  
Tel No: 44 (0)20 7397 3653 /  
+44 (0)20 7397 3649

Fax No: +44 (0)20 7397 3602

Email: safzal@wilmingtontrust.com

FAO: SAJADA AFZAL

**Name of Security Agent**

WILMINGTON TRUST (LONDON) LIMITED

**Address for Communication**

Third Floor, 1 King's Arms Yard, London,  
EC2R 7AF, England  
Tel No: 44 (0)20 7397 3653 /  
+44 (0)20 7397 3649

Fax No: +44 (0)20 7397 3602

Email: safzal@wilmingtontrust.com

FAO: SAJADA AFZAL

**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, managers or 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) 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 holder(s) of the limited liability company interests in the relevant Borrower, approving the terms of, and the transactions contemplated by, the Finance Documents to which each Borrower is a party.
- 1.6 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.
- 1.7 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 each Initial Charter (or a binding and unconditional recapitulation of charterparty terms) certified as true and complete together with all documents signed or issued by the respective Borrower or the relevant Initial Charterer (or both of them) under or in connection with it.

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### **3 Finance Documents**

- 3.1 A duly executed original of the Subordination Agreement (if applicable) and copies of each 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*).
- 3.4 A duly executed original of the GSL Indenture Letter.

### **4 Security**

- 4.1 A duly executed original of each Accounts Security and of each Shares Security (and of each document to be delivered under each of them).

### **5 Legal opinions**

- 5.1 A legal opinion of Watson Farley & Williams, 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 or formed 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 Evidence that any process agent referred to in Clause 46.2 (*Service of process*), if not an Obligor, has accepted its appointment.
- 6.2 A copy of any other Authorisation or other document, opinion or assurance which the Facility Agent considers (acting on the instructions of the Majority Lenders) 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.
- 6.3 The original of any mandates or other documents required in connection with the opening or operation of the Earnings Accounts.
- 6.4 Evidence that the fees, costs and expenses then due from the Borrowers pursuant to Clause 10 (*Fees*) and Clause 15 (*Costs and Expenses*) have been paid or will be paid on or before the Utilisation Date.
- 6.5 Such evidence as may be required 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.
- 6.6 A duly executed copy of the Senior Facility Agreement.
- 6.7 The Original Financial Statements.

**PART B**  
**CONDITIONS PRECEDENT TO UTILISATION**

**1 Borrowers**

A certificate of an authorised signatory of the Borrowers certifying that each copy document which it is required to provide under this Part B Schedule 2 (*Conditions Precedent*) is correct, complete and in full force and effect as at the Utilisation Date.

**2 Release of Existing Security**

Documentary evidence that the Existing Indebtedness has been duly paid or will be paid in full at the time of disbursement of the Loan and an executed original of the Deed of Release (and of each document to be delivered under or pursuant to it), in respect of the Existing Security 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.

**3 Ship and other security**

- 3.1 A duly executed original of each Mortgage, each General Assignment and any Charter Assignment and of each document to be delivered under or pursuant to each of them together with documentary evidence that each Mortgage has been duly registered or recorded (as applicable) as a valid second preferred or priority (as applicable) ship mortgage in accordance with the laws of the jurisdiction of the Approved Flag.
- 3.2 Documentary evidence that each Ship:
- (a) is definitively and permanently registered in the name of the relevant Borrower under the Approved Flag.
  - (b) is in the absolute and unencumbered ownership of the relevant Borrower save as contemplated by the Finance Documents and the Senior 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.
- 3.3 Documents establishing that each 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; and
  - (b) copies of the Approved Technical Manager's Document of Compliance and of each Ship's Safety Management Certificate (together with any other details of the applicable Safety Management System which the Facility Agent requires (acting on the instructions of the Majority Lenders)) and of any other documents required under the ISM Code and the ISPS Code in relation to that Ship including without limitation an ISSC.

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- 3.4 An opinion from an independent insurance consultant acceptable to the Facility Agent on (acting on the instructions of the Majority Lenders) on such matters relating to the Insurances as the Facility Agent may require (acting on the instructions of the Majority Lenders).

**4 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 Ships, Marshall Islands and such other relevant jurisdictions as the Facility Agent may require (acting on the instructions of the Majority Lenders).

**5 Other documents and evidence**

- 5.1 Evidence that the fees, costs and expenses then due from the Borrowers pursuant to Clause 10 (*Fees*) and Clause 15 (*Costs and Expenses*) have been paid or will be paid by the Utilisation Date.
- 5.2 Evidence that a minimum credit balance of \$350,000 is standing to the credit of each Earnings Account.

**SCHEDULE 3**  
**REQUESTS**  
**PART A**  
**UTILISATION REQUEST**

From: **Ikaros Marine LLC**  
**Leonidas Marine LLC**  
**Hector Marine LLC**  
**Aristoteles Marine LLC**  
**Menelaos Marine LLC**  
**Philippos Marine LLC**

Each with their registered address at  
Trust Company Complex  
Ajeltake Road, Ajeltake Island,  
MH96960, the Marshall Islands

To: Wilmington Trust (London) Limited

Dated: [•] 2019

Dear Sirs

**Ikaros Marine LLC, Leonidas Marine LLC, Hector Marine LLC, Aristoteles Marine LLC, Menelaos Marine LLC and Philippos Marine LLC**  
**-\$38,500,000 Facility Agreement dated [•] 2019 (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:  

Fees payable on the Utilisation date pursuant to Clause 10 ( <i>Fees</i> )	\$[•]
Net proceeds of Loan	\$[[•]]
- 4 [We request that funds are prepositioned with [include details of relevant bank] in accordance with Clause 5.8 (*Prepositioning of funds*).]

- 5

We hereby agree and acknowledge that the Facility Agent shall make payments strictly on the basis of the information set forth in this Utilisation Request hereto even if such information is incorrect. In the event that any of such information is incorrect, we agree that the Facility Agent shall not have any liability with respect thereto.
- 6

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 Loan is satisfied on the date of this Utilisation Request.
- 7

The net proceeds of the Loan should be credited to [•].
- 8

This Utilisation Request is irrevocable.

Yours faithfully

\_\_\_\_\_

[•]  
authorised signatory for  
**IKAROS MARINE LLC**

\_\_\_\_\_

[•]  
authorised signatory for  
**LEONIDAS MARINE LLC**

\_\_\_\_\_

[•]  
authorised signatory for  
**HECTOR MARINE LLC**

\_\_\_\_\_

[•]  
authorised signatory for  
**ARISTOTELES MARINE LLC**

\_\_\_\_\_

[•]  
authorised signatory for  
**MENELAOS MARINE LLC**

\_\_\_\_\_

[•]  
authorised signatory for  
**PHILIPPOS MARINE LLC**



**SCHEDULE 4**  
**FORM OF TRANSFER CERTIFICATE**

To: **WILMINGTON TRUST (LONDON) LIMITED** as Facility Agent

From: [The Existing Lender] (the “**Existing Lender**”) and [The New Lender] (the “**New Lender**”)

Dated: [•]

Dear Sirs

**Ikaros Marine LLC, Leonidas Marine LLC, Hector Marine LLC, Aristoteles Marine LLC, Menelaos Marine LLC and Philippos Marine LLC - \$38,500,000 Facility Agreement dated [•] 2019 (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 [•].

[Facility Agent]

By: [•]

**SCHEDULE 5**  
**FORM OF ASSIGNMENT AGREEMENT**

To: Wilmington Trust, (London) Limited as Facility Agent and Ikaros Marine LLC, Leonidas Marine LLC, Hector Marine LLC, Aristoteles Marine LLC, Menelaos Marine LLC and Philippos Marine LLC as joint and several 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

**Ikaros Marine LLC, Leonidas Marine LLC, Hector Marine LLC, Aristoteles Marine LLC, Menelaos Marine LLC and Philippos Marine LLC - \$38,500,000 Facility Agreement dated [•] 2019 (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*):
  - (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 Borrowers 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*) 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*).
- 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 Borrowers*), to the Borrowers (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.

[Facility Agent]

By:

**SCHEDULE 6**  
**FORM OF COMPLIANCE CERTIFICATE**

To: Wilmington Trust (London) Limited

From: [Poseidon Containers Holdings LLC] [Global Ship Lease, Inc.]

Dated: [•]

Dear Sirs

**IKAROS MARINE LLC, LEONIDAS MARINE LLC, HECTOR MARINE LLC, ARISTOTELES MARINE LLC, MENELAOS MARINE LLC AND PHILIPPOS MARINE LLC - \$38,500,000 Facility Agreement dated [•] 2019 (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) an amount of \$[•] remains credited to the Earnings Account of [•];
  - (b) the Value Adjusted Leverage Ratio is [•] per cent.;
  - (c) the Net Worth is \$[•];
  - (d) the Consolidated Liquidity is \$[•].
  - (e) The Debt Service Cover Ratio calculated for the financial quarter starting on [•] and ending on [•], is [•] and the Owners may therefore proceed with declaring and making a Dividend Payment pursuant to clause 21.19 (a) (Dividends) of the Agreement.
- 3 [We confirm that no Default is continuing].

Signed: \_\_\_\_\_

[Chief Financial Officer of  
**GLOBAL SHIP LEASE, INC**]

[Chief Financial Officer of  
**POSEIDON CONTAINERS HOLDINGS LLC**]

SCHEDULE 7  
(Details of Ships)

<u>Ship name</u>	<u>Name of the Borrower owner</u>	<u>Type</u>	<u>IMO Number</u>	<u>Approved Flag</u>	<u>Approved Classification Society</u>	<u>Approved Classification</u>
Katherine	Ikaros Marine LLC	Container ship	9641235	Marshall Islands	Rina Services	[C +, + AUT-UMS; BwM-E – sequential; INWATERSURVEY; LASHING, MON-SHAFT, ROUTE DEPENDENT LASHING]
Agios Dimitrios	Leonidas Marine LLC	Container ship	9349605	Liberian	Bureau Veritas	+ Hull + MACH; Container ship; Unrestricted navigation; + VeriSTAR-Hull; + AUT-UMS; + SYS-NEQ; INWATERSURVEY
Kristina	Hector Marine LLC	Container ship	9641223	Marshall Islands	DNV GL	[+ 100 A5 IW RSD BWM(D1) DG Container Ship + MC AUT CM-PS]
Alexis	Aristoteles Marine LLC	Container ship	9686900	Marshall Islands	DNV GL	100 A5 Container ship BWM (D2) DG IW RSD (F25) + MC AUT CM-PS EP-D
Olivia I	Menelaos Marine LLC	Container ship	9686912	Marshall Islands	DNV GL	100 A5 Container ship BWM (D2) DG IW LC RSCS RSD (F25) + MC AUT CM-PS EP-D
Alexandra	Philippos Marine LLC	Container ship	9635676	Marshall Islands	Rina Services	C +, + AUT-UMS; BwM-E – sequential; INWATERSURVEY; LASHING, MON-SHAFT, ROUTE DEPENDENT LASHING
Dolphin II	Hephaestus Marine LLC	Container ship	9318125	Panama	Bureau Veritas	+ Hull + MACH; Container ship; Unrestricted navigation; + VeriSTAR-Hull; + AUT-UMS; + SYS-NEQ; INWATERSURVEY, LASHING, SDS
Athena	Pericles Marine LLC	Container ship	9275361	Panama	Rina Services	C +; Container ship; unrestricted navigation, + AUT-UMS; INWATERSURVEY, MON-SHAFT
Orca I	Zeus One Marine LLC	Container ship	9318113	Panama	Bureau Veritas	+ Hull + MACH; Container ship; Unrestricted navigation; + VeriSTAR-Hull; + AUT-UMS; + SYS-NEQ; INWATERSURVEY, LASHING, SDS
Mary (the “Acceding Ship”)	Alexander Marine LLC (the “Acceding Borrower”)	Container Ship	9635664	Marshall Islands	Rina Services	[C +, + AUT-UMS; BwM-E – sequential; INWATERSURVEY; LASHING, MON-SHAFT, ROUTE DEPENDENT LASHING]

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## SCHEDULE 8

### TIMETABLES

Delivery of a duly completed Utilisation Request (Clause 5.1 ( <i>Delivery of Utilisation Request</i> ))	2 Business Days before the intended Utilisation Date (Clause 5.1 ( <i>Delivery of Utilisation Request</i> ))
Facility Agent notifies the Lenders of the Loan in accordance with Clause 5.4 ( <i>Lenders' participation</i> )	2 Business Days before the intended Utilisation Date.



**SCHEDULE 9**  
**FINAL REPAYMENT FEE SCHEDULE**

<b><u>Quarter Post Utilisation</u></b>	<b><u>Final Repayment Fee</u></b> <b><u>(as % of the amount of the Loan prepaid)</u></b>
1	7.81039%
2	9.30649%
3	10.87792%
4	12.51169%
5	11.76883%
6	13.15584%
7	14.62597%
8	16.15065%
9	13.92468%
10	15.14286%
11	16.43117%
12	17.76104%
13	13.84416%
14	14.81039%
15	15.83117%
16	16.88312%
17	17.95584%
18	19.06234%
19	20.21558%
20	21.40779%

BORROWERS

**SIGNED** by ) /s/ Filanthi Katsafadou  
Attorney-in-fact )  
for and on behalf of )  
**IKAROS MARINE LLC** )  
in the presence of: )

Witness’ signature: ) /s/ Vassiliki Georgopoulos  
Witness’ name: ) Vassiliki Georgopoulos  
Witness’ address: ) Watson Farley & Williams  
348 Syngrou Avenue  
176 74 Kallithea  
Athens—Greece

**SIGNED** by ) /s/ Filanthi Katsafadou  
Attorney-in-fact )  
for and on behalf of )  
**LEONIDAS MARINE LLC** )  
in the presence of: )

Witness’ signature: ) /s/ Vassiliki Georgopoulos  
Witness’ name: ) Vassiliki Georgopoulos  
Witness’ address: ) Watson Farley & Williams  
348 Syngrou Avenue  
176 74 Kallithea  
Athens—Greece

**SIGNED** by ) /s/ Filanthi Katsafadou  
Attorney-in-fact )  
for and on behalf of )  
**HECTOR MARINE LLC** )  
in the presence of: )

Witness’ signature: ) /s/ Vassiliki Georgopoulos  
Witness’ name: ) Vassiliki Georgopoulos  
Witness’ address: ) Watson Farley & Williams  
348 Syngrou Avenue  
176 74 Kallithea  
Athens—Greece

**SIGNED** by  
Attorney-in-fact  
for and on behalf of  
**ARISTOTELES MARINE LLC**  
in the presence of:

) /s/ Filanthi Katsafadou  
)  
)  
)  
)

Witness’ signature:  
Witness’ name:  
Witness’ address:

) /s/ Vassiliki Georgopoulos  
) Vassiliki Georgopoulos  
) Watson Farley & Williams  
348 Syngrou Avenue  
176 74 Kallithea  
Athens—Greece

**SIGNED** by  
Attorney-in-fact  
for and on behalf of  
**MENELAOS MARINE LLC**  
in the presence of:

) /s/ Filanthi Katsafadou  
)  
)  
)  
)

Witness’ signature:  
Witness’ name:  
Witness’ address:

) /s/ Vassiliki Georgopoulos  
) Vassiliki Georgopoulos  
) Watson Farley & Williams  
348 Syngrou Avenue  
176 74 Kallithea  
Athens—Greece

**SIGNED** by  
Attorney-in-fact  
for and on behalf of  
**PHILIPPOS MARINE LLC**  
in the presence of:

) /s/ Filanthi Katsafadou  
)  
)  
)  
)

Witness’ signature:  
Witness’ name:  
Witness’ address:

) /s/ Vassiliki Georgopoulos  
) Vassiliki Georgopoulos  
) Watson Farley & Williams  
348 Syngrou Avenue  
176 74 Kallithea  
Athens—Greece

GUARANTORS

SIGNED by  
Attorney-in-fact  
for and on behalf of  
GLOBAL SHIP LEASE, INC.  
in the presence of:

) /s/ Filanthi Katsafadou  
)  
)  
)  
)

Witness’ signature:  
Witness’ name:  
Witness’ address:

) /s/ Vassiliki Georgopoulos  
) Vassiliki Georgopoulos  
) Watson Farley & Williams  
348 Syngrou Avenue  
176 74 Kallithea  
Athens—Greece

SIGNED by  
Attorney-in-fact  
for and on behalf of  
POSEIDON CONTAINERS HOLDINGS LLC  
in the presence of:

) /s/ Filanthi Katsafadou  
)  
)  
)  
)

Witness’ signature:  
Witness’ name:  
Witness’ address:

) /s/ Vassiliki Georgopoulos  
) Vassiliki Georgopoulos  
) Watson Farley & Williams  
348 Syngrou Avenue  
176 74 Kallithea  
Athens—Greece

SIGNED by  
Attorney-in-fact  
for and on behalf of  
HEPHAESTUS MARINE LLC  
in the presence of:

) /s/ Filanthi Katsafadou  
)  
)  
)  
)

Witness’ signature:  
Witness’ name:  
Witness’ address:

) /s/ Vassiliki Georgopoulos  
) Vassiliki Georgopoulos  
) Watson Farley & Williams  
348 Syngrou Avenue  
176 74 Kallithea  
Athens—Greece

**SIGNED** by  
Attorney-in-fact  
for and on behalf of  
**PERICLES MARINE LLC**  
in the presence of:

) /s/ Filanthi Katsafadou  
)  
)  
)  
)

Witness’ signature:  
Witness’ name:  
Witness’ address:

) /s/ Vassiliki Georgopoulos  
) Vassiliki Georgopoulos  
) Watson Farley & Williams  
348 Syngrou Avenue  
176 74 Kallithea  
Athens—Greece

**SIGNED** by  
Attorney-in-fact  
for and on behalf of  
**ZEUS ONE MARINE LLC**  
in the presence of:

) /s/ Filanthi Katsafadou  
)  
)  
)  
)

Witness’ signature:  
Witness’ name:  
Witness’ address:

) /s/ Vassiliki Georgopoulos  
) Vassiliki Georgopoulos  
) Watson Farley & Williams  
348 Syngrou Avenue  
176 74 Kallithea  
Athens—Greece

**ORIGINAL LENDERS**

**SIGNED** by  
  
duly authorised  
for and on behalf of  
**BLUE OCEAN INCOME FUND LP**  
By: Blue Ocean GP LLC,  
as its General Partner  
in the presence of:

)  
)  
) /s/ Matthew A. Lux  
) Matthew A. Lux  
) Managing Director; Deputy General Counsel  
)  
)  
)

Witness’ signature:  
Witness’ name:  
Witness’ address:

) /s/ Ethan Bieske  
) Ethan Bieske  
) 375 Park Avenue  
New York, New York 10152

**SIGNED** by

duly authorised

for and on behalf of

**BLUE OCEAN ONSHORE FUND LP**

By: Blue Ocean GP LLC,

as its General Partner

in the presence of:

Witness’ signature:

Witness’ name:

Witness’ address:

)  
)  
) /s/ Matthew A. Lux  
) Matthew A. Lux  
) Managing Director; Deputy General Counsel  
)  
)  
)  
) /s/ Ethan Bieske  
) Ethan Bieske  
) 375 Park Avenue  
New York, New York 10152

**SIGNED** by

duly authorised

for and on behalf of

**BLUE OCEAN INVESTMENTS SPC**

for and on behalf of Segregated

Portfolio One

By: EnTrust Global Partners Offshore LP

as Investment Advisor

in the presence of:

Witness’ signature:

Witness’ name:

Witness’ address:

)  
)  
) /s/ Matthew A. Lux  
) Matthew A. Lux  
) Managing Director; Deputy General Counsel  
)  
)  
)  
)  
)  
) /s/ Ethan Bieske  
) Ethan Bieske  
) 375 Park Avenue  
New York, New York 10152

**SIGNED** by

duly authorised

for and on behalf of

**BLUE OCEAN INVESTMENTS SPC**

for and on behalf of Segregated

Portfolio Three

By: EnTrust Global Partners Offshore LP

as Investment Advisor

in the presence of:

Witness’ signature:

Witness’ name:

Witness’ address:

)  
)  
) /s/ Matthew A. Lux  
) Matthew A. Lux  
) Managing Director; Deputy General Counsel  
)  
)  
)  
)  
)  
) /s/ Ethan Bieske  
) Ethan Bieske  
) 375 Park Avenue  
New York, New York 10152

FACILITY AGENT

SIGNED by  
  
duly authorised  
for and on behalf of  
**WILMINGTON TRUST (LONDON) LIMITED**  
in the presence of:

Witness’ signature:  
Witness’ name:  
Witness’ address:

)  
) /s/ Sajada Afzal  
) Sajada Afzal  
) Vice President  
)  
)  
  
) /s/ Emma Fox  
) Emma Fox  
) Wilmington Trust (London) Limited  
Third Floor  
1 King’s Arms Yard  
London  
EC2R 7AF

SECURITY AGENT

SIGNED by  
  
duly authorised  
for and on behalf of  
**WILMINGTON TRUST (LONDON) LIMITED**  
in the presence of:

Witness’ signature:  
Witness’ name:  
Witness’ address:

) /s/ Sajada Afzal  
) Sajada Afzal  
) Vice President  
)  
)  
)  
  
) /s/ Emma Fox  
) Emma Fox  
) Wilmington Trust (London) Limited  
Third Floor  
1 King’s Arms Yard  
London  
EC2R 7AF

### Letter Agreement

This Letter Agreement (this “Agreement”) is entered into as of this 23rd day of September, 2019 by and among Global Ship Lease, Inc. (the “Company”), KIA VIII (Newco Marine) Ltd. (“KIA VIII”) and KEP VI (Newco Marine) Ltd. (“KEP VI” and together with KIA VII, “Kelso”).

**WHEREAS**, Kelso currently holds 250,000 of the Company’s Series C Perpetual Preferred Shares (the “Series C Shares”), representing all of the issued and outstanding Series C Shares of the Company;

**WHEREAS**, the Certificate of Designation of the Series C Shares (the “Certificate”) provides holders thereof with the right to convert the Series C Shares into a number of the Company’s Class A common shares (the “Common Shares”), in accordance with the formula contained in the Certificate, upon the occurrence of certain events, including on the date when the Company’s 9.875% First Priority Secured Notes due 2022 (the “Notes”) are no longer outstanding; and

**WHEREAS**, the parties to this Agreement wish to provide for mandatory conversion of the Series C Shares held by Kelso when the Notes are no longer outstanding.

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, the parties hereto hereby agree as follows:

1. Conversion. The Company hereby agrees that it shall promptly deliver notice to Kelso, in accordance with Section 4 herein, at such time as the Notes are no longer outstanding. Within five Business Days of the receipt of such notice from the Company, Kelso hereby agrees to deliver notice to the Company in accordance with the Certificate that Kelso is electing to exercise the option set forth in the second paragraph of Section 6 of the Certificate to convert all of the Series C Shares held by Kelso into Common Shares pursuant to the terms of conversion set forth in the Certificate; provided, however, if the Notes are no longer outstanding and the Company has not provided notice of such to Kelso, nothing herein shall restrict Kelso from exercising its rights to convert the Series C Shares in accordance with the terms of conversion set forth in the Certificate.
2. Amendment and Waiver. This Agreement may not be amended, changed or supplemented or otherwise modified except by an instrument in writing signed by each of the parties.
3. Governing Law. This Agreement, and all claims or causes of action that may arise out of or relate to this Agreement shall be governed by and construed in accordance with the laws of the State of New York, without respect to its applicable principles of conflicts of laws that might require the application of the laws of another jurisdiction.
4. Notices. Unless otherwise provided herein, all notices and other communications hereunder shall be in writing and be deemed given and received (a) if delivered in person, on the date delivered, (b) if delivered by an express courier, on the second (2<sup>nd</sup>) business day after mailing and (c) if transmitted by email, on the date sent, in each case, to the parties



at the following addresses (or at the other address for a party as is specified to the other party hereto by like notice):

If to Kelso, to:

KIA VIII (Newco Marine) Ltd.  
KEP VI (Newco Marine) Ltd.  
c/o Kelso & Company  
320 Park Avenue, 24th Floor  
New York, New York 10022  
Attention (email): Henry Mannix ([hmannix@Kelso.com](mailto:hmannix@Kelso.com)) and  
William Woo ([wwoo@kelso.com](mailto:wwoo@kelso.com))

With a copy (which shall not constitute notice) to:

Skadden, Arps, Slate, Meagher & Flom LLP  
4 Times Square  
New York, NY 10036  
Attention (email): Michael Civale ([Michael.civale@skadden.com](mailto:Michael.civale@skadden.com))

If to the Company, to:

Global Ship Lease, Inc.  
c/o Global Ship Lease Services Ltd.  
25 Wilton Road  
London SW1V 1LW, United Kingdom  
Attention (email): Ian J. Webber ([ian.webber@globalshiplease.com](mailto:ian.webber@globalshiplease.com))

With a copy (which shall not constitute notice) to:

Seward & Kissel LLP  
One Battery Park Plaza  
New York, NY 10004  
Attention (email): Gary J. Wolfe ([wolfe@sewkis.com](mailto:wolfe@sewkis.com))

5. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, all of which together will constitute one and the same agreement. A signed copy of this Agreement delivered by email, facsimile or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed as of the date first written above.

**KIA VIII (NEWCO MARINE) LTD.**

By: /s/ Howard A. Matlin

Name: Howard A. Matlin

Title: Director

**KEP VI (NEWCO MARINE) LTD.**

By: /s/ Howard A. Matlin

Name: Howard A. Matlin

Title: Director

**GLOBAL SHIP LEASE, INC.**

By: /s/ Ian J. Webber

Name: Ian J. Webber

Title: Chief Executive Officer

**FORM OF**  
**REGISTRATION RIGHTS AGREEMENT**

THIS REGISTRATION RIGHTS AGREEMENT (this “**Agreement**”), is entered into and effective as of September [●], 2019, by and between Global Ship Lease, Inc., a Marshall Islands corporation (the “**Company**”), and [ ] (the “**Investor**”).

**RECITALS**

**WHEREAS**, the Company has agreed to issue and sell to an affiliate of the Investor (the “Underwriter”), in a public offering of \$40.0 million of shares of the Company’s Class A common shares (“**Common Stock**”), plus up to an additional \$6.0 million shares of Common Stock pursuant to a 30-day option granted to the Underwriter (together, the “**Offering Shares**”), upon the terms and subject to the conditions set forth in the Underwriting Agreement, dated September [●], 2019, by and between the Company and the Underwriter, (the “**Offering**”).

**WHEREAS**, as an inducement to the Underwriter to enter into the Underwriting Agreement, the Company has agreed to provide the Investor with certain registration rights as provided in this Agreement with respect to any Offering Shares purchased by the Investor in the Offering to the extent such Offering Shares held by the Investor may constitute “restricted securities” or “control securities” under applicable U.S. Securities and Exchange Commission (the “**Commission**”) rules and regulations (the “**Shares**”).

**NOW, THEREFORE**, in consideration of the representations, covenants and agreements contained herein, and certain other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. **Definitions.** As used in this Agreement, the following terms shall have the following meanings:

“**Advice**” shall have the meaning set forth in Section 6(b).

“**Affiliate**” means, with respect to any person, any other person that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, such person. For purposes of this definition “control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of securities or partnership or other ownership interests, as trustee or executor, by contract or otherwise.

“**Agreement**” shall have the meaning set forth in the preamble above.

“**Business Day**” means any day, except a Saturday, Sunday or legal holiday on which the banking institutions in the City of New York are authorized or obligated by law or executive order to close.

**“Commission”** shall have the meaning set forth in the recitals.

**“Common Stock”** shall have the meaning set forth in the recitals.

**“Company”** shall have the meaning given in the preamble.

**“Effectiveness Period”** shall have the meaning set forth in Section 2(a).

**“Exchange Act”** means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

**“Holder”** or **“Holders”** means the Investor and any permitted transferees or assignees under Section 6(f) of this Agreement that is an Affiliate of an Investor.

**“Merger Registration Rights Agreement”** shall mean that certain Amended and Restated Registration Rights Agreement, dated October 29, 2018, by and among the Company, 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., as may be further amended from time to time.

**“Indemnified Party”** shall have the meaning set forth in Section 5(c).

**“Indemnifying Party”** shall have the meaning set forth in Section 5(c).

**“Investor”** shall have the meanings set forth in the preamble.

**“Losses”** shall have the meaning set forth in Section 5(a).

**“Offering”** shall have the meaning set forth in the recitals.

**“Offering Shares”** shall have the meaning set forth in the recitals.

**“Piggyback Registration”** shall have the meaning set forth in Section 2(b).

**“Plan of Distribution”** shall have the meaning set forth in Section 2(a).

**“Proceeding”** means an action, claim, suit, investigation or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

**“Prospectus”** means the prospectus included in the Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by the Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

**“Registrable Securities”** means the Shares together with any securities issued or issuable upon any exchange, stock split, dividend or other distribution, recapitalization or similar event with respect to the foregoing; provided, however, that any such Registrable Securities shall cease to be Registrable Securities (and deemed no longer outstanding for purposes of Section 6(l) to the extent (i) a Registration Statement with respect to the sale of such Registrable Securities has been declared effective under the Securities Act and such Registrable Securities have been sold, transferred, disposed of or exchanged in accordance with the plan of distribution set forth in such Registration Statement, (ii) such Registrable Securities are sold pursuant to Rule 144 or another available safe-harbor or exemption from registration, (iii) such Registrable Securities may be sold, transferred or otherwise disposed of pursuant to Rule 144 under the Securities Act without volume or manner-of-sale restrictions or the current public information requirement of Rule 144 or (iv) such Registrable Securities are otherwise transferred, assigned, sold, conveyed or otherwise disposed of and thereafter such securities may be resold without subsequent Registration under the Securities Act.

**“Registration Statement”** means each registration statement required to be filed hereunder, including the Prospectus, amendments and supplements to the registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto, and all material incorporated by reference or deemed to be incorporated by reference in the Registration Statement.

**“Rule 415”** means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

**“Rule 424”** means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

**“Securities Act”** means the Securities Act of 1933, as amended.

**“Shares”** shall have the meaning set forth in the recitals.

**“Suspension Certificate”** shall have the meaning set forth in Section 6(d).

**“Trading Market”** means the New York Stock Exchange, the NASDAQ Global Market or the NASDAQ Capital Market; and, with respect to any particular date, shall mean the Trading Market on which the Common Stock is listed or quoted for trading on such date.

2. **Demand Registration**. (a) Within ten (10) business days of the written request of the Holders of at least a majority in interest of the then outstanding number of Registrable Securities, the Company shall prepare and file with the Commission a Registration Statement (and/or a Prospectus as applicable) covering the offering and resale of all of the Registrable Securities pursuant to Rule 415, or if Rule 415 is not available for offers or sales of the Registrable Securities, for such other means of distribution of Registrable Securities as the Holder may reasonably request. The Registration Statement required hereunder shall be on Form F-3 (except if the Company is not then eligible to register for resale the Registrable Securities on Form F-3, in which case the Registration shall be on Form F-1 or another appropriate form as

shall be selected by the Company upon advice of its counsel). The Registration Statement required hereunder shall contain a “**Plan of Distribution**” reasonably acceptable to the Holder and the Company. The Company shall use its reasonable best efforts to cause the Registration Statement to be declared effective under the Securities Act as promptly as possible after the filing thereof (the “**Effectiveness Date**”), and shall use its reasonable best efforts to keep such Registration Statement continuously effective under the Securities Act (including the filing of any necessary amendments, post-effective amendments and supplements) with respect to such Holder until such Holder no longer owns Registrable Securities (the “**Effectiveness Period**”).

(b) Right to Piggyback. To the extent the Company does not maintain an effective registration statement for any portion of the Registrable Securities at any time during the period commencing on the 60<sup>th</sup> day after the filing of the Registration Statement and ending on the last day of the Effectiveness Period, if the Company proposes to register any of its common equity securities under the Securities Act (other than a registration statement on Form S-8 or on Form F-4 or any similar successor forms thereto or in connection with (A) an employee stock option, stock purchase or compensation plan or securities issued or issuable pursuant to any such plan, (B) a dividend reinvestment plan or (C) a merger or the acquisition of the securities or substantially all the assets of another entity), whether for its own account or for the account of one or more shareholders of the Company, and the registration form to be used may be used for any registration of Registrable Securities (a “**Piggyback Registration**”), the Company shall give prompt written notice to all Holders of its intention to effect such a registration and shall, subject to Sections 2(d), 2(e) and 4(d), include in such registration all such Registrable Securities with respect to which the Company has received written requests for inclusion therein within fifteen (15) Business Days after the delivery of the Company’s notice. The Company may postpone or withdraw the filing or the effectiveness of a Piggyback Registration at any time in its sole discretion. All Holders proposing to distribute their Registrable Securities through an Underwritten Offering under this Section shall enter into an underwriting agreement in customary form with the Underwriter(s) selected for such Underwritten Offering by the Company.

(c) Priority on Initial Registrations. If, (i) as a result of applicable law or based upon comments received by the Commission, all of the securities to be included in the Registration Statement for any registration initiated on behalf of the Holder pursuant to Section 2(b) cannot be so included, or (ii) the Registration Statement for any registration initiated on behalf of the Holder pursuant to Section 2(b) relates to the offering of Registrable Securities in an underwritten offering, and the managing underwriters advise the Company in writing that in their opinion the number of securities requested to be included in such registration exceeds the number which can be sold in such offering without having an adverse effect on such offering, then the Company shall include in such registration (x) first, such number of Registrable Securities requested to be included therein (allocated pro rata among the Holders based on the relative number of such Registrable Securities then held by each such Holder or in such manner as they may otherwise agree); (y) second, the securities that the Company desires to sell; and (z) third, the securities proposed to be sold in such registration by holders of securities other than the Registrable Securities.

(d) Priority on Primary Piggyback Registrations. If, (i) as a result of applicable law or based upon comments received by the Commission, all of the securities to be included in the Registration Statement for any Piggyback Registration initiated as a primary registration on behalf of the Company, cannot be so included, or (ii) a Piggyback Registration is an underwritten primary registration on behalf of the Company, and the managing underwriters advise the Company in writing that in their opinion the number of securities requested to be included in such registration exceeds the number which can be sold in such offering without having an adverse effect on such offering, then the Company shall include in such registration statement (x) first, the securities the Company proposes to sell, (y) second, the securities as to which registration has been requested pursuant to the Merger Registration Rights Agreement, in the manner provided therein, (z) third, the Registrable Securities and other securities requested to be included therein by the Holders and the holders of such other securities (the “**Other Holders**”), if any, pro rata among the Holders and the Other Holders on the basis of the number of shares requested to be registered by the Holders and the Other Holders.

(e) Priority on Secondary Piggyback Registrations. If, (i) as a result of applicable law or based upon comments received by the Commission, all of the securities to be included in the Registration Statement for any Piggyback Registration initiated as a secondary registration on behalf of a holder of the Company’s securities other than Registrable Securities, cannot be so included or (ii) a Piggyback Registration is an underwritten secondary registration on behalf of a holder of the Company’s securities other than Registrable Securities, and the managing underwriters advise the Company in writing that, in their opinion, the number of securities requested to be included in such registration statement exceeds the number which can be sold in such offering without having an adverse effect on such offering, the Company shall include in such registration (x) first, the securities of such requesting persons or entities, other than the Holders of Registrable Securities, (y) second, the Registrable Securities and other securities requested to be included therein by the Holders and the Other Holders (including, for the avoidance of doubt, such Other Holders exercising their rights under the Merger Registration Rights Agreement), if any, pro rata among the Holders and the Other Holders on the basis of the number of shares requested to be registered by the Holders and the Other Holders, and (z) third, the securities the Company proposes to sell, if any.

(f) Selection of Underwriters. If any Piggyback Registration is an underwritten primary or secondary offering, the Company shall have the right to select the managing underwriter or underwriters to administer any such offering.

(g) Other Registrations. If the Company has previously filed a Registration Statement with respect to Registrable Securities, and if such previous registration has not been withdrawn or abandoned, the Company shall not be obligated to cause to become effective any other registration of any of its securities under the Securities Act, whether on its own behalf or at the request of any holder or holders of such securities, until a period of at least 90 days has elapsed from the termination of the offering under the previous registration.

(h) Requirements for Participation in Underwritten Offerings. No Holder may participate in any underwritten offering for equity securities of the Company pursuant to a Registration initiated by the Company hereunder unless such person (i) agrees to sell such person’s securities on the basis provided in any underwriting arrangements approved by the Company and (ii) completes and executes all customary questionnaires, powers of attorney, indemnities, lock-up agreements, underwriting agreements and other customary documents as may be reasonably required under the terms of such underwriting arrangements.

3. **Registration Procedures.**

In connection with the Company's registration obligations hereunder, the Company shall:

(a) Not less than two (2) Business Days prior to the filing of the Registration Statement or any related Prospectus or any amendment or supplement thereto, (i) furnish to the Holders copies of all such documents proposed to be filed (including documents incorporated or deemed incorporated by reference to the extent requested by such person and not already filed by the Company with the Commission) which documents will be subject to the review of such Holders, and (ii) cause its officers and directors, counsel and independent certified public accountants to respond to such inquiries as shall be necessary, in the reasonable opinion of respective legal counsel to conduct a reasonable investigation within the meaning of the Securities Act. The Company shall not file the Registration Statement or any such Prospectus or any amendments or supplements thereto to which the Holders of a majority of the Registrable Securities shall reasonably object in good faith.

(b) (i) Prepare and file with the Commission such amendments, including post-effective amendments, to the Registration Statement and the Prospectus used in connection therewith as may be necessary to keep the Registration Statement continuously effective as to the Registrable Securities for the Effectiveness Period; (ii) cause the related Prospectus to be amended or supplemented by any required Prospectus supplement, and as so supplemented or amended to be filed pursuant to Rule 424; (iii) respond as promptly as reasonably possible to any comments received from the Commission with respect to the Registration Statement or any amendment thereto; and (iv) comply in all material respects with the provisions of the Securities Act and the Exchange Act with respect to the disposition of all Registrable Securities covered by the Registration Statement in accordance with the intended methods of disposition by the Holders thereof set forth in the Registration Statement as so amended or in such Prospectus as so supplemented.

(c) Notify the Holders of Registrable Securities to be sold as promptly as reasonably possible (and, in the case of (i)(A) below, not less than two (2) Business Days prior to such filing) and (if requested by any such person) confirm such notice in writing promptly following the day (i) (A) when a Prospectus or any Prospectus supplement or post-effective amendment to the Registration Statement is proposed to be filed; (B) when the Commission notifies the Company whether there will be a "review" of the Registration Statement and whenever the Commission comments in writing on the Registration Statement (the Company shall upon request provide true and complete copies thereof and all written responses thereto as promptly as reasonably possible to each of the Holders who so requests provided such requesting Holders agree to keep such information confidential until it is publicly disclosed); and (C) with respect to the Registration Statement or any post-effective amendment, when the same has become effective; (ii) of any request by the Commission or any other Federal or state governmental authority during the period of effectiveness of the Registration Statement for amendments or supplements to the Registration Statement or Prospectus or for additional information; (iii) of the issuance by the Commission or any other federal or state governmental



authority of any stop order suspending the effectiveness of the Registration Statement covering any or all of the Registrable Securities or the initiation of any Proceedings for that purpose; (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any Proceeding for such purpose, and (v) of the occurrence of any event or passage of time that makes the financial statements included in the Registration Statement ineligible for inclusion therein or any statement made in the Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to the Registration Statement, Prospectus or other documents so that, in the case of the Registration Statement or the Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (provided that such Holder of Registrable Securities agrees to keep such information confidential until it is publicly disclosed).

(d) Use its best efforts to avoid the issuance of, or, if issued, obtain the withdrawal of (i) any order suspending the effectiveness of the Registration Statement, or (ii) any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, at the earliest practicable moment.

(e) To the extent requested by such Holders, furnish to each Holder, without charge, at least one conformed copy of the Registration Statement and each amendment thereto, including financial statements and schedules promptly after the filing of such documents with the Commission.

(f) Promptly deliver to each Holder, without charge, as many copies of the Prospectus or Prospectuses (including each form of prospectus) and each amendment or supplement thereto as such persons may reasonably request in connection with resales by the Holder of Registrable Securities. The Company hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling Holders in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any amendment or supplement thereto, except after the giving of any notice pursuant to Section 3(c).

(g) Use its commercially reasonable best efforts to register or qualify or cooperate with the selling Holders in connection with the registration or qualification (or exemption from the Registration or qualification) of such Registrable Securities for the resale by the Holder under the securities or Blue Sky laws of such jurisdictions within the United States as any Holder reasonably requests in writing, to keep each of the registration or qualification (or exemption therefrom) effective during the Effectiveness Period and to do any and all other acts or things reasonably necessary to enable the disposition in such jurisdictions of the Registrable Securities covered by the Registration Statement; provided, that the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified, subject the Company to any material tax in any such jurisdiction where it is not then so subject or file a general consent to service of process in any such jurisdiction.

(h) If requested by the Holders, cooperate with the Holders to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be delivered to a transferee that were validly sold pursuant to an effective Registration Statement, which certificates shall be free, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such Holders may request.

(i) Upon the occurrence of any event contemplated by Section 3(c)(v), as promptly as reasonably possible, prepare a supplement or amendment, including a post-effective amendment, to the Registration Statement or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, neither the Registration Statement nor such Prospectus will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

The Company may require each selling Holder to furnish to the Company a certified statement as to the number of shares of Common Stock beneficially owned by such Holder and the person thereof that has voting and dispositive control over the Shares, for purposes of disclosure in the "Selling Stockholder" table in the Registration Statement.

4. **Registration Expenses.** All fees and expenses incident to the performance of or compliance with this Agreement by the Company shall be borne by the Company whether or not any Registrable Securities are sold pursuant to the Registration Statement. The fees and expenses referred to in the foregoing sentence shall include, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses, including any filing fees for FINRA to the extent such filing is required (A) with respect to filings required to be made with the Trading Market on which the Common Stock is then listed for trading, and (B) for compliance with applicable state securities or Blue Sky laws), (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities and of printing prospectuses if the printing of prospectuses is reasonably requested by the Holders of a majority of the Registrable Securities included in the Registration Statement), (iii) messenger, telephone and delivery expenses and (iv) fees and disbursements of counsel for the Company, (v) Securities Act liability insurance, if the Company so desires such insurance, fees and expenses of all other persons retained by the Company in connection with the consummation of the transactions contemplated by this Agreement. In addition, the Company shall be responsible for all of its internal and accounting expenses incurred in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties and all fees and expenses of the Company's certified public accountants), the expense of the preparation of all financial statements and any audit or review thereof by the Company's accountants, including in connection with their rendering a "cold comfort" letter to the underwriters, if requested. In no event shall the Company be responsible for any broker, underwriter or similar commissions or any taxes, legal fees or other costs of the Holders.

5. **Indemnification.**

(a) **Indemnification by the Company.** The Company shall indemnify and hold harmless each Holder, and its respective officers, directors, agents and employees, each person who controls any such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act), and the officers, directors, agents and employees of each such controlling person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable attorneys' fees) and expenses (collectively, "**Losses**"), as incurred, to the extent arising out of or relating to any untrue or alleged untrue statement of a material fact contained in the Registration Statement under which Registrable Securities were registered under the Securities Act (including any Prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus), or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading, or any violation or alleged violation by the Company of the Securities Act, Exchange Act or any state securities law, or any rule or regulation thereunder in connection with such registration, qualification, compliance or sale of Registrable Securities, except to the extent, but only to the extent, that (1) such untrue statements or omissions are based upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities as set forth in the Plan of Distribution approved by such Holder expressly for use in the Registration Statement, such Prospectus or such form of Prospectus or in any amendment or supplement thereto, or (2) such Holder used an outdated or defective Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated or defective including after receipt by such Holder of the Advice contemplated in Section 6(b) or the Suspension Certificate contemplated in Section 6(d).

(b) **Indemnification by Holders.** Each Holder shall, jointly and severally, indemnify and hold harmless the Company, its officers, directors, agents and employees, each person who controls the Company (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act), and the officers, directors, agents and employees of each such controlling person, to the fullest extent permitted by applicable law, from and against any and all Losses, as incurred, to the extent arising out of or based upon: (1) any untrue or alleged untrue statement of a material fact contained in the Registration Statement, any Prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading to the extent, but only to the extent, that such untrue statement or omission is contained in any information so furnished in writing by such Holder to the Company specifically for inclusion in the Registration Statement or such Prospectus expressly for use therein, or (2) the use by such Holder of an outdated or defective Prospectus; provided that such use by the Holder is after the Company has notified such Holder in writing that the Prospectus is outdated or defective including after receipt by such Holder of the Advice contemplated in Section 6(b) or the Suspension Certificate contemplated in Section 6(d).

(c) Conduct of Indemnification Proceedings. If any Proceeding shall be brought or asserted against any person entitled to indemnity hereunder (an “**Indemnified Party**”), such Indemnified Party shall promptly notify the person from whom indemnity is sought (the “**Indemnifying Party**”) in writing, and the Indemnifying Party shall have the right to assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses incurred in connection with defense thereof; provided, that the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that it shall be finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) that such failure shall have prejudiced the Indemnifying Party.

An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party has agreed in writing to pay such fees and expenses; (2) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding; or (3) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised by counsel that a conflict of interest is reasonably likely to exist if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and the reasonable fees and expenses of no more than one separate counsel (the Indemnified Party’s counsel who first notifies the Company of such obligation) shall be at the expense of the Indemnifying Party). The Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its written consent. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding.

All reasonable fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section) shall be paid to the Indemnified Party, as incurred, within ten (10) Business Days of written notice thereof to the Indemnifying Party; provided, that the Indemnified Party shall promptly reimburse the Indemnifying Party for that portion of such fees and expenses applicable to such actions for which such Indemnified Party is not entitled to indemnification hereunder, determined based upon the relative faults of the parties.

(d) Contribution. If a claim for indemnification under Section 5(a) or 5(b) is unavailable to an Indemnified Party (by reason of public policy or otherwise), then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in

connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in Section 5(c), any reasonable attorneys' or other reasonable fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section was available to such party in accordance with its terms.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 5(d), no Holder shall be required to contribute, in the aggregate, any amount in excess of the amount by which the proceeds actually received by such Holder from the sale of the Registrable Securities subject to the Proceeding exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission, except in the case of fraud by such Holder. The indemnity and contribution agreements contained in this Section are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties.

6. **Miscellaneous.**

(a) Compliance. Each Holder covenants and agrees that it will comply with the prospectus delivery requirements of the Securities Act as applicable to it in connection with sales of Registrable Securities pursuant to the Registration Statement.

(b) Discontinued Disposition. Each Holder agrees by its acquisition of such Registrable Securities that, upon receipt of a notice from the Company of the occurrence of any event of the kind described in Section 3(c), such Holder will forthwith discontinue disposition of such Registrable Securities under the Registration Statement until such Holder's receipt of the copies of the supplemented Prospectus and/or amended Registration Statement or until it is advised in writing (the "**Advice**") by the Company that the use of the applicable Prospectus may be resumed, and, in either case, has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such Prospectus or Registration Statement. In the event of a discontinued disposition under this Section 6(b), the Company will use its reasonable best efforts to ensure that the use of the Prospectus may be resumed as promptly as is practicable and to provide copies of the supplemented Prospectus and/or amended Registration Statement or the Advice as soon as possible in order to enable each Holder to resume dispositions of the Registrable Securities. The Company may provide appropriate stop orders to enforce the provisions of this paragraph.

(c) Amendments in Writing. No amendment, modification, waiver, termination or discharge of any provision of this Agreement, or any consent to any departure by the Company and any Holder of the then outstanding Registrable Securities from any provision hereof, shall in any event be effective unless the same shall be in writing and signed by the Company and each Holder party to this Agreement, and each such amendment, modification, waiver, termination or discharge shall be effective only in the specific instance and for the specific purpose for which given. No provision of this Agreement shall be varied, contradicted or explained by any oral agreement, course of dealing or performance or any other matter not set forth in an agreement in writing and signed by the Company and each Holder party to this Agreement

(d) Suspension of Trading. At any time after the Registrable Securities are covered by an effective Registration Statement, the Company may deliver to the Holders of such Registrable Securities a certificate (the “**Suspension Certificate**”) approved by the Chief Executive Officer, Chief Financial Officer or Chief Operating Officer of the Company and signed by an officer of the Company stating that the effectiveness of and sales of Registrable Securities under the Registration Statement would:

(i) materially interfere with any transaction that would require the Company to prepare financial statements under the Securities Act that the Company would otherwise not be required to prepare in order to comply with its obligations under the Exchange Act, or

(ii) require public disclosure of any transaction of the type discussed in Section 6(d)(i) prior to the time such disclosure might otherwise be required.

After the delivery of a Suspension Certificate by Holders of Registrable Securities, the Company may, in its discretion, require such Holders of Registrable Securities to refrain from selling or otherwise transferring or disposing of any Registrable Securities or other Company securities then held by such Holders for a specified period of time that is customary under the circumstances (not to exceed thirty (30) days. Notwithstanding the foregoing sentence, the Company shall be permitted to cause Holders of Registrable Securities to so refrain from selling or otherwise transferring or disposing of any Registrable Securities or other securities of the Company on only three occasions during each twelve (12) consecutive month period that the Registration Statement remains effective. The Company may impose stop transfer instructions to enforce any required agreement of the Holders under this Section 6(d).

(e) Notices. All notices, requests, consents and other communications under this Agreement shall be in writing and shall be deemed delivered (i) on the date of transmission when delivered via facsimile prior to 5:00 p.m. (New York City time) on a Business Day, (ii) one Business Day after transmission when delivered via facsimile later than 5:00 p.m. (New York City time) on any date and earlier than 11:59 p.m. (New York City time) on such date, (iii) upon delivery when delivered personally, (iv) three (3) days after being sent by registered or certified mail, return receipt requested, postage prepaid, or (v) one (1) Business Day after being sent via a reputable nationwide overnight courier service guaranteeing next business day delivery, in each case to the intended recipient as set forth below:

If to the Company:

Global Ship Lease, Inc.  
c/o Global Ship Lease Services Ltd.  
25 Wilton Road  
London SW1V 1LW  
Attn: Ian J. Webber, Chief Executive Officer  
E-mail: [ian.webber@globalshiplease.com](mailto:ian.webber@globalshiplease.com)

With a copy (which shall not constitute notice) to:

Seward & Kissel LLP  
One Battery Park Plaza  
New York, New York 10004  
Attn: Gary J. Wolfe, Esq.  
E-mail: [wolfe@sewkis.com](mailto:wolfe@sewkis.com)

If to B. Riley, to:

B. Riley Principal Investments, LLC  
21255 Burbank Blvd., Suite 400  
Woodland Hills, CA 91367  
Attn: Phillip Ahn

With a copy to:

Morgan, Lewis & Bockius LLP  
1400 Page Mill Road  
Palo Alto, CA 94304  
Attn: Albert Lung, Esq.  
E-mail: [albert.lung@morganlewis.com](mailto:albert.lung@morganlewis.com)

Any party may change the address to which notices, requests, consents or other communications hereunder are to be delivered by giving the other parties notice in the manner set forth in this Section.

(f) Successors and Assigns. This Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the parties hereto and their respective successors and assigns. The Company may not assign its rights or obligations hereunder without the prior written consent of all of the Holders of the then-outstanding Registrable Securities, provided a sale of the Company shall not be deemed an assignment. The Investor may assign its rights hereunder to a purchaser or transferee of Registrable Securities; provided, that (i) the Company is furnished a written notice of the name and address of such transferee or assignee and the Registrable Securities with respect to which such registration rights are being assigned; (ii) such purchaser or transferee shall, as a condition to the effectiveness of such assignment, be required to execute a counterpart to this Agreement agreeing to be treated as a Holder whereupon

such purchaser or transferee shall have the benefits of, and shall be subject to the restrictions contained in, this Agreement as if such purchaser or transferee was originally included in the definition of an Holder herein and had originally been a party hereto; and (iii) the transferee is an Affiliate of the Investor at the time of transfer.

(g) Execution in Counterparts; Facsimile Signatures. This Agreement and any amendment, waiver or consent hereto 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. All such counterparts may be delivered among the parties hereto by facsimile or other electronic transmission, which shall not affect the validity thereof.

(h) Governing Law; Jurisdiction. This Agreement shall be governed by and construed under the laws of the State of New York without regard to conflicts of laws principles. Any action or proceeding seeking to enforce any provision of, or based on any right arising out of, this Agreement shall be brought against the parties hereto or thereto in the courts of the State of New York, County of New York, or, if it has or can acquire jurisdiction, in the United States District Court for the Southern District of New York, and each of the parties consents to the exclusive jurisdiction of such courts (and of the appropriate appellate courts) in any such action or proceeding and waives any objection to venue laid therein. The parties hereby expressly waive all rights to trial by jury in any suit, action or proceeding arising under this Agreement.

(i) Cumulative Remedies. All remedies, either under this Agreement or by law, afforded to the parties hereto, shall be cumulative and not alternative.

(j) Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

(k) Section Headings and References. The section headings are for the convenience of the parties and in no way alter, modify, amend, limit or restrict the contractual obligations of the parties. Any reference in this Agreement to a particular section or subsection shall refer to a section or subsection of this Agreement, unless specified otherwise.

(l) Termination. This Agreement shall terminate upon the earlier of (i) the fifth anniversary of the date of this Agreement or (ii) the date when there shall no longer be any Registrable Securities outstanding.

*[Remainder of page intentionally left blank; Signature pages follow]*



IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

THE COMPANY:

GLOBAL SHIP LEASE, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[Investor Signature page follows]

**THE INVESTOR:**

[ ].

By: \_\_\_\_\_

Name:

Title:

## LIST OF SUBSIDIARIES OF GLOBAL SHIP LEASE, INC.

Name	Business	Jurisdiction of Incorporation
GSL Rome LLC	Sub-holding	Republic of the Marshall Islands
Poseidon Containers Holdings LLC	Sub-holding	Republic of the Marshall Islands
K&T Marine LLC	Sub-holding	Republic of the Marshall Islands
Global Ship Lease Services Limited	Service company	United Kingdom
GSL Enterprises Ltd.	Service company	Republic of the Marshall Islands
Global Ship Lease 1 Limited	Inactive	Cyprus
Global Ship Lease 2 Limited	Inactive	Cyprus
Global Ship Lease 3 Limited	Owens CMA CGM Matisse	Cyprus
Global Ship Lease 4 Limited	Owens CMA CGM Utrillo	Cyprus
Global Ship Lease 5 Limited	Owens GSL Keta	Cyprus
Global Ship Lease 6 Limited	Owens GSL Julie	Cyprus
Global Ship Lease 7 Limited	Owens Kumasi	Cyprus
Global Ship Lease 8 Limited	Owens Marie Delmas	Cyprus
Global Ship Lease 9 Limited	Owens CMG CGM La Tour	Cyprus
Global Ship Lease 10 Limited	Owens CMA CGM Manet	Cyprus
Global Ship Lease 11 Limited	Inactive	Cyprus
Global Ship Lease 12 Limited	Owens CMA CGM Chateau d’If	Cyprus
Global Ship Lease 13 Limited	Owens CMA CGM Thalassa	Cyprus
Global Ship Lease 14 Limited	Owens CMA CGM Jamaica	Cyprus
Global Ship Lease 15 Limited	Owens CMA CGM Sambhar	Cyprus
Global Ship Lease 16 Limited	Owens CMA CGM America	Cyprus
Global Ship Lease 17 Limited	Inactive	Cyprus
Global Ship Lease 19 Limited	Inactive	Republic of the Marshall Islands
Global Ship Lease 20 Limited	Owens GSL Tianjin	Hong Kong
Global Ship Lease 21 Limited	Owens OOCL Qingdao	Hong Kong
Global Ship Lease 22 Limited	Owens GSL Ningbo	Hong Kong
Global Ship Lease 23 Limited	Owens CMA CGM Berlioz	Hong Kong
Global Ship Lease 24 Limited	Inactive	Hong Kong
Global Ship Lease 25 Limited	Inactive	Hong Kong
Global Ship Lease 26 Limited	Owens GSL Valerie	Hong Kong
Global Ship Lease 27 Limited	Inactive	Hong Kong
Global Ship Lease 28 Limited	Inactive	Hong Kong
Global Ship Lease 29 Limited	Inactive	Hong Kong
Global Ship Lease 30 LLC	Owens GSL Eleni	Republic of the Marshall Islands
Global Ship Lease 31 LLC	To own GSL Kalliopi upon delivery	Republic of the Marshall Islands
Global Ship Lease 32 LLC	Owens GSL Grania	Republic of the Marshall Islands
GSL Alcazar Inc.	Owens CMA CGM Alcazar	Republic of the Marshall Islands
GSL Holdings, Inc.	Sub-holding	Republic of the Marshall Islands
Global Ship Lease Investments, Inc.	Sub-holding	Republic of the Marshall Islands
Aris Marine LLC	Owens Maira	Republic of the Marshall Islands
Aphrodite Marine LLC	Owens Nikolas	Republic of the Marshall Islands
Athena Marine LLC	Owens Newyorker	Republic of the Marshall Islands
Hephaestus Marine LLC	Owens Dolphin II	Republic of the Marshall Islands
Pericles Marine LLC	Owens Athena	Republic of the Marshall Islands
Zeus One Marine LLC	Owens Orca I	Republic of the Marshall Islands

Name	Business	Jurisdiction of Incorporation
Leonidas Marine LLC	Owens Agios Dimitrios	Republic of the Marshall Islands
Odysseus Marine LLC	Sub-holding	Republic of the Marshall Islands
Alexander Marine LLC	Owens Mary	Republic of the Marshall Islands
Hector Marine LLC	Owens Kristina	Republic of the Marshall Islands
Ikaros Marine LLC	Owens Katherine	Republic of the Marshall Islands
THD Maritime Co, Limited	Sub-holding	Cyprus
Tasman Marine LLC	Owens Tasman	Republic of the Marshall Islands
Hudson Marine LLC	Owens Dimitris Y	Republic of the Marshall Islands
Drake Marine LLC	Owens Ian H	Republic of the Marshall Islands
Marine Treasurer LLC	Treasury	Republic of the Marshall Islands
Dimitra Marine LLC	Inactive	Republic of the Marshall Islands
Artemis Marine LLC	Inactive	Republic of the Marshall Islands
Hermes Marine LLC	Inactive	Republic of the Marshall Islands
Hera Marine LLC	Inactive	Republic of the Marshall Islands
Apollon Marine LLC	Inactive	Republic of the Marshall Islands
Rea Marine LLC	Inactive	Republic of the Marshall Islands
Kronos Marine LLC	Inactive	Republic of the Marshall Islands
Platon Marine LLC	Inactive	Republic of the Marshall Islands
Socrates Marine LLC	Inactive	Republic of the Marshall Islands
Pisti Shipping LLC	Inactive	Republic of the Marshall Islands
Barentsz Marine LLC	Inactive	Republic of the Marshall Islands
Mercator Marine LLC	Inactive	Republic of the Marshall Islands
Poseidon Containers Holdings Corp.	Inactive	Republic of the Marshall Islands
Triton Containers Holdings LLC	Sub-holding	Republic of the Marshall Islands
Triton NB LLC	Sub-holding	Republic of the Marshall Islands
Phillipos Marine LLC	Owens Alexandra	Republic of the Marshall Islands
Aristoteles Marine LLC	Owens UASC Bubiyan	Republic of the Marshall Islands
Menelaos Marine LLC	Owens UASC Yas	Republic of the Marshall Islands
Odyssia Containers Holdings LLC	Sub-holding	Republic of the Marshall Islands
Odyssia NB LLC	Sub-holding	Republic of the Marshall Islands
Argos Marine LLC	Inactive	Republic of the Marshall Islands
Laertis Marine LLC	Owens UASC Al Khor	Republic of the Marshall Islands
Penelope Marine LLC	Owens Maira XL	Republic of the Marshall Islands
Telemachus Marine LLC	Owens Anthea Y	Republic of the Marshall Islands

## CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Amendment No. 1 to the Registration Statement on Form F-1 (File No. 333-233198) of Global Ship Lease, Inc. of our report dated March 29, 2018, except for the effects of the stock split discussed in Note 1 to the consolidated financial statements and the change in the manner in which the Company accounts for certain cash receipts and cash payments discussed in Note 2 (a) to the consolidated financial statements, as to which the date is March 29, 2019, relating to the consolidated financial statements, which appears in Global Ship Lease, Inc.'s Annual Report on Form 20-F for the year ended December 31, 2018. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers Audit

Marseille, France  
September 24, 2019

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Amendment No. 1 to the Registration Statement on Form F-1 (File No. 333-233198) of Global Ship Lease, Inc., of our report dated March 29, 2019 relating to the consolidated financial statements, which appears in Global Ship Lease, Inc.'s Annual Report on Form 20-F for the year ended December 31, 2018. We also consent to the reference to us under the heading "Experts" in such Amendment No. 1 to the Registration Statement.

/s/ PricewaterhouseCoopers S.A.

Athens, Greece  
September 24, 2019

*PricewaterhouseCoopers SA, 268 Kifissias Avenue, 15232 Halandri, Greece  
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Global Ship Lease, Inc.  
c/o Global Ship Lease Services Limited  
25 Wilton Road  
London SW1V 1LW

September 23, 2019

Ladies and Gentlemen:

Reference is made to the Form F-1 registration statement, including any amendments or supplements thereto, and the prospectus contained therein (the "Registration Statement") of Global Ship Lease, Inc. (the "Company"). We hereby consent to all references to our name in the Registration Statement and to the use of the statistical information supplied by us as set forth in the Registration Statement under the section entitled "The International Container Shipping and Containership Leasing Industry." We further advise the Company that our role has been limited to the provision of such statistical data supplied by us. With respect to such statistical 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 Registration Statement to be filed with the U.S. Securities and Exchange Commission pursuant to the U.S. Securities Act of 1933, as amended, and to the reference to our firm in the section of the Registration Statement entitled "Experts."

Yours faithfully,

Maritime Strategies International Ltd.

/s/ JS Nicoll  
JS Nicoll  
Director